

*In the opinion of Bryant Miller Olive P.A. and the Law Offices of Steve E. Bullock, P.A., Co-Bond Counsel, assuming continuing compliance by the County with certain covenants, under existing statutes, regulations and judicial decisions, interest on the Tax-Exempt Series 2012 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Tax-Exempt Series 2012 Bonds will be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations. INTEREST ON THE SERIES 2012C BONDS WILL **NOT** BE EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. See "TAX MATTERS" herein for a description of certain other tax consequences to holders of the Series 2012 Bonds.*



\$140,625,000
BROWARD COUNTY, FLORIDA
WATER AND SEWER UTILITY
REVENUE BONDS,
SERIES 2012A

\$110,920,000
BROWARD COUNTY, FLORIDA
WATER AND SEWER UTILITY
REVENUE REFUNDING BONDS,
SERIES 2012B

\$47,655,000
BROWARD COUNTY, FLORIDA
WATER AND SEWER UTILITY
REVENUE REFUNDING BONDS,
SERIES 2012C
(TAXABLE)

Dated: Date of Delivery

Due: October 1, as shown on the inside cover page

The Broward County, Florida Water and Sewer Utility Revenue Bonds, Series 2012A (the "Series 2012A Bonds") and Broward County, Florida Water and Sewer Utility Revenue Refunding Bonds, Series 2012B (the "Series 2012B Bonds," and collectively with the Series 2012A Bonds, the "Tax-Exempt Series 2012 Bonds") and the Broward County, Florida Water and Sewer Utility Revenue Refunding Bonds, Series 2012C (Taxable) (the "Series 2012C Bonds" and collectively with the Tax-Exempt Series 2012 Bonds, the "Series 2012 Bonds") will be initially issued as fully registered bonds, and when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2012 Bonds. Purchasers will not receive certificates representing their ownership interest in the Series 2012 Bonds purchased. The Series 2012 Bonds shall be issued in denominations of \$5,000 or any multiple thereof. The Series 2012 Bonds shall be dated their date of delivery and shall bear interest from such date. Interest on the Series 2012 Bonds is payable commencing on October 1, 2012 and on each April 1 and October 1 thereafter. Amounts due on the Series 2012 Bonds will be paid to DTC or its nominee, which will remit such payments in accordance with its normal procedures, as described herein. See "DESCRIPTION OF THE SERIES 2012 BONDS – Book-Entry Only System" herein. Regions Bank, Jacksonville, Florida, will act as Paying Agent and Bond Registrar for the Series 2012 Bonds. Regions Bank, Jacksonville, Florida, also serves as Trustee under the Construction Account and Reserve Account Trust Indenture (described herein).

The Series 2012A Bonds and the Series 2012B Bonds are subject to redemption by Broward County, Florida (the "County") prior to maturity as set forth herein. See "DESCRIPTION OF THE SERIES 2012 BONDS – Redemption" herein. The Series 2012C Bonds are not subject to redemption prior to maturity.

The Series 2012A Bonds are being issued for the purposes of providing funds, together with other legally available funds, to: (i) pay the Cost of the 2012A Project (as herein defined) for the County's Water and Wastewater Utility (referred to in the Bond Resolution as the "Water and Sewer Utility"); (ii) reimburse certain 2012A Project costs (as described herein); (iii) fund the increase in the Reserve Account Requirement relating to the issuance of the Series 2012A Bonds, and (iv) pay the costs of issuance of the Series 2012A Bonds. The Series 2012B Bonds are being issued for the purposes of providing funds, to: (i) refund a portion of the County's Water and Sewer Utility Revenue and Revenue Refunding Bonds, Series 2003 (the "Series 2003 Bonds") and a portion of the County's Water and Sewer Utility Revenue Bonds, Series 2005A (the "Series 2005A Bonds") (such refunded Series 2003 Bonds and refunded Series 2005A Bonds, hereinafter referred to collectively as the "Series 2012B Refunded Bonds"); and (ii) pay the costs of issuance of the Series 2012B Bonds. The Series 2012C Bonds are being issued for the purposes of providing funds, to: (i) refund a portion of the Series 2003 Bonds and a portion of the County's Water and Sewer Utility Revenue Refunding Bonds, Series 2003B (the "Series 2003B Bonds") (such refunded Series 2003 Bonds and Series 2003B Bonds hereinafter referred to collectively as the "Series 2012C Refunded Bonds," and collectively with the Series 2012B Refunded Bonds, the "Refunded Bonds"); and (ii) pay the cost of issuance of the Series 2012C Bonds. The Series 2012 Bonds are payable from and secured by a lien on and pledge of certain investment income and revenue derived from the operation of the Water and Wastewater Utility of the County, subject, however, to the prior payment from revenues of the expenses of operation and maintenance of the Water and Wastewater Utility and, to the extent permitted by law, certain Impact Fees (collectively, the "Pledged Revenues"). See "DESCRIPTION OF THE SERIES 2012 BONDS – Purpose of the Series 2012 Bonds" and "SECURITY FOR THE SERIES 2012 BONDS," herein. The Series 2012 Bonds are being issued on a parity with the County's unrefunded Water and Sewer Utility Revenue and Revenue Refunding Bonds, Series 2003, the County's unrefunded Water and Sewer Utility Revenue Refunding Bonds, Series 2003B, the County's unrefunded Water and Sewer Utility Revenue Bonds, Series 2005A, and the County's Water and Sewer Utility Revenue Bonds, Series 2009A, as to the lien on such Pledged Revenues.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

THE SERIES 2012 BONDS SHALL NOT BE DEEMED TO CONSTITUTE AN INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION OR LIMITATION AND THE COUNTY IS NOT OBLIGATED TO PAY THE PRINCIPAL OF, OR THE INTEREST ON, THE SERIES 2012 BONDS EXCEPT FROM THE PLEDGED REVENUES (AS DEFINED HEREIN); AND THE FULL FAITH AND CREDIT OF THE COUNTY ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, THE PREMIUM, IF ANY, OR THE INTEREST ON THE SERIES 2012 BONDS. THE ISSUANCE OF THE SERIES 2012 BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE COUNTY TO LEVY OR TO PLEDGE ANY TAXES WHATSOEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THE PAYMENT OF THE PRINCIPAL OF, THE PREMIUM, IF ANY, OR THE INTEREST ON, THE SERIES 2012 BONDS EXCEPT AS PROVIDED IN THE RESOLUTION.

The Series 2012 Bonds are offered when, as and if issued and accepted by the Underwriters, subject to the approval of legality by Bryant Miller Olive P.A., Tampa, Florida and the Law Offices of Steve E. Bullock, P.A., Miramar, Florida, Co-Bond Counsel. Certain legal matters will be passed upon for the County by the Office of the County Attorney, Broward County, Florida. Certain matters relating to disclosure will be passed upon for the County by Edwards Wildman Palmer LLP, West Palm Beach, Florida and the Law Offices of Carol D. Ellis, P.A., West Palm Beach, Florida, Co-Disclosure Counsel to the County. Certain legal matters will be passed upon for the Underwriters by Greenspoon Marder P.A., Fort Lauderdale, Florida. Public Financial Management, Inc., Orlando, Florida, and Fidelity Financial Services, L.C., Fort Lauderdale, Florida are serving as Co-Financial Advisor to the County. It is expected that the Series 2012 Bonds in book-entry form will be available for delivery through the facilities of DTC, New York, New York on or about April 10, 2012.

CITIGROUP
Morgan Stanley

Goldman, Sachs & Co.

J. P. Morgan

Dated: March 9, 2012

MATURITIES, AMOUNTS, INTEREST RATES, PRICES OR YIELDS AND INITIAL CUSIP NUMBERS**\$140,625,000****BROWARD COUNTY, FLORIDA
WATER AND SEWER UTILITY REVENUE BONDS,
SERIES 2012A****\$51,295,000 Serial Series 2012A Bonds**

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>Initial CUSIP No.**</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>Initial CUSIP No.**</u>
2013	\$1,475,000	1.000%	0.350%	115117JP9	2025	\$3,115,000	5.000%	2.910%*	115117KB8
2014	1,490,000	3.000	0.470	115117JQ7	2026	3,270,000	5.000	3.000*	115117KC6
2015	1,535,000	3.000	0.770	115117JR5	2027	470,000	3.000	98.535	115117KD4
2016	1,580,000	4.000	0.890	115117JS3	2027	410,000	4.000	3.120*	115117KL6
2017	1,645,000	4.000	1.160	115117JT1	2027	2,560,000	5.000	3.070*	115117KP7
2018	2,495,000	5.000	1.550	115117JU8	2028	2,275,000	5.000	3.120*	115117KE2
2019	2,305,000	4.000	1.880	115117JV6	2029	2,390,000	5.000	3.190*	115117KF9
2020	2,400,000	5.000	2.160	115117JW4	2030	2,505,000	5.000	3.260*	115117KG7
2021	2,605,000	3.000	2.370	115117JX2	2031	2,635,000	5.000	3.320*	115117KH5
2022	2,685,000	5.000	2.520	115117JY0	2032	1,400,000	4.000	3.450*	115117KJ1
2023	2,830,000	5.000	2.670*	115117JZ7	2032	1,365,000	5.000	3.390*	115117KM4
2024	2,965,000	5.000	2.820*	115117KA0	2033	2,890,000	5.000	3.470*	115117KN2

\$89,330,000 5.000% Series 2012A Term Bonds due October 1, 2037 Yield 3.680%* Initial CUSIP No. 115117KK8**

* Yield shown to first call date of October 1, 2022.

\$110,920,000**BROWARD COUNTY, FLORIDA
WATER AND SEWER UTILITY REVENUE REFUNDING BONDS,
SERIES 2012B**

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Initial CUSIP No.**</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Initial CUSIP No.**</u>
2018	\$ 5,535,000	5.000%	1.550%	115117KQ5	2023	\$11,175,000	5.000%	2.670%*	115117KV4
2019	11,125,000	5.000	1.880	115117KR3	2024	11,740,000	5.000	2.820*	115117KW2
2020	11,680,000	5.000	2.160	115117KS1	2025	12,325,000	5.000	2.910*	115117KX0
2021	2,340,000	4.000	2.370	115117KT9	2026	12,940,000	5.000	3.000*	115117KY8
2021	7,825,000	5.000	2.370	115117LA9	2027	13,585,000	5.000	3.070*	115117KZ5
2022	10,650,000	5.000	2.520	115117KU6					

* Yield shown to first call date of October 1, 2022.

\$47,655,000**BROWARD COUNTY, FLORIDA
WATER AND SEWER UTILITY REVENUE REFUNDING BONDS,
SERIES 2012C
(TAXABLE)**

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Initial CUSIP No.**</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Initial CUSIP No.**</u>
2013	\$ 1,110,000	0.440%	100.00%	115117JH7	2016	\$10,540,000	1.350%	100.00%	115117JL8
2014	10,350,000	0.780	100.00	115117JJ3	2017	10,685,000	1.600	100.00	115117JM6
2015	10,435,000	1.060	100.00	115117JK0	2018	4,535,000	1.910	100.00	115117JN4

** The County is not responsible for the use of initial CUSIP numbers referenced herein nor is any representation made by the County as to their correctness. The initial CUSIP numbers provided herein are included solely for the convenience of the readers of this Official Statement.

BROWARD COUNTY, FLORIDA

BOARD OF COUNTY COMMISSIONERS

John E. Rodstrom, Jr., Mayor
Kristin D. Jacobs, Vice Mayor
Suzanne N. Gunzburger
Dale V.C. Holness
Chip LaMarca
Ilene Lieberman
Stacy Ritter
Barbara Sharief
Lois Wexler

COUNTY ADMINISTRATOR

Bertha W. Henry

COUNTY ATTORNEY

Joni Armstrong Coffey

ACTING CHIEF FINANCIAL OFFICER AND DIRECTOR, FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT

Sue Baldwin

DIRECTOR, BROWARD COUNTY WATER AND WASTEWATER SERVICES

Alan Garcia

CO-BOND COUNSEL

Bryant Miller Olive P.A.
Law Offices of Steve E. Bullock, P.A.

CO-DISCLOSURE COUNSEL

Edwards Wildman Palmer LLP
Law Offices of Carol D. Ellis, P.A.

CONSULTING ENGINEER

Hazen and Sawyer, P.C.

CO-FINANCIAL ADVISOR

Public Financial Management, Inc.
Fidelity Financial Services, L.C.

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE COUNTY OR THE UNDERWRITERS TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN AS SET FORTH IN THIS OFFICIAL STATEMENT AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COUNTY OR THE UNDERWRITERS. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE SERIES 2012 BONDS BY A PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH AN OFFER, SOLICITATION OR SALE. THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT WITH THE UNDERWRITERS OF THE SERIES 2012 BONDS.

THE SERIES 2012 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW, NOR HAS THE RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH AND AS PART OF THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT ON THE FOLLOWING WEBSITE: **www.MuniOS.com**. THIS OFFICIAL STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR AS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH WEBSITE.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS OFFICIAL STATEMENT CONSTITUTE "FORWARD-LOOKING STATEMENTS." SUCH STATEMENTS GENERALLY ARE IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS "PLAN," "EXPECT," "ESTIMATE," "BUDGET" OR OTHER SIMILAR WORDS. SUCH FORWARD-LOOKING STATEMENTS INCLUDE BUT ARE NOT LIMITED TO CERTAIN STATEMENTS CONTAINED IN THE INFORMATION UNDER THE CAPTIONS "ESTIMATED SOURCES AND USES OF FUNDS" AND "SCHEDULE OF HISTORICAL AND PROJECTED NET REVENUES, DEBT SERVICE AND DEBT SERVICE COVERAGE FOR FISCAL YEARS 2007 THROUGH 2016." THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2012 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2012 BONDS TO CERTAIN DEALERS AND OTHERS AT PRICES LOWER OR YIELDS HIGHER, THAN THE PUBLIC OFFERING PRICES OR YIELDS SET FORTH ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING PRICES OR YIELDS MAY BE CHANGED FROM TIME TO TIME, AFTER THE INITIAL OFFERING TO THE PUBLIC, BY THE UNDERWRITERS.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
DESCRIPTION OF THE SERIES 2012 BONDS	2
General.....	2
Purpose of the Series 2012 Bonds.....	2
Authorized Denominations; Interest Payment Dates	3
Redemption Provisions	3
Redemption Notice	3
Book-Entry Only System.....	4
Discontinuance of Book-Entry Only System.....	5
Registration, Transfer and Exchange.....	6
REFUNDING PLAN.....	6
ESTIMATED SOURCES AND USES OF FUNDS	8
DEBT SERVICE SCHEDULE	9
SECURITY FOR THE SERIES 2012 BONDS.....	10
General.....	10
Flow of Funds	10
Summary of Application Of Revenues and Flow of Funds as Established by the Bond Resolution	11
Reserve Account.....	12
Rate Covenant.....	13
Additional Bonds	13
Refunding Bonds	14
Other Indebtedness	14
Covenants of the County Concerning the Utility and the Pledged Revenues	14
THE 2012A PROJECT.....	15
THE WATER AND WASTEWATER UTILITY	15
History	15
Retail Water System	16
Retail Wastewater System	20
Regional Wastewater System	22
Regional Water Supply System	27
Capital Improvement Program.....	28
Overview of Financial Operations	32
INVESTMENT POLICY	38
LITIGATION	38
TAX MATTERS	38
Series 2012A Bonds and Series 2012B Bonds	38
Series 2012C Bonds.....	41
Circular 230 Disclosure	42
LEGAL MATTERS	42
DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS.....	42
RATINGS.....	43
FINANCIAL STATEMENTS.....	43
UNDERWRITING	43
CONTINUING DISCLOSURE.....	44
FINANCIAL ADVISOR	44
VERIFICATION OF MATHEMATICAL COMPUTATIONS	44
EXPERTS.....	45
ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT	45
MISCELLANEOUS.....	45
AUTHORIZATION OF OFFICIAL STATEMENT.....	45

APPENDIX A -	GENERAL INFORMATION REGARDING THE COUNTY
APPENDIX B -	GENERAL PURPOSE FINANCIAL STATEMENTS OF THE COUNTY FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011 AND SPECIAL PURPOSE FINANCIAL STATEMENTS OF THE COUNTY'S WATER AND WASTEWATER FUND FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2011 AND 2010
APPENDIX C -	ENGINEER'S REPORT
APPENDIX D -	RESOLUTION
APPENDIX E -	FORM OF CO-BOND COUNSEL OPINION
APPENDIX F -	FORM OF CO-DISCLOSURE COUNSEL OPINION
APPENDIX G -	FORM OF CONTINUING DISCLOSURE CERTIFICATE

**OFFICIAL STATEMENT
OF
BROWARD COUNTY, FLORIDA**

**\$140,625,000
BROWARD COUNTY, FLORIDA
WATER AND SEWER UTILITY
REVENUE BONDS,
SERIES 2012A**

**\$110,920,000
BROWARD COUNTY, FLORIDA
WATER AND SEWER UTILITY
REVENUE REFUNDING BONDS,
SERIES 2012B**

**\$47,655,000
BROWARD COUNTY, FLORIDA
WATER AND SEWER UTILITY
REVENUE REFUNDING BONDS,
SERIES 2012C
(TAXABLE)**

INTRODUCTION

The purpose of this Official Statement, including the cover page, inside cover page and all appendices, is to set forth certain information in connection with the sale by Broward County, Florida (the “County”) of its \$140,625,000 aggregate principal amount of Water and Sewer Utility Revenue Bonds, Series 2012A (the “Series 2012A Bonds”) and \$110,920,000 aggregate principal amount of Water and Sewer Utility Revenue Refunding Bonds, Series 2012B (the “Series 2012B Bonds,” and collectively with the Series 2012A Bonds, the “Tax-Exempt Series 2012 Bonds”) and \$47,655,000 aggregate principal amount of Water and Sewer Utility Revenue Refunding Bonds, Series 2012C (Taxable) (the “Series 2012C Bonds” and collectively with the Tax-Exempt Series 2012 Bonds, the “Series 2012 Bonds”).

The Series 2012 Bonds are being issued pursuant to the Constitution and laws of the State of Florida, and the Home Rule Charter of the County (collectively, the “Act”) and other applicable provisions of law and pursuant and subject to the terms and conditions of Resolution No. 88-4066 adopted by the Board of County Commissioners (the “Board”) of the County on September 6, 1988, as amended and supplemented (the “Bond Resolution”) and Resolution No. 2012-117 adopted by the Board on February 28, 2012 (the “Series Resolution” and, together with the Bond Resolution, the “Resolution”). The Series 2012 Bonds are secured by a pledge of and lien on certain investment income and revenues derived from the operation of the County’s Water and Wastewater Utility System (referred to in the Bond Resolution as the “Water and Sewer Utility”) as more particularly described herein under the heading “SECURITY FOR THE SERIES 2012 BONDS,” subject, however, to the prior payment from revenues of the expenses of operation and maintenance of the Water and Sewer Utility (the “Net Revenues”), and, to the extent permitted by law and the Bond Resolution, certain Impact Fees (collectively, the “Pledged Revenues”). See “SECURITY FOR THE SERIES 2012 BONDS” herein. Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Resolution.

The County has previously issued its Water and Sewer Utility Revenue and Revenue Refunding Bonds, Series 2003 (the “Series 2003 Bonds”), of which the non-refunded portion of \$1,990,000 in aggregate principal amount will remain outstanding, its Water and Sewer Utility Revenue Refunding Bonds, Series 2003B (the “Series 2003B Bonds”), of which the non-refunded portion of \$15,630,000 in aggregate principal amount will remain outstanding, its Water and Sewer Utility Revenue Bonds, Series 2005A (the “Series 2005A Bonds”), of which the non-refunded portion of \$49,130,000 in aggregate principal amount will remain outstanding, and its Water and Sewer Utility Revenue Bonds, Series 2009A (the “Series 2009A Bonds”), of which \$171,990,000 in aggregate principal amount are outstanding. The Series 2012A Bonds are being issued for the purposes of providing funds, together with other legally available funds, to: (i) pay the Cost of the 2012A Project (as herein defined) for the County’s Water and Wastewater Utility; (ii) reimburse certain 2012A Project costs (as described herein); (iii) fund the increase in the Reserve Account Requirement relating to the issuance of the Series 2012A Bonds; and (iv) pay the costs of issuance of the Series 2012A Bonds. The Series 2012B Bonds are being issued for the purposes of providing funds, to: (i) refund \$6,325,000 in aggregate principal amount of the Series 2003 Bonds maturing on October 1, 2018, all of the Series 2003 Bonds maturing on October 1, 2019 through October 1, 2025 and on October 1, 2027, all of the Series 2005A Bonds maturing on October 1, 2021 through October 1, 2026, and \$4,545,000 in aggregate principal amount of the Series 2005A Bonds maturing on October 1, 2030 (which amount represents the Amortization Requirement due on such Series 2005A Bonds on October 1, 2027) (such refunded Series 2003 Bonds and refunded Series 2005A Bonds hereinafter referred to collectively as the “Series 2012B Refunded Bonds”); and (ii) pay the costs of issuance of the Series 2012B Bonds. The Series 2012C Bonds are being issued for the purposes of providing funds, to: (i) refund all of the Series 2003 Bonds maturing on October 1, 2014 through October 1, 2017,

\$1,225,000 in aggregate principal amount of the Series 2003 Bonds maturing on October 1, 2018, and the Series 2003B Bonds maturing on October 1, 2014 through October 1, 2018 (such refunded Series 2003 Bonds and Series 2003B Bonds hereinafter referred to collectively as the “Series 2012C Refunded Bonds,” and collectively with the Series 2012B Refunded Bonds, the “Refunded Bonds”); and (ii) pay the cost of issuance of the Series 2012C Bonds. The Series 2012 Bonds will be issued on a parity with the Outstanding unrefunded Series 2003 Bonds, unrefunded Series 2003B Bonds, unrefunded Series 2005A Bonds and Series 2009A Bonds (the “Parity Bonds”), as to the lien on the Pledged Revenues. The Outstanding Series 2003 Bonds, Series 2003B Bonds, Series 2005A Bonds, Series 2009A Bonds and Series 2012 Bonds, and any bonds issued on a parity therewith, are referred to collectively herein as the “Bonds.”

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of the Bond Resolution, the Series Resolution, this Official Statement and other disclosure documents described herein may be obtained from the office of the Director of Finance and Administrative Services Department, Broward County Governmental Center, Room 513, 115 South Andrews Avenue, Fort Lauderdale, Florida 33301, (954) 357-7130.

The County has not provided information regarding DTC and does not certify as to the accuracy or sufficiency of the disclosure practices of or content provided by DTC and is not responsible for the information provided by such party.

Descriptions of the Series 2012 Bonds, the Bond Resolution, the Series Resolution and other agreements and documents contained herein constitute summaries of certain provisions thereof, and do not purport to be complete. Reference is made to the Bond Resolution, the Series Resolution and such other agreements and documents for a more complete description of such provisions, copies of which are on file at the offices of the County.

See “APPENDIX A—General Information Regarding Broward County ‘--Florida Retirement System’ and ‘--Other Post Employment Benefit Plans’” for disclosure of updated audited financial information and recent developments occurring subsequent to the date of the Preliminary Official Statement relating the County’s pension obligations, including a lower court ruling invalidating portions of Senate Bill 2100, which enacted changes to the Florida Retirement System with regard to public employee contributions and cost of living adjustments, among other things. The State appealed the order to the Florida First District Court of Appeal on March 8, 2012. If the lower court ruling is upheld on appeal, the County estimates that the impact on the Water and Wastewater Utility System’s pension costs would not exceed \$1.1 million for Fiscal Year 2012, which would not materially impact the operations of the County’s Water and Wastewater Utility System.

DESCRIPTION OF THE SERIES 2012 BONDS

General

The Series 2012 Bonds are being issued pursuant to the Constitution and laws of the State of Florida, including Chapter 125, Florida Statutes and the Home Rule Charter of the County (collectively, the “Act”) and other applicable provisions of law, and are subject to the terms and conditions of the Bond Resolution. The Series 2012A Bonds are being issued as “Additional Bonds” and the Series 2012B Bonds and the Series 2012C Bonds are being issued as “Refunding Bonds” within the meaning of the Resolution.

Purpose of the Series 2012 Bonds

The Series 2012A Bonds are being issued for the purposes of providing funds, together with other legally available funds, to: (i) pay the Cost of the 2012A Project; (ii) reimburse certain 2012A Project costs as provided by Resolution No. 2011-246 adopted by the Board on April 12, 2011; (iii) fund the increase in the Reserve Account Requirement relating to the issuance of the Series 2012A Bonds; and (iv) pay the costs of issuance of the Series 2012A Bonds. The Series 2012B Bonds are being issued for the purposes of providing funds, to: (i) refund the Series 2012B Refunded Bonds; and (ii) pay the costs of issuance of the Series 2012B Bonds. The Series 2012C Bonds are being issued for the purposes providing funds, to: (i) refund the Series 2012C Refunded Bonds; and (ii) pay the cost of issuance of the Series 2012C Bonds.

Authorized Denominations; Interest Payment Dates

The Series 2012 Bonds shall be issued in denominations of \$5,000 or any multiple thereof. The Series 2012 Bonds will be dated the Date of Delivery and will bear interest at the rates, and will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. Interest on the Series 2012 Bonds is payable commencing on October 1, 2012 and semiannually thereafter on each April 1 and October 1 until maturity or earlier redemption. Regions Bank, Jacksonville, Florida, shall serve as the Paying Agent and Bond Registrar.

Redemption Provisions

The Series 2012A Bonds and the Series 2012B Bonds are subject to redemption as set forth below. The Series 2012C Bonds are not subject to redemption prior to maturity.

Optional Redemption

Optional Redemption for the Series 2012A Bonds. The Series 2012A Bonds maturing on or before October 1, 2022 are not subject to optional redemption prior to maturity. The Series 2012A Bonds maturing on or after October 1, 2023 are subject to optional redemption prior to maturity, in such manner as the County shall determine, on or after October 1, 2022 as a whole at any time, or in part by lot on any Business Day, at a redemption price equal to one hundred percent (100%) of the principal amount redeemed, plus accrued interest to the redemption date.

Optional Redemption for the Series 2012B Bonds. The Series 2012B Bonds maturing on or before October 1, 2022 are not subject to optional redemption prior to maturity. The Series 2012B Bonds maturing on or after October 1, 2023 are subject to optional redemption prior to maturity, in such manner as the County shall determine, on or after October 1, 2022 as a whole at any time, or in part by lot on any Business Day, at a redemption price equal to one hundred percent (100%) of the principal amount redeemed, plus accrued interest to the redemption date.

No Optional Redemption for the Series 2012C Bonds. The Series 2012C Bonds are not subject to optional redemption prior to maturity.

Mandatory Sinking Fund Redemption

Mandatory Sinking Fund Redemption for the Series 2012A Bonds. The Series 2012A Bonds maturing on October 1, 2037 are subject to mandatory sinking fund redemption prior to maturity at one hundred percent (100%) of the principal amount redeemed or paid, together with accrued interest to the redemption date without premium, as follows:

<u>Year</u>	<u>Principal Amount</u>
October 1, 2034	\$ 3,035,000
October 1, 2035	27,375,000
October 1, 2036	28,740,000
October 1, 2037*	30,180,000

*Maturity

Redemption Notice

At least thirty (30) days before the redemption date, a notice signed by the Director of Finance and Administrative Services Department of the County of any such redemption, either in whole or in part, (i) shall be published once in a daily newspaper of general circulation published in Broward County, Florida, and in a daily newspaper of general circulation or a financial journal published in the Borough of Manhattan, City and State of New York, (ii) shall be filed with the Bond Registrar, and (iii) shall be mailed, first class mail, postage prepaid, to all registered owners of Series 2012 Bonds (which, so long as DTC shall act as securities depository for the Series 2012 Bonds, shall be Cede & Co.) to be redeemed at their addresses as they appear on the registration books of the Bond Registrar, at least 30 days prior to the date of redemption, but failure to so mail or publish any such notice shall not affect the validity of the proceedings for such redemption. No assurance can be given by the County that

DTC and DTC Participants will promptly transmit notices of redemption to Beneficial Owners. Further notice of redemption will be given in accordance with the Series Resolution.

In the case of an optional redemption, any notice of redemption may state that (1) it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Bond Registrar, Paying Agent or a fiduciary institution acting as escrow agent no later than the redemption date or (2) the County retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a “Conditional Redemption”), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described in this subsection. Any such notice of Conditional Redemption shall be captioned “Conditional Notice of Redemption.” Any Conditional Redemption may be rescinded at any time prior to the redemption date if the Director of Finance and Administrative Services Department delivers a written direction to the Bond Registrar directing the Bond Registrar to rescind the redemption notice. The Bond Registrar shall give prompt notice of such rescission to the affected Bondholders. Any Series 2012 Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and neither the rescission nor the failure by the County to make such funds available shall constitute an Event of Default under the Resolution. The Bond Registrar shall give immediate notice to the securities information repositories and the affected Bondholders that the redemption did not occur and that the Series 2012 Bonds called for redemption and not so paid remain Outstanding.

Book-Entry Only System

THE FOLLOWING INFORMATION CONCERNING DTC AND DTC’S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE COUNTY BELIEVES TO BE RELIABLE, BUT THE COUNTY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2012 Bonds. The Series 2012 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each interest rate of each maturity of each Series of the Series 2012 Bonds, each in the aggregate principal amount of such maturity to be issued, as set forth on the inside cover page of this Official Statement, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2012 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2012 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as

well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2012 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2012 Bonds, except in the event that use of the book-entry system for the Series 2012 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2012 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2012 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2012 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2012 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2012 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2012 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of the Series 2012 Bonds may wish to ascertain that the nominee holding the Series 2012 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent by the Bond Registrar to DTC. If less than all of the Series 2012 Bonds within a particular maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2012 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2012 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2012 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from County or the Bond Registrar, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Bond Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

Discontinuance of Book-Entry Only System

In the event the County determines that it is in the best interest of the Beneficial Owners to obtain Series 2012 Bond certificates, the County may notify DTC and the Bond Registrar, whereupon DTC will notify the DTC Participants, of the availability through DTC of Series 2012 Bond certificates. In such event, the County shall prepare and execute, and the Bond Registrar shall authenticate, transfer and exchange, Series 2012 Bond certificates as requested by DTC in appropriate amounts and within the guidelines set forth in the Bond Resolution. DTC may also determine to discontinue providing its services with respect to the Series 2012 Bonds at any time by giving written notice to the County and the Bond Registrar and discharging its responsibilities with respect thereto under

applicable law. Under such circumstances (if there is no successor securities depository), the County and the Bond Registrar shall be obligated to deliver Series 2012 Bond certificates as described herein. In the event Series 2012 Bond certificates are issued, the provisions of the Bond Resolution shall apply to, among other things, the transfer and exchange of such certificate and the method of payment of principal of and interest on such certificates. Whenever DTC requests the County and the Bond Registrar to do so, the County will direct the Bond Registrar to cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 2012 Bonds to any DTC Participant having Series 2012 Bonds credited to its DTC account; or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2012 Bonds.

Registration, Transfer and Exchange

If the book-entry only system is discontinued, the Beneficial Owners shall receive certificated Series 2012 Bonds which will be subject to registration of transfer or exchange as set forth below. Transfer of any Series 2012 Bond may be registered upon the registration books maintained by the Bond Registrar upon surrender of such Series 2012 Bond to the Bond Registrar together with a proper written instrument of transfer in form and with guaranty of signature satisfactory to the Bond Registrar. Upon surrender to the Bond Registrar, a new fully registered Series 2012 Bond of the same maturity, in the same aggregate principal amount and bearing the same rate of interest will be issued to and in the name of the transferee. The County and the Bond Registrar may charge the registered owners of the Series 2012 Bonds an amount sufficient to reimburse them for their reasonable fees and for any tax, fee or other governmental charge required with respect to the registration of such transfer before any such certificated Series 2012 Bonds are delivered. The Bond Registrar shall not be required to transfer or exchange any Series 2012 Bond during the 15 days next preceding any interest payment date or, in the case of a proposed redemption after the mailing of a notice of redemption, during the period of 15 days next preceding the mailing of a notice of redemption.

The County, the Bond Registrar and the Paying Agent shall deem and treat the registered owner of any Series 2012 Bond as the absolute owner of such Series 2012 Bond for all purposes, including for the purpose of receiving payment of the principal of and interest on the Series 2012 Bonds.

REFUNDING PLAN

On the date of original issuance and delivery of the Series 2012B Bonds, pursuant to the terms of an Escrow Deposit Agreement between the County and Regions Bank, Jacksonville, Florida (the "2012B Escrow Agent"), with respect to the defeasance of the portions of the Series 2003 Bonds and the Series 2005A Bonds included in the Series 2012B Refunded Bonds (the "2012B Escrow Agreement"), the County will deposit a portion of the proceeds of the Series 2012B Bonds with the 2012B Escrow Agent for deposit to the credit of special and irrevocable trust funds for the Series 2003 Bonds included in the Series 2012B Refunded Bonds (the "2003 Escrow Deposit Trust Fund") and for the Series 2005A Bonds included in the Series 2012B Refunded Bonds (the "2005A Escrow Deposit Trust Fund"), respectively, each established pursuant to the 2012B Escrow Agreement. These proceeds and other available moneys will be applied, on the date of issuance and delivery of the Series 2012B Bonds, to the purchase of direct obligations of the United States of America (the "2012B Escrow Securities") and any cash remaining after such purchase will be held uninvested.

The 2012B Escrow Securities will mature at such times and in such amounts so that the maturing principal, together with the investment income, when due and received by the 2012B Escrow Agent, and other moneys remaining uninvested in the 2003 Escrow Deposit Trust Fund and the 2005A Escrow Deposit Trust Fund, will be sufficient to pay the principal of and accrued interest on the portion of the Series 2003 Bonds included in the Series 2012B Refunded Bonds and the portion of the Series 2005A Bonds included in the Series 2012B Refunded Bonds, as required under the 2012B Escrow Agreement.

On the date of original issuance and delivery of the Series 2012C Bonds, pursuant to the terms of an Escrow Deposit Agreement between the County and Regions Bank, Jacksonville, Florida (the "2012C Escrow Agent"), with respect to the defeasance of the portions of the Series 2003 Bonds and the Series 2003B Bonds included in the Series 2012C Refunded Bonds (the "2012C Escrow Agreement"), the County will deposit a portion of the proceeds of the Series 2012C Bonds with the 2012C Escrow Agent for deposit to the credit of special and irrevocable trust funds for the Series 2003 Bonds included in the Series 2012C Refunded Bonds (the "Taxable 2003 Escrow Deposit Trust Fund") and for the Series 2003B Bonds included in the Series 2012C Refunded Bonds (the

“Taxable 2003B Escrow Deposit Trust Fund”), respectively, each established pursuant to the 2012C Escrow Agreement. These proceeds and other available moneys will be applied, on the date of issuance and delivery of the Series 2012C Bonds to the purchase of direct obligations of the United States of America (the “2012C Escrow Securities”) and any cash remaining after such purchase will be held uninvested.

The 2012C Escrow Securities will mature at such times and in such amounts so that the maturing principal, together with the investment income, when due and received by the 2012C Escrow Agent, and other moneys remaining uninvested in the Taxable 2003 Escrow Deposit Trust Fund and the Taxable 2003B Escrow Deposit Trust Fund, will be sufficient to pay the principal of and accrued interest on the portion of the Series 2003 Bonds included in the Series 2012C Refunded Bonds and the portion of the Series 2003B Bonds included in the Series 2012C Refunded Bonds, as required under the 2012C Escrow Agreement.

Upon the deposit of such proceeds and moneys in the 2003 Escrow Deposit Trust Fund, the 2005A Escrow Deposit Trust Fund, the Taxable 2003 Escrow Deposit Trust Fund and the Taxable 2003B Escrow Deposit Trust Fund, as applicable, the purchase of the 2012B Escrow Securities and the 2012C Escrow Securities and the direction to give certain notices, as required under the Resolution, in the opinion of Co-Bond Counsel rendered in reliance upon the verification report of The Arbitrage Group, Inc. described under “VERIFICATION OF MATHEMATICAL COMPUTATIONS” in this Official Statement, the right, title and interest of the holders of the Refunded Bonds shall cease and become void.

The maturing principal of and interest on the 2012B Escrow Securities and the 2012C Escrow Securities and uninvested amounts held under the 2012B Escrow Agreement and the 2012C Escrow Agreement will not be available to pay principal and interest on the Series 2012 Bonds.

[Remainder of page intentionally left blank.]

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds associated with the issuance of the Series 2012 Bonds:

<u>Sources of Funds</u>	Series 2012A <u>Bonds</u>	Series 2012B <u>Bonds</u>	Series 2012C <u>Bonds (Taxable)</u>
Principal Amount	\$140,625,000	\$110,920,000	\$47,655,000
Plus: Premium ⁽¹⁾	<u>17,994,301</u>	<u>22,244,027</u>	<u>-</u>
Total Sources of Funds	<u>\$158,619,301</u>	<u>\$133,164,027</u>	<u>\$47,655,000</u>
 <u>Uses of Funds</u>			
Deposit to Series 2012A Construction Fund	\$150,000,000		
Deposit to 2003 Escrow Deposit Trust Fund		\$100,467,232	
Deposit to Taxable 2003 Escrow Deposit Trust Fund			\$ 5,996,593
Deposit to Taxable 2003B Escrow Deposit Trust Fund			41,311,183
Deposit to 2005A Escrow Deposit Trust Fund		31,860,280	
Deposit to Reserve Account	7,497,581		
Costs of Issuance ⁽²⁾	438,399	365,643	166,041
Underwriters' Discount	<u>683,321</u>	<u>470,872</u>	<u>181,183</u>
Total Uses of Funds	<u>\$158,619,301</u>	<u>\$133,164,027</u>	<u>\$47,655,000</u>

-
- (1) Bond premium is net of original issue discount with respect to the Series 2012A Bonds.
(2) Includes legal fees, financial advisory fees, and miscellaneous costs of issuance.

[Remainder of page intentionally left blank.]

DEBT SERVICE SCHEDULE

Series 2012 Bonds

Period Ending Oct. 1	Total Outstanding Parity Bonds Debt Service ⁽¹⁾	Series 2012A Principal	Series 2012A Interest	Series 2012A Total Debt Service ⁽²⁾	Series 2012B Principal	Series 2012B Interest	Series 2012B Total Debt Service ⁽²⁾	Series 2012C Principal	Series 2012C Interest	Series 2012C Total Debt Service ⁽²⁾	Total Aggregate Debt Service ⁽²⁾
2012	\$ 25,888,964	-	\$ 3,219,004	\$ 3,219,004	-	\$ 2,623,235	\$ 2,623,235	-	\$ 283,144	\$ 283,144	\$ 32,014,348
2013	22,016,103	\$ 1,475,000	6,776,850	8,251,850	-	5,522,600	5,522,600	\$ 1,110,000	596,094	1,706,094	37,496,646
2014	12,782,283	1,490,000	6,762,100	8,252,100	-	5,522,600	5,522,600	10,350,000	591,210	10,941,210	37,498,192
2015	12,777,523	1,535,000	6,717,400	8,252,400	-	5,522,600	5,522,600	10,435,000	510,480	10,945,480	37,498,002
2016	12,784,898	1,580,000	6,671,350	8,251,350	-	5,522,600	5,522,600	10,540,000	399,869	10,939,869	37,498,716
2017	12,780,998	1,645,000	6,608,150	8,253,150	-	5,522,600	5,522,600	10,685,000	257,579	10,942,579	37,499,326
2018	12,780,698	2,495,000	6,542,350	9,037,350	\$5,535,000	5,522,600	11,057,600	4,535,000	86,619	4,621,619	37,497,266
2019	12,402,898	2,305,000	6,417,600	8,722,600	11,125,000	5,245,850	16,370,850				37,496,348
2020	12,401,898	2,400,000	6,325,400	8,725,400	11,680,000	4,689,600	16,369,600				37,496,898
2021	14,418,098	2,605,000	6,205,400	8,810,400	10,165,000	4,105,600	14,270,600				37,499,098
2022	14,412,698	2,685,000	6,127,250	8,812,250	10,650,000	3,620,750	14,270,750				37,495,698
2023	14,413,210	2,830,000	5,993,000	8,823,000	11,175,000	3,088,250	14,263,250				37,499,460
2024	14,410,485	2,965,000	5,851,500	8,816,500	11,740,000	2,529,500	14,269,500				37,496,485
2025	14,412,160	3,115,000	5,703,250	8,818,250	12,325,000	1,942,500	14,267,500				37,497,910
2026	14,415,085	3,270,000	5,547,500	8,817,500	12,940,000	1,326,250	14,266,250				37,498,835
2027	14,410,585	3,440,000	5,384,000	8,824,000	13,585,000	679,250	14,264,250				37,498,835
2028	29,998,835	2,275,000	5,225,500	7,500,500							37,499,335
2029	29,997,710	2,390,000	5,111,750	7,501,750							37,499,460
2030	29,999,665	2,505,000	4,992,250	7,497,250							37,496,915
2031	29,995,943	2,635,000	4,867,000	7,502,000							37,497,943
2032	29,996,785	2,765,000	4,735,250	7,500,250							37,497,035
2033	29,995,108	2,890,000	4,611,000	7,501,000							37,496,108
2034	29,997,495	3,035,000	4,466,500	7,501,500							37,498,995
2035		27,375,000	4,314,750	31,689,750							31,689,750
2036		28,740,000	2,946,000	31,686,000							31,686,000
2037		30,180,000	1,509,000	31,689,000							31,689,000
TOTAL	\$447,490,119	\$140,625,000	\$139,631,104	\$280,256,104	\$110,920,000	\$62,986,385	\$173,906,385	\$47,655,000	\$2,724,992	\$50,379,992	\$952,032,601

(1) Includes unrefunded Series 2003 Bonds, unrefunded Series 2003B Bonds, unrefunded Series 2005A Bonds and the Series 2009A Bonds.

(2) Totals may not add due to rounding.

SECURITY FOR THE SERIES 2012 BONDS

General

The Series 2012 Bonds are limited obligations of the County, payable solely from and secured by a lien upon and pledge of all Net Revenues of the Utility. "Net Revenues" are defined in the Bond Resolution as being, for any particular period, the excess of the Revenues for such period over the Current Expenses for such period. "Revenues" consist of all moneys received by the County in connection with or as a result of its ownership or operation of the Utility, including the income derived by the County from the sale of water produced, treated or distributed by, or the collection, transmission, treatment or disposal of sewage by the Utility, any proceeds of use and occupancy insurance on the Utility or any part thereof and income from investments made under the Bond Resolution; provided, however, Revenues do not include grants, contributions or donations, investment income from investment of moneys on deposit in the Construction Fund and the Impact Fee Account established under the Bond Resolution, proceeds of insurance (except use and occupancy insurance) and condemnation awards, moneys held in any Arbitrage Rebate Funds created pursuant to the Bond Resolution, proceeds of sales of property constituting a part of the Utility, special assessments, the proceeds of Bonds or other Utility Debt and Impact Fees. "Current Expenses" are defined in the Bond Resolution to be the County's reasonable and necessary current expenses of maintenance, repair and operation of the Utility and include, without limiting the generality of the foregoing, all ordinary and usual expenses of maintenance and repair, which may include expenses not annually recurring, all County administrative expenses and any reasonable payments to pension or retirement funds properly chargeable to the Utility, insurance premiums, engineering expenses relating to maintenance, repair and operation, fees and expenses of the Bond Registrar, legal expenses, any taxes which may be lawfully imposed on the Utility or its income or operations and reserves for such taxes, annual premiums for bond insurance, interest rate insurance or insurance assuring availability of the amounts required to be on deposit in the Reserve Account, annual fees for Credit Facilities, or Liquidity Facilities (as defined in the Bond Resolution), and any other expenses required to be paid by the County under the provisions of the Bond Resolution or by law, including any amounts required from time to time to fund the Arbitrage Rebate Fund established under the Bond Resolution, but do not include any reserves for extraordinary maintenance or repair, or any allowance for depreciation, or any deposits or transfers to the credit of the Sinking Fund, the Renewal, Replacement and Improvement Fund or the General Reserve Fund established under the Bond Resolution.

The Bond Resolution provides that, to the extent permitted by law, Impact Fees shall also be pledged to the payment of the principal of, redemption premium, if any, and the interest on the Bonds. The Net Revenues and Impact Fees, to the extent they may be lawfully pledged, are referred to herein as the "Pledged Revenues". The Impact Fees are not includable in the calculation of Net Revenues for purposes of the rate covenant or the Additional Bonds test.

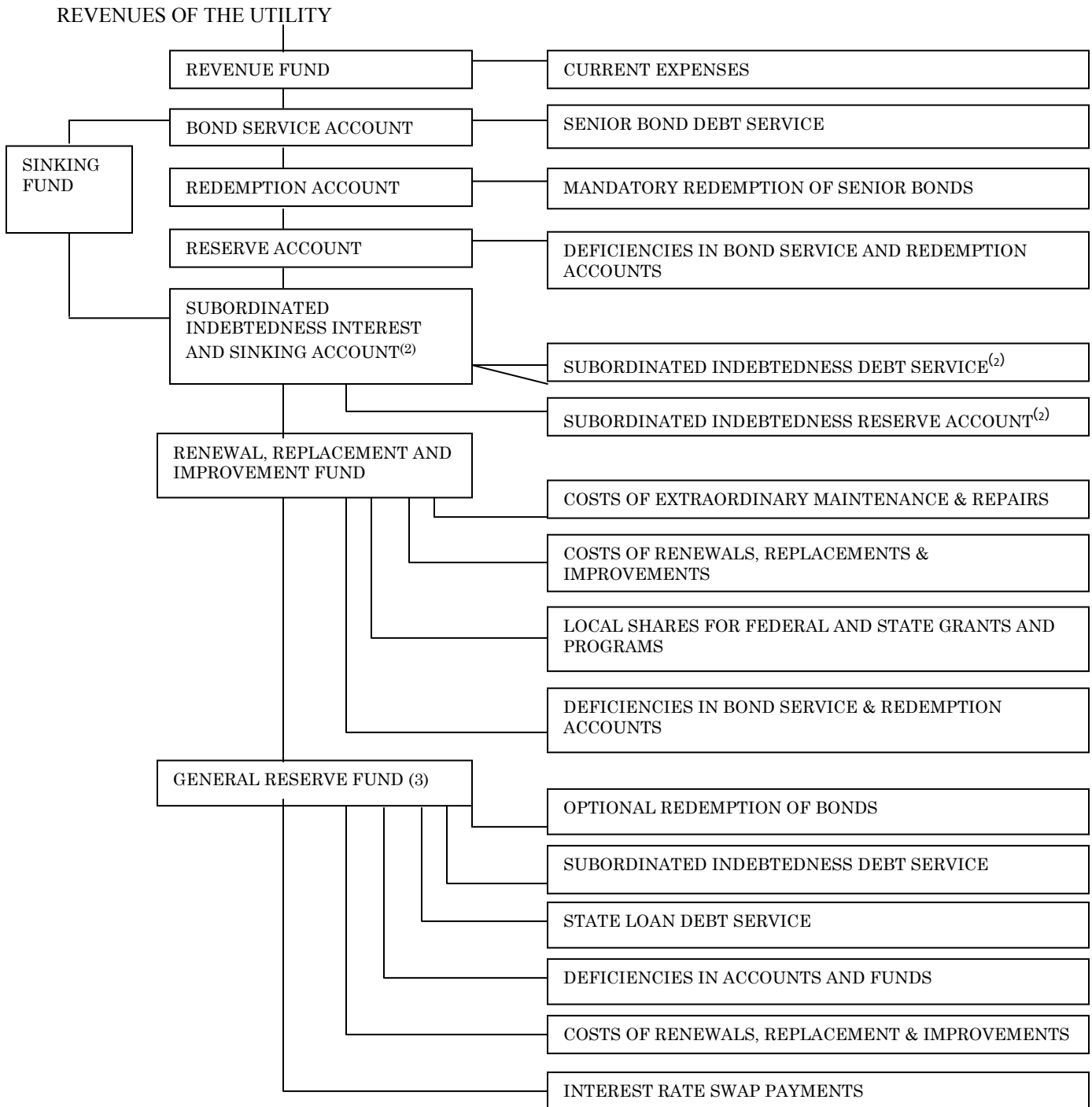
The Outstanding unrefunded Series 2003 Bonds, unrefunded Series 2003B Bonds, unrefunded Series 2005A Bonds and Series 2009A Bonds have a first lien on the Pledged Revenues on a parity with the Series 2012 Bonds. Additional Bonds having a first lien on the Pledged Revenues on a parity with such Bonds may also be issued from time to time under the Bond Resolution. See "SECURITY FOR THE SERIES 2012 BONDS – Additional Bonds" herein.

The Series 2012 Bonds shall not be deemed to constitute an indebtedness of the County within the meaning of any constitutional or statutory provision or limitation and the County is not obligated to pay the principal of, the premium, if any, or the interest on the Series 2012 Bonds except from the Pledged Revenues; and the full faith and credit of the County are not pledged to the payment of the principal of, the premium, if any, or the interest on the Series 2012 Bonds. The issuance of the Series 2012 Bonds shall not directly, indirectly or contingently obligate the County to levy or to pledge any taxes whatsoever therefor or to make any appropriation for the payment of the principal of, the premium, if any, or the interest on the Series 2012 Bonds except as provided in the Resolution.

Flow of Funds

The Bond Resolution establishes the Revenue Fund, the Renewal, Replacement and Improvement Fund, the General Reserve Fund and the Interest and Sinking Fund (the "Sinking Fund") and within the Sinking Fund the Bond Service Account, Redemption Account, Reserve Account and Junior Lien Bonds Interest and Sinking Account. The following chart illustrates the flow of funds under the Bond Resolution:

**SUMMARY OF APPLICATION OF REVENUES AND
FLOW OF FUNDS AS ESTABLISHED BY THE BOND RESOLUTION⁽¹⁾**



(1) The County will establish an Arbitrage Rebate Fund outside of the Bond Resolution to be held by a Depository for the purpose of receiving investment earnings from the funds and accounts under the Bond Resolution which are required to be rebated periodically to the United States of America. The Bond Resolution requires separate subaccounts to be established in the Arbitrage Rebate Fund for each Series of Bonds issued under the Bond Resolution. The moneys in said Fund will not be security for or pledged to the payment of the Series 2012 Bonds.

(2) There is no Subordinated Indebtedness outstanding.

(3) There is no priority of use among the purposes for which General Reserve Fund moneys may be used.

The Resolution also establishes the Construction Fund. The Series Resolution establishes the Series 2012A Construction Account within the Construction Fund, to be held in trust by Regions Bank, Jacksonville, Florida, as trustee (the "Trustee") under a Construction Account and Reserve Account Trust Indenture, as amended by a certain First Amendment and Supplement to Construction Account and Reserve Account Trust Indenture (the "First Supplement Indenture"), entered into by the County and the Trustee in connection with the issuance of the Series 2012 Bonds (the "Original Indenture" and as amended and supplemented by the First Supplement Indenture, the "Indenture"). The moneys on deposit to the credit of the Series 2012A Construction Account will be applied to pay costs of the 2012A Project pursuant to the provisions of the Resolution (the "Cost of the 2012A Project") (and to reimburse certain 2012A Project costs as provided by Resolution 2011-246 adopted by the Board on April 12, 2011) and will be invested as provided in the Resolution. Pursuant to the Indenture, the Trustee shall disburse funds from the Construction Account upon requisition, in accordance with the Resolution and the terms of the Indenture.

Reserve Account

Under the Bond Resolution, the County is required to establish a Reserve Account within the Sinking Fund. The Reserve Account secures all Bonds issued under the Bond Resolution. Pursuant to the Bond Resolution and the pertinent Series Resolution, the County is required to deposit in the Reserve Account for all Bonds, an amount (the "Reserve Account Requirement") which will be sufficient to fully fund the Reserve Account in an amount equal to the lesser of (i) the Maximum Principal and Interest Requirement for the Bonds in the current or any subsequent Fiscal Year, but excluding any amount to repay loans from the State of Florida, or (ii) the maximum amount allowed under the Internal Revenue Code of 1986, as amended (the "Code"). If on any date there shall be on deposit in the Reserve Account an amount less than the Reserve Account Requirement then, to the extent necessary to maintain such Reserve Account Requirement, the County is required to deposit therein from the Revenue Fund each month, after making deposits to the Bond Service Account and Redemption Account, one-twelfth (1/12) of the deficiency until there shall be on deposit in the Reserve Account an amount equal to the Reserve Account Requirement.

Moneys in the Reserve Account are required to be used only for the purpose of paying maturing principal of and interest on Bonds when other moneys in the Bond Service Account are insufficient therefor and thereafter for the purpose of making mandatory sinking fund payments on Bonds when other moneys in the Redemption Account are insufficient therefor. Moneys in the Reserve Account are not permitted to be used for any other purpose. Unless otherwise specified by resolution of the Board, if at any time the moneys held for the credit of the Reserve Account exceed the Reserve Account Requirement, such excess is required to be withdrawn and deposited to the credit of the Revenue Fund.

The Bond Resolution permits the County to provide all or a portion of the Reserve Account Requirement by depositing in the Reserve Account an insurance policy, surety bond, letter of credit or other acceptable evidence of insurance maintained by the County (the "Reserve Account Credit Facility") in lieu of or in partial substitution for cash or securities on deposit or to be on deposit in the Reserve Account, unconditionally covering such amount of the Reserve Account Requirement as appropriate, provided that the entity providing such facility is, at the time of so providing, of sufficient credit quality to enable debt backed by its facility to be rated in one of the two highest rating categories (without regard to any gradations within such categories) by both Standard & Poor's Ratings Service and Moody's Investors Service, Inc.

Upon issuance of the Series 2012A Bonds, a portion of the proceeds of the Series 2012A Bonds will be deposited in the Reserve Account to satisfy the increase in the Reserve Account Requirement resulting from the issuance of the Series 2012A Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein. The amount of such deposit, together with the cash amount currently on deposit in the Reserve Account, will equal the aggregate Reserve Account Requirement for the outstanding Bonds, including the Series 2012 Bonds, which is \$37,499,460. There are no Reserve Account Credit Facilities in the Reserve Account.

The moneys on deposit to the credit of the Reserve Account will be held in trust for the benefit of bondholders by the Trustee, under the Indenture, and will be invested as provided in the Resolution. Pursuant to the Indenture, the Trustee shall disburse funds from the Reserve Account only in accordance with the Resolution and the terms of the Indenture.

Rate Covenant

The County has covenanted in the Bond Resolution that it will fix, charge and collect reasonable rates and charges for the use of the services and facilities furnished by the Utility and that from time to time, and as often as it shall appear necessary, it will adjust such rates and charges by increasing or decreasing the same or any selected categories of rates and charges so that the Net Revenues (excluding from the computation of Current Expenses for any Fiscal Year any amount received from any source other than Revenues and applied to the payment of Current Expenses in such Fiscal Year) will be sufficient to provide an amount in each Fiscal Year at least equal to 120% of the Principal and Interest Requirements on all Bonds, for such Fiscal Year and 100% of all amounts required to be deposited to the Reserve Account and the Renewal, Replacement and Improvement Fund for such Fiscal Year.

If in any Fiscal Year the Net Revenues are less than the amount required under the preceding paragraph, within 30 days of the receipt of the audit report for such Fiscal Year (which, under the Bond Resolution, may be the portions of the County's Comprehensive Annual Financial Report relating to the Utility), the County is required to employ a Rate Consultant to review and analyze the financial status of the Utility, to inspect the Utility and to submit, within 60 days thereafter, a written report to the County recommending revisions of the rates, fees and charges of the Utility and the methods of operation of the Utility that will result in producing the amount so required in the following Fiscal Year. Promptly upon its receipt of such recommendations, the County is required to transmit copies thereof to the County Administrator and to revise its rates, fees and charges, or alter its methods of operation and take such other action as will conform with such recommendations.

If the County fails to comply with the recommendations of the Rate Consultant, the registered owners of not less than 10% in principal amount of all Bonds then Outstanding may institute and prosecute an action or proceeding in any court or before any board or commission having jurisdiction to compel the County to comply with the recommendations and the requirements of the preceding paragraph.

If the County complies with all recommendations of the Rate Consultant in respect to its rates, fees, charges and methods of operation, the failure of Net Revenues to meet the rate covenant described above will not constitute an Event of Default so long as the Revenues, together with available moneys in the Funds and Accounts created under the Bond Resolution other than the Arbitrage Rebate Fund, are sufficient to pay in cash the Current Expenses and to pay the Principal and Interest Requirements on all Outstanding Bonds and other Utility Debt of the County with respect to the Utility for such Fiscal Year.

Additional Bonds

Additional Bonds of the County may be issued under and secured by the Bond Resolution, on a parity as to the pledge of the Pledged Revenues with the Outstanding unrefunded Series 2003 Bonds, the unrefunded Series 2003B Bonds, the unrefunded Series 2005A Bonds, the Series 2009A Bonds and the Series 2012 Bonds and any Bonds on a parity therewith secured by the Bond Resolution and then Outstanding, subject to the conditions described below, from time to time, for the purpose of paying all or any part of the Cost of constructing or acquiring any Improvements.

Before any Additional Bonds are permitted to be issued under the Bond Resolution, there shall be filed with the County, among other things, the following:

(a) a certificate of the Finance Director demonstrating that the percentage derived by dividing the Net Revenues for the last Fiscal Year for which the financial statements of the Utility were reported upon by the Accountant, adjusted as permitted below, by the Maximum Principal and Interest Requirements on all Bonds, including the Principal and Interest Requirements with respect to the Additional Bonds then to be delivered, for any future Fiscal Year is not less than 120%; and

(b) a certificate of the Consulting Engineer setting forth the projected additional Net Revenues for the Fiscal Year following the Fiscal Year in which the Completion Date of the Improvements to be financed by the Additional Bonds then to be delivered is expected to occur, which additional Net Revenues are attributable to such Improvements; and

(c) a certificate of the Finance Director to the effect that no event of default under the Bond Resolution and no event which with the passage of time, the giving of notice or both would become an event of default has occurred within the twelve consecutive calendar months prior to the date of such certificate and is continuing.

In determining whether to execute and deliver the certificate mentioned in paragraph (a) above, the Finance Director may make the following adjustments to Net Revenues:

(1) If the revised rates and charges for the services and facilities furnished by the Utility shall have been adopted and such revised rates and charges shall have gone into effect prior to the issuance of such Additional Bonds, then the amount of the Net Revenues which would have been realized during the Fiscal Year required to be examined and reported upon in said certificate had such revised rates and charges gone into effect on the first day of such Fiscal Year may be used by the Finance Director; provided, however, if the interest on such Additional Bonds has been capitalized, such revised rates and charges may go into effect in whole or in part during such period of interest capitalization so long as such revised rates and charges are wholly in effect at least three months prior to the end of such period of interest capitalization; and

(2) If the certificate of the Consulting Engineer referred to in (b) above shows projected additional Net Revenues, the amount of such projected additional Net Revenues may be added to the amount of Net Revenues shown in the certificate referred to in (a) above.

The Series 2012A Bonds are being issued as Additional Bonds.

Refunding Bonds

Under the provisions of the Bond Resolution, Refunding Bonds of the County may be issued under and secured by the Bond Resolution, on a parity with the Outstanding unrefunded Series 2003 Bonds, unrefunded Series 2003B Bonds, unrefunded Series 2005A Bonds, Series 2009A Bonds and Series 2012 Bonds, and any Additional Bonds issued on a parity therewith, without meeting any of the requirements described above under “SECURITY FOR THE SERIES 2012 BONDS – Additional Bonds” for the purpose of refunding all or any portion of the Bonds Outstanding under the Bond Resolution.

The Series 2012B Bonds and Series 2012C Bonds are being issued as Refunding Bonds.

Other Indebtedness

The County may also issue Short-Term Indebtedness or Subordinated Indebtedness as provided in the Bond Resolution. See “Appendix D - Bond Resolution” hereto.

Covenants of the County Concerning the Utility and the Pledged Revenues

The County has entered into certain covenants pursuant to the Bond Resolution relating to the Utility and the Pledged Revenues. See “Appendix D - Bond Resolution” hereto.

[Remainder of page intentionally left blank.]

THE 2012A PROJECT

The “2012A Project” will consist of improvements to the County’s Water Treatment Plant 1A and Water Treatment Plant 2A, the construction and reconstruction of water mains and wastewater mains and lift stations, the construction of water storage and re-pumping facilities and the expansion and improvement of the North Regional Wastewater Treatment Plant and associated pump stations, all as set forth in the Utility’s five-year Capital Improvement Program.

The Capital Improvement Program for the retail water and wastewater system includes the rehabilitating and replacing of water distribution and wastewater collection systems and extending sanitary sewers to currently unsewered customers in the Neighborhood Improvement Program (NIP) and Utility Analysis Zones (UAZ); construction and reconstruction of water storage facilities; rehabilitation and replacement of water treatment plant equipment; developing membrane treatment capacity at Water Treatment Pump 1A and supporting system automation through improvement and expansion of the Supervisory Control and Data Acquisition Systems (SCADA) system. The Neighborhood Improvement Program improvements include upgrades to the existing water and wastewater systems, installation of drainage, new pavement, swales and landscaping. While the Neighborhood Improvement Program projects include drainage, landscaping and sidewalks paid for from general County funds, the UAZs focus solely on water and sanitary sewer improvements. The Utility has provided over \$106 million for these projects in the Capital Improvement Program. The multi district Inflow and Infiltration Program is continuing repairs to the retail wastewater collection system in those areas not in the Neighborhood Improvement Program. In addition the County has included over \$23 million for lift station improvements to the collection systems in Districts 1, 2 and 3.

The Capital Improvement Program for the North Regional Wastewater System is principally related to effluent disposal projects including expansion of the reclaimed water system, construction of injection wells and booster pumps. Other improvements include aeration system upgrades and lift station improvements to the North Regional Wastewater System transmission system. The plant will be capable of treating and disposing of 95 mgd of wastewater to meet demand of the large users of the North Regional Wastewater System through at least 2035.

The current fiscal plan for financing the Capital Improvement Program anticipates the sale of approximately \$138,210,000 of Series 2012A Bonds. The remainder of the Capital Improvement Program will be financed by user fees, capital recovery charges, contributions from large users of the North Regional Wastewater System and future borrowings, to include Additional Bonds to be issued in fiscal year 2016 as hereinafter discussed.

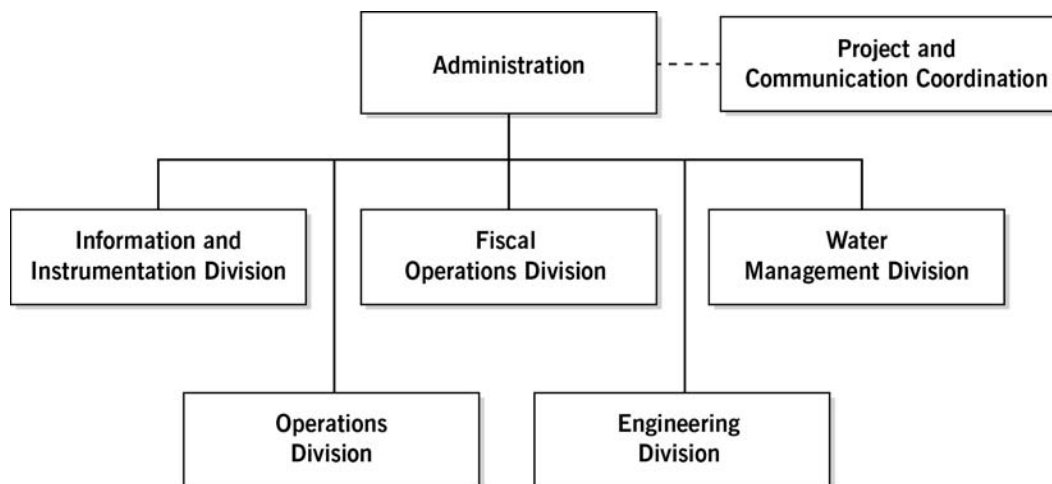
THE WATER AND WASTEWATER UTILITY

The following is intended to provide only a summary description of the Water and Wastewater Utility (herein referred to as the “Utility” and referred to in the Bond Resolution as the “Water and Sewer Utility”). The Utility is comprised of a retail water and wastewater system, which provides water and/or sewer service to approximately 59,000 customers, the North Regional Wastewater System, which provides transmission and treatment disposal services to other utilities on a wholesale basis, and the Regional Raw Water System, which provides raw water to other utilities, which are briefly described below. For a more detailed description, see the Engineer’s Report annexed hereto as Appendix C.

History

The Broward County Utilities Division was created on January 31, 1962, with the County’s purchase of a small, investor-owned water and wastewater utility. Between 1962 and 1975, the County acquired a number of private utilities. In 1972, the Broward County Utilities Division commenced construction of its North Regional Wastewater Treatment Plant (the “North Regional Wastewater Treatment Plant”) and, in 1975, began providing wholesale wastewater treatment service to large users. In 1976, to achieve fiscal consolidation, the County established uniform rates throughout its service areas. The Utility service area is divided into separate geographic areas (districts), where District 1 is served by Water Treatment Plant 1A, District 2 by Water Treatment Plant 2A and District 3 by purchased water from the City of Hollywood.

Subsequent reorganizations created Water and Wastewater Services (the “Utility”). The Utility, consisting of five divisions within the Public Works Department, is responsible for planning, construction, operation, maintenance, customer service, water management, and financial management of the Utility. These divisions are Water and Wastewater Operations (the “Utility Operations Division”), Water and Wastewater Engineering, Water Management, Water and Wastewater Information and Instrumentation Technology, and Fiscal Operations. In addition, within the Utility’s administration are two sections that support these divisions; they are: Human Resources and Project & Community Coordination. As of September 30, 2011, the Utility employed 376 people, including 25 certified water operators, 18 certified wastewater operators, 15 registered professional engineers, and four certified public accountants. Included are two employees who are dual certified as both water and wastewater operators. In addition, numerous employees hold recognized industry specific certifications. An organizational chart is provided below.



Under the County Code of Ordinances, the County exercises exclusive jurisdiction, control and supervision over the Utility system or any part of a utility system owned, operated or maintained by the County. The Board of County Commissioners of the County (the “Board”) has the specific legal authority to fix, charge and collect from its customers, rates, fees and charges, and to acquire, construct, finance and operate the Utility without supervision or regulation by any other political subdivision of the State (provided that environmental impacts are regulated as described in the Engineer’s Report).

Retail Water System

General Description. The retail water system (the “Retail Water System”) supplies potable water to retail customers in several sections of the County and to one significant bulk water user. Over the past ten years, the County’s Retail Water System has grown from 50,709 customers (connections) to its present retail base of 58,773. This represents a population of approximately 184,000. The City of Coconut Creek, a wholesale customer, has approximately 56,000 residents. Including the City of Coconut Creek, the Retail Water System serves approximately thirteen percent of the County’s total population. As further described in the Engineer’s Report, finished water supply has decreased in recent years primarily due to drought effects and County water conservation efforts.

Service Area and Customer Base. The Retail Water System is divided into three service districts – Districts 1, 2 and 3, which collectively cover approximately 41 square miles. Additionally, District 2 sells water to the City of Coconut Creek which re-sells it to its customers. Two water treatment plants, one each in District 1 and District 2, have a combined permitted water treatment capacity of 46 MGD (million gallons per day). However, potable water production is constrained by consumptive use permits from the South Florida Water Management District (“SFWMD”). Based on the current 20-year permit, Biscayne Aquifer allocations are 30.7 MGD through the year 2013, and 26.7 MGD through 2028. After 2013, a Floridan Aquifer allocation of 9.3 MGD is included in the 20-year consumptive use permitted withdrawal. The Utility’s five year Capital Improvement Program (CIP) is predicated upon these allocations. Water for District 3 is provided by the City of Hollywood through a water-for-resale agreement. Maps of these service districts are included in Appendix C - Engineer’s Report.

The distribution systems in the three Districts contain approximately 699 miles of water distribution and transmission mains with 2-inch or greater diameters. The Retail Water System supplies water primarily to retail customers but also serves the City of Coconut Creek under a resale agreement which expires in 2040 under its terms, which provide for termination one year after the last payment of any potable water system debt obligation of the County or 2040, whichever is less. Without prior approval by the County, the City of Coconut Creek is prohibited from buying or otherwise providing water within its service area from any source other than the County during the term of the resale agreement, and cannot provide more than 100,000 gallons per day of water to any customer unless approved by the County. Presently, there appears to be no practical or economic incentive for the City of Coconut Creek to pursue development of its own facility or to develop alternative sources of supply. The County cannot charge rates to Coconut Creek greater than those charged to other customers in the same class. Billing based upon water meter readings is provided monthly. A more detailed description of the agreement between the County and Coconut Creek is provided later herein.

Retail Water System. District 1 has a combined service area of 11.99 square miles, permitted plant capacity of 16.0 MGD, and 241.71 miles of water distribution and transmission mains. The Utility maintains District 1 water system interconnections with the systems of the City of Fort Lauderdale, the City of Tamarac, and the City of Lauderhill to provide for emergency water supply.

District 2 includes the Utility's largest wholesale water customer, the City of Coconut Creek. District 2, not including the City of Coconut Creek, has a service area of 14.79 square miles, a permitted plant capacity of 30 MGD, and contains 244.47 miles of water distribution and transmission mains. The facilities of District 2 are interconnected with the City of Deerfield Beach, the Town of Hillsboro Beach, the City of Pompano Beach and Palm Beach County to provide for emergency water supply.

The County has an agreement with the City of Coconut Creek under which the County has agreed to provide the City of Coconut Creek with potable water for the term described above. The City of Coconut Creek constitutes approximately 20% of the total potable water consumption by customers of the Utility, and pays compensation amounting to 4.6% of the Utility's gross revenues. The agreement provides that, except by written consent of the County, the City of Coconut Creek will not purchase water other than from the County or pump water into its water distribution system from its own facilities. The County has agreed not to sell water to anyone else within the defined service area and the City of Coconut Creek is not permitted to increase its water service area without the written consent of the County.

District 3 is the southernmost service area of the County and is geographically separated into subdistricts referred to as 3A, 3B, and 3C. Subdistricts 3B and 3C are interconnected. 3A, 3B and 3C receive potable water through connections principally with the City of Hollywood. District 3 has a combined service area of approximately 14.21 square miles and contains 213.26 miles of transmission and distribution mains. Subdistrict 3A has interconnects with the City of Fort Lauderdale, the City of Hollywood, and the City of Dania Beach to provide for emergency water supply. Subdistrict 3B has interconnects with the City of Hollywood. Subdistrict 3C has interconnects with the City of Hollywood, the City of Pembroke Pines and the City of Miramar to provide for emergency water supply.

The following table provides a summary of water production, treatment, storage and distribution facilities and capacities.

Summary of Water System Facilities and Capacities as of September 30, 2011

	<u>District 1</u>	<u>District 2</u>	<u>District 3</u>	<u>Total</u>
Production Wells	9	11	0	20
Wellfield Firm Capacity (MGD) ⁽¹⁾⁽²⁾	19.6	28.9	0	48.5
Treatment Plants ⁽⁴⁾	1	1	0	2
Permitted Plant Capacity (MGD) ⁽²⁾⁽³⁾	16	30	0	46
Permitted Allocation (MGD) ⁽²⁾⁽³⁾	10.7 ⁽⁵⁾	20.0 ⁽⁶⁾	0	30.7
Storage Capacity (Million Gallons) ⁽⁴⁾	6.2	8.5	6	20.7
Distribution Mains (Miles)	241.71	244.47	213.26	699.44
Service Area (Square Miles)	11.99	14.79	14.21	40.99
Purchased Water (MGD) ⁽²⁾	.188	0	5.851	6.039
Produced Water (MGD) ⁽²⁾	7.219	12.526	0	19.745

Notes:

- (1) Firm Capacity refers to the available flow with the largest well in each district out of service.
- (2) MGD = million gallons per day
- (3) Permitted Allocations are less than Permitted Plant Capacity.
- (4) Includes clearwells, on site and distribution storage facilities.
- (5) Does not include purchased water from the City of Plantation.
- (6) Includes finished water sold to the City of Coconut Creek.

SOURCE: Broward County Water & Wastewater Services

Water System Regulatory Requirements. The Safe Drinking Water Act of 1974 and the Safe Drinking Water Act Amendments of 1986 (together, the “Safe Drinking Water Act”) authorized the U.S. Environmental Protection Agency (the “EPA”) to establish national primary and secondary drinking water regulations to regulate maximum permissible levels of contaminants in finished drinking water. These standards were incorporated into the State of Florida Water Quality Regulations in 1993, making all regulated parameters enforceable within the State. The Utility Operations Division annually performs a complete analysis for all primary and secondary drinking water standards on raw and finished water supplies to meet the State of Florida Water Quality Regulations (Chapter 62-550.300, Florida Administrative Code). No maximum contaminant levels (“MCLs”) have been exceeded by the Utility’s finished water. The Utility tests raw water quality only for the development of baseline data, MCL limitations do not apply.

The Stage I Disinfectant/Disinfection By-Products Rule (“Stage I By-Products Rule”) was promulgated in 1998 and required all groundwater treatment plants, which include the Utility’s water treatment plants (“Water Treatment Plants”), to comply with MCL’s for trihalomethanes (“THMs”), five haloacetic acids (“HAAs”), chlorite, and bromate and maximum residual disinfectant levels (“MRDLs”) for a number of common disinfectants including chlorine, chloramines, and chlorine dioxide. The Stage I By-Products Rule limits for THMs and HAAs were 80 mg/l and 60 mg/l respectively, with measurements based upon a distribution system wide average. The Water Treatment Plants currently meet all regulations and comply with the current Stage I By-Products Rule.

The Stage II Disinfectant/Disinfection By-Products Rule (the “Stage II By-Products Rule”) was promulgated on January 4, 2006, and the regulation became effective March 6, 2006. The purpose of the Stage II By-Products Rule is to reduce disinfectant/disinfection by-products occurrence peaks in the distribution system by using a new method to determine MCL compliance, defining operational evaluation levels, and regulating consecutive systems. No problems have been detected since the regulation became effective.

The County has completed the Stage II By-Products Rule standard monitoring for all water distribution systems and in accordance with the rule, submitted the Initial Distribution System Evaluation (IDSE) Report on December 8, 2008 to meet the January 2009 deadline. By April 2012, the County is required to develop and implement a Compliance Monitoring Plan and to begin compliance monitoring. Compliance Calculation Procedures were included in the IDSE Reports, as provided by the EPA-IDSE Guidance document (EPAQ 815-B-06-002) to meet the Compliance Monitoring Plan requirement.

Water Supply. The primary source of water supply for the Utility is the Biscayne Aquifer. Presently, the Utility operates wellfields for Water Treatment Plants 1A and 2A with firm capacities of 19.6 and 28.9 MGD, respectively. Additional water is provided to District 2 by the North Regional Wellfield with a firm capacity of 18.1 MGD. A physical description of the regional system and wellfields is provided in the Engineer's Report. Water for District 3 is provided by the City of Hollywood.

In 1979, the Biscayne Aquifer was designated as a "sole source" drinking water supply by the EPA. The water in the aquifer is primarily replenished by rainfall but also is recharged by water flowing from Lake Okeechobee and conservation areas through an extensive canal system. Presently, in addition to the Utility, the Biscayne Aquifer is also used for most of the municipal raw water supplies in the County, Miami-Dade County and the southern portion of Palm Beach County.

Due to its cost-effectiveness, the relatively shallow Biscayne Aquifer is, and is likely to remain, the County's primary source of raw water supply. Alternative, future supply is currently expected to be provided through a Floridan Aquifer supply. The Capital Improvement Program for the Utility includes provisions to construct reverse osmosis treatment to effect utilization of Floridan Aquifer waters. It is noted, however, that Broward County, Palm Beach County, several municipalities, and the SFWMD are also evaluating a regional harvested stormwater reservoir project in Palm Beach County known as the C-51 Reservoir that could expand the supply of Biscayne Aquifer raw water. Should the C-51 Reservoir prove to be a lower-cost alternative water supply option, the County maintains the flexibility to reduce or eliminate the proposed use of the Floridan Aquifer.

Water Supply Regulatory Requirements. The volume of raw water withdrawal from the Utility's wellfields is regulated by the SFWMD. Each wellfield is governed by a water use permit that stipulates the maximum allowable annual and monthly withdrawal. These permits are reissued for periods of five to twenty years. The Utility's current annual permitted rate of raw water withdrawal is 18.3 billion gallons from all wellfields combined, including the Regional Raw Water Wellfields. The Utility holds three permits from the SFWMD for the wellfields 1A, 2A/North Regional Wellfield (the "North Regional Wellfield"), and the South Regional Wellfield ("South Regional Wellfield"). The permits for the North Regional Wellfield were consolidated into one 20-year permit in March 2008. The 1A Wellfield was also granted a 20-year permit in April 2008.

The permit for the South Regional Wellfield expired in October 2007, and the Utility's submitted application for South Regional Wellfield permit renewal is currently under review by the SFWMD. The permit is administratively extended while under review. The County has held several review meetings with the SFWMD. Based on the reported results of these meetings, review is expected to be favorable, but will be delayed as the SFWMD resolves sub-regional water supply solutions for Hallandale Beach and Dania Beach. Regardless of issues associated with the cities of Hallandale Beach and Dania Beach, it is expected that the SRW permit will be reissued in the ordinary course of events. Table 3-7 of the Engineer's Report highlights information from the 20-year permit renewals for the 1A Wellfield and the North Regional Wellfield. Beginning in 2013, the SFWMD is requiring transitioning of water supply above the baseline allocation from the Biscayne Aquifer to the Floridan Aquifer or to another alternative water supply such as the C-51 reservoir project. This requirement for shifting of additional water supply to an alternative source will have implications for future treatment technology and capital investment, as well as operating costs. As additional water supplies are needed the Utility will evaluate the available water treatment technologies and their associated fiscal and environmental factors in making treatment decisions. The Utility's current Capital Improvement Program includes use of the Floridan Aquifer for future alternative water supply. Should a lower cost alternative become feasible, the Utility retains the flexibility to reduce or eliminate use of the Floridan Aquifer.

Long term water supply in South Florida will also be affected by the Everglades Restoration Project and by regional water supply planning undertaken by the SFWMD and the U. S. Army Corps of Engineers (the "Army Corps"). The effect of these plans will be a reallocation of historical water supplies to secure additional fresh water for restoration of the Florida Everglades. Current planning documents known as the Lower East Coast Water Supply Plan (the "Regional Water Supply Plan") and the Comprehensive Everglades Restoration Plan ("CERP"), account for future needs of water utilities by utilization of new surface water reservoirs and by implementation of Aquifer Storage and Recovery wells. A recent decision by the State to acquire the property owned and farmed by US Sugar as part of the CERP may limit the option of utilities to store and use excess storm water as an alternative water supply.

It is possible that the new water supply technologies could be delayed, or could be less effective than SFWMD and the Army Corps expect. Recognizing this, the Utility has taken multiple proactive steps to assure that a continuous adequate raw water supply will be available:

- The County has been actively participating in the Regional Water Supply Plan, the CERP and the SFWMD regulatory revision process.
- A new surface water pump station is being designed to improve the effectiveness of the existing raw water recharged by three existing pump stations through the canal system.
- The County has constructed and operates a 10 MGD wastewater reuse facility to support potable water demand reduction.
- The County continues to implement the Integrated Water Resources Plan in order to maximize the utilization of available water. Current projects include the design of interconnects between the C-1 and C-2 Canals and between the C-12 and C-13 Canals.
- The County is planning an alternative technology in case an alternate source of water may be necessary. As previously noted, it is currently expected that the Floridan Aquifer is the most likely alternative raw water supply source. The Floridan Aquifer is an artesian water supply located approximately 700 feet below the land surface in the County. Waters within the Floridan Aquifer contain higher total dissolved solids than the waters of the Biscayne Aquifer. Reverse osmosis membrane technology will readily treat Floridan Aquifer water to meet all applicable regulatory requirements. The Floridan Aquifer is presently used by a number of utilities, primarily by the Town of Jupiter, Palm Beach County Utilities and the City of Hollywood. Costs for future use of the Floridan Aquifer are shown in Table 6.2 of the Engineer's Report.

Retail Wastewater System

General Description. The retail wastewater system (the "Retail Wastewater System") provides wastewater collection service to approximately 76 percent of the County's retail water customers. The County's wastewater retail customer base has grown from 34,847 customers (connections) to its present base of 44,856 customers in the past ten years and is expected to grow through the County's extension of sanitary sewers into currently un-sewered areas. Treatment and effluent management is provided by the County-operated North Regional Wastewater System (the "Regional Wastewater System" discussed below and collectively with the Retail Wastewater System the "Wastewater System") and by the Southern Regional Wastewater System operated by the City of Hollywood.

District 1 has a service area of 12.98 square miles and includes 164.05 miles of gravity collection sewers and 69 lift stations. There are 37.00 miles of force mains.

The size of the District 2 service area is 15.58 square miles. The collection system consists of 154.59 miles of gravity sewer, 94 lift stations, 4 master pump stations and 33.71 miles of force mains.

District 3 serves an area of 12.07 square miles. The gravity collection system has 76.94 miles of gravity sewer and 61 lift stations. The force main network contains 33.65 miles of pipe that delivers the wastewater from this area to the Southern Regional Wastewater Treatment Facilities operated by the City of Hollywood. District 3A and District 3B wastewater is treated by the City of Hollywood under a large user wastewater agreement with the County. The County has 5.3 MGD of reserved capacity in the Southern Regional Wastewater Treatment Plant. The City of Hollywood has 48.75 MGD of plant capacity. One master pump station is located within District 3.

The agreement between the County and the City of Hollywood contains a number of major provisions including: identification of the service area; requirements for the use of metering devices; reserve capacity requirements; restrictions on excessive flows; and charges for damages to the system. Debt service and operation and maintenance costs are paid on an actual flow basis. The agreement can be terminated by either party with a 365-day notice, if all financial requirements have been met. The City of Hollywood may not terminate the

agreement, unless there shall be a readily available alternative means of treating and disposing of County wastewater.

A 10-year summary of the Retail Wastewater System customers and billed wastewater flows is presented in the table below.

Summary of Billed Wastewater – Retail as of September 30, 2011

Fiscal Year	Average Number of Units¹	Average Number of Metered Customers	Total Billed Treated Wastewater³ (1,000 GAL)	Annual Average Daily Flow (MGD)
2002	63,050	34,847	5,077,785	13.91
2003	64,377	35,704	5,121,649	14.03
2004	65,029	36,654	5,310,427	14.55
2005	67,116	38,257	5,130,824	14.06
2006	67,736	40,021	5,077,759	13.91
2007	70,361	41,297	4,915,383 ²	13.47
2008	71,718	42,163	4,830,155 ²	13.23
2009	74,146	43,591	4,828,210 ²	13.23
2010	74,547	44,953	4,744,985 ²	13.00
2011	74,691	44,856	4,891,742 ²	13.40

¹ The term "unit" means individual living unit for residential (single family), multifamily, hotel / motel, and mobile home categories. Several units may be served through one connection. For commercial, the term means the number of connections and does not include the large user.

² Droughts which began in April 2007 have resulted in reduced water use due to demand management efforts comprising water conservation initiatives, including year round lawn irrigation restrictions. Reduced water use translates to reduced billed wastewater.

³ Billed wastewater is primarily based upon water sold.

Source: Broward County Water and Wastewater Services

[Remainder of page intentionally left blank.]

Regional Wastewater System

General Description. The Utility owns and operates the North Regional Wastewater Treatment Plant, which has provided contract wholesale wastewater services to eleven large users, plus the County, since 1974. The large user agreements are substantially similar. Each is for a term that exceeds by one year the last payment of any wastewater system debt obligation applicable to the North Regional Service area (including the Series 2012 Bonds). In addition to stipulating points of connection and establishing minimum quality limitations on all wastewater, the agreements designate reserve capacity in the plant for each user and provide for the method to charge each user for the availability and provision of service. The agreements also require the large users to deliver all wastewater collected to the County. On a monthly basis, each user is billed a fixed charge depending upon the user's reserve capacity in the plant. This fixed charge is designated to recover each large user's equitable share of debt service including coverage (1.2 x principal and interest). The operation and maintenance costs associated with provision of treatment and transmission service, also billed monthly to each large user, are based upon the large user's pro rata usage of the Regional Wastewater System. Additionally, the contracts provide restrictions on excessive and peak flows, limitations on type of wastes allowed to be discharged and requirements to pay for damages to the system caused by a large user.

The North Regional Wastewater Treatment Plant was designed and constructed in accordance with a master plan approved by regulatory authorities specifically to encourage the use of regional, technologically advanced wastewater treatment processes and to discourage development and use of smaller, less efficient systems. A difficult permitting process, outstanding contractual obligations with the County, and high capital costs of constructing and operating a new facility should discourage any large users from abandoning the Regional Wastewater System. The agreements, as executed by the large users, are binding and can only be terminated upon mutual consent of the County and the large user.

Overview of the Facilities. The Regional Wastewater System provides wastewater services to the following large users: the cities of Coconut Creek, Coral Springs, Deerfield Beach, Lauderhill, North Lauderdale, Oakland Park, Pompano Beach, and Tamarac and the North Springs Improvement District, Parkland Utilities, Royal Utilities, and the County's Districts 1 and 2. The Regional Wastewater System includes 15 master pumping stations and approximately 98 miles of force mains. All of the wastewater collected from retail Districts 1 and 2 and large user customers is treated at the North Regional Wastewater Treatment Plant located in Pompano Beach, Florida. The North Regional Wastewater Treatment Plant has permitted treatment capacity of 84 MGD. The recent expansion project increased plant treatment capacity to 95 MGD, of which 87.015 MGD has been reserved by the large users and the County. During Fiscal Year 2011, the annual average daily flow rate at the North Regional Wastewater Treatment Plant was approximately 59.6 MGD, and the plant currently has sufficient capacity to meet the projected demands of all large users and the County to at least the year 2035.

The North Regional Wastewater Treatment Plant utilizes an activated sludge treatment process for liquid treatment and an anaerobic digestion system for handling the biosolids produced from the liquid treatment process. After digestion, the sludge is dewatered and disposed of by landfilling and landspreading. The effluent from the liquid treatment process is chlorinated and either pumped through the outfall pipe into the Atlantic Ocean, disposed of in on-site deep injection wells, or filtered via the County's 10 MGD reclaimed water system. The reclaimed water is used for irrigation and as industrial process water at the North Resource Recovery Plant (Solid Waste Incinerator) and the North Regional Wastewater Treatment Plant, and for landscape irrigation at a nearby commerce center.

Service Area and Customer Base. The Regional Wastewater System service area provides service to 40 percent of the population in the County. In addition to providing treatment service to the retail customers in Districts 1 and 2 (District 3A treatment is provided by contract with the City of Hollywood at the Southern Regional Wastewater System), the North Regional Wastewater Treatment Plant provides treatment to eleven large users, plus the County. Service is provided pursuant to individual, contractual agreements between the County and each large user. Generally, such agreements specify each large user's reserve capacity in the plant and provide for billing and payment for service. As noted above, the large user and the Utility have currently subscribed to 87.015 MGD of the 95 MGD of treatment and disposal capacity.

**Summary of Historical Large User Wastewater
Average Monthly Flow for Treatment and Disposal (1,000 Gallons)**

Large User	FY 2009¹	FY 2010¹	FY 2011¹	Change From Prior Year	% of Change
Coconut Creek	102,452	109,675	106,383	(3,292)	-3.00%
Coral Springs	255,782	261,008	209,733	(51,275)	-19.65%
Deerfield Beach	213,446	213,438	168,219	(45,219)	-21.19%
Lauderhill	184,215	181,413	166,710	(14,703)	-8.10%
North Lauderdale	99,543	82,375	89,867	7,492	9.10%
NSID	81,508	80,336	82,665	2,329	2.90%
Oakland Park	53,526	61,731	44,097	(17,634)	-28.57%
Parkland Utilities	5,601	6,651	6,220	(431)	-6.48%
Pompano Beach	367,407	385,597	374,685	(10,912)	-2.83%
Royal Utilities	9,831	8,980	7,500	(1,480)	-16.48%
Tamarac	195,063	201,687	220,223	18,536	9.19%
Subtotal	1,568,374	1,592,891	1,476,302	(116,589)	-7.32%
Broward County	414,413	394,804	337,189	(57,615)	-14.59%
Total	1,982,787	1,987,695	1,813,491	(174,204)	-8.76%

¹ The infiltration and inflow programs, water conservation efforts and water restrictions have reduced water sales and the amount of water returned to the wastewater system.

Source: Broward County Water and Wastewater Services

Regional Wastewater System Regulation Requirements. Operations of the North Regional Wastewater Treatment Plant are regulated by the EPA, the Florida Department of Environmental Protection (“FDEP”), and the Broward County Environmental Protection and Growth Management Department. Regulatory requirements are focused on effluent management, sludge disposal, reclaimed water, and an industrial pretreatment program. In Fiscal Year 2011, the North Regional Wastewater Treatment Plant had no permit violations. The North Regional Wastewater Treatment Plant is in compliance with effluent quality standards. Approximately 51 parameters are checked daily to assess conformance with these standards, amounting to 21,922 parameter checks in the year. During Fiscal Year 2011, there was one limit excursion, or only 0.004% of the total checks, at the North Regional Wastewater Treatment Plant. This excursion was the result of the automatic system feed loop that did not adjust quickly enough to maintain the permitted residual range in the effluent.

Effluent Management. The North Regional Wastewater Treatment Plant currently disposes of treated effluent via an open ocean outfall pipeline, a reclaimed water system and deep injection wells. The open ocean outfall is regulated through the Federal National Pollutant Discharge Elimination System (NPDES) permit program administered by the FDEP. Injection to the deep wells is permitted by the FDEP Underground Injection Control Section.

Open ocean outfalls are utilized by several south Florida utilities. Concerns over possible environmental impacts exist and have been the subject of extensive study such as the Southeast Florida Ocean Outfall Experiments (“SEFLOE”) I and II conducted by the National Oceanic and Atmospheric Administration (“NOAA”). The SEFLOE studies indicated that there has been no unreasonable degradation or irreparable harm of the ocean environment. The Utility is currently participating in a joint study with NOAA titled Florida Atlantic Coastal Environment (FACE) study. The County has executed a memorandum of understanding with NOAA for a Coastal Water Quality Monitoring Plan, which will involve monthly monitoring of water quality associated with ocean outfall discharges. Work began in June 2010.

The County’s facility permit from the FDEP rates the North Regional Wastewater Treatment Plant at 84 MGD and acknowledges 66 MGD of effluent disposal capacity through the ocean outfall. Broward County submitted an application to the FDEP on August 2, 2007 for the renewal of the NPDES/Facility Permit for the North

Regional Wastewater Treatment Plant, which expired on February 2, 2008. The North Regional Wastewater Treatment Plant is currently operating under an administratively extended NPDES/Facility Permit until the FDEP issues the new permit accompanied by an order establishing a compliance schedule consistent with recently enacted legislation. The application has been preliminarily reviewed by the FDEP and issuance of the facility permit is anticipated in the next calendar year. The range of estimated capital improvement costs associated with complying with the as-yet-uncertain regulations is further described in the Engineer's Report.

The FDEP continues to promote a reduction of nutrients in the face of growing opposition to ocean discharges from interested groups, but they have worked with the wastewater utilities with ocean outfalls (including the County) to reduce the economic impact of the Leah Schad Memorial Ocean Outfall Program, which became the law effective July 1, 2008. Subsequent legislation has been proposed each year to amend the law. Proposed legislation reflects agreements reached between the FDEP and affected outfall utilities. There can be no assurance the legislation will be adopted or that additional legislation relating to outfall utilities will not be introduced or adopted. Proposed revisions would include the following changes to the current law:

- Extends the date for discharges of domestic wastewater through an ocean outfall to meet advanced wastewater treatment and management (AWTM) requirements from December 31, 2018 to December 31, 2020.
- Allows peak flow backup discharges not exceeding 5% of the facility's cumulative baseline flow, measured on a 5-year rolling average and requires that such discharges meet the FDEP's applicable secondary waste treatment and water-quality-based effluent limitations.
- Extends certain planning and reporting compliance dates.
- Requires the detailed plan that an outfall utility must submit to FDEP to identify technically, environmentally and economically feasible reuse options, and to include an analysis of the costs associated with meeting state and local water quality requirements, and comparative costs for reuse using outfall flows and other domestic wastewater flows.
- Requires the detailed plan to evaluate reuse demand in context with several factors considered in the SFWMD's Lower East Coast Regional Water Supply Plan.
- Requires FDEP, SFWMD and the outfall utilities to consider the above information for the purpose of adjusting, as needed, the reuse requirements, and requires FDEP to report to the Legislature any changes that may be necessary in the reuse requirements by February 15, 2019.

In order to meet the advanced wastewater treatment requirements of the rule, the County has implemented cumulative nutrient reduction strategies including modifying the existing treatment process to augment biological nutrient removal and reducing outfall discharges via diversion to the existing deep injection well system.

As noted, the effluent management system also includes Class I injection wells. The Operation Permit 0051336-502 UO for Injection Wells 1 through 6 was issued on July 2, 2010 and is valid for five years. This permit requires the installation of a new monitoring well (number 5) to replace monitoring well number 4, because its lower zone no longer appears to be a reliable source of data. This determination was made based on the modified monitoring protocols and data collected under the permit 0051336-439 UO administrative order. Work began in January 2012.

The County's effluent management program currently includes a 10 MGD system providing highly treated reclaimed water for industrial and landscape uses. Due to state law, the County will be required to increase production of reclaimed water by 2025. Long-term effluent management improvements include combinations of injection wells, Biscayne Aquifer recharge, Floridan Aquifer recharge, offsite large user reuse, and residential reuse. An increase in the consumptive use permit raw water allocation for the water treatment facilities may be authorized by the SFWMD when effluent management results in the potential beneficial reuse of the reclaimed water.

Biosolids Management. Pollutant concentrations in wastewater residuals are regulated by both federal and state sludge regulations. The federal regulation that currently regulates disposal is 40 CFR Part 503. The Part 503 rule regulates five categories of wastewater residuals disposal: agricultural land application, non-agricultural land application, distribution and marketing, monofills and surface disposal. The Utility currently employs landfilling

(20,000 tons/yr) and landspreading (60,000 tons/yr) for wastewater residuals disposal. H & H Liquid Sludge Disposal, Inc. is under contract to dispose of biosolids by landspreading. The contract extends to October 2012, after which the contract will be re-bid and awarded to the lowest responsible bidder.

The County is currently managing most biosolids by land application of the treated residuals. Land application is a beneficial reuse of this wastewater treatment byproduct and is subject to both federal and state regulations. The County produces Class B residuals allowable for application to agricultural sites.

In August 2010, revisions to the state regulations governing the treatment and disposal of biosolids, Chapter 62-640 F.A.C., went into effect. The North Regional Wastewater Treatment Plant will become subject to the new regulations upon renewal of the facility's operating permit, anticipated to occur in 2012. Additionally, all land application sites must be permitted under the new regulations by January 1, 2013. It is anticipated that the existing land application site will be eliminated; however, alternate sites exist. While land application continues to be an option, permitted sites will likely be at greater distances, potentially making hauling to new disposal sites more costly. The County has secured alternate disposal capacity at a nearby Class I landfill and continues to investigate cost-effective long-term biosolids management alternatives. Disposal at the landfill meets all current federal, state, and local regulations and since the landfill cogenerates electricity from its methane gas production, this disposal option is currently the most carbon neutral.

Wastewater Large User Agreements. The County is under obligation to provide large users with capacity under the terms of large user agreements (the "Large User Agreements") that it has executed with the cities of Coconut Creek, Coral Springs, Deerfield Beach, Lauderhill, North Lauderdale, Oakland Park, Pompano Beach, and Tamarac, the North Springs Improvement District, and the private utility companies of Parkland Utilities, Inc. and Royal Utilities, which provide for wastewater transmission, treatment and disposal services. The Large Users Agreements terminate at the end of the County's fiscal year following the date all obligations, notes or bonds at any time issued for the North Regional Wastewater Treatment Plant and associated transmission and disposal facilities, or any part thereof, are retired or satisfied. The current large user reserved capacity in the North Regional Wastewater Treatment Plant is set forth in the following table.

**North Regional Wastewater System
Reserve Capacity as of September 30, 2011
(MGD)**

Large User	Capacity	
	Treatment	Transmission
Broward County	19.42	19.42
Coconut Creek ¹	6.54	4.41
Coral Springs	9.79	9.79
Deerfield Beach	8.50	8.50
Lauderhill	7.10	7.10
NSID	3.53	3.53
North Lauderdale	4.40	4.40
Oakland Park	1.52	1.52
Parkland Utilities	0.27	0.27
Pompano Beach ¹	17.00	N/A
Royal Utilities	0.45	0.45
Tamarac	8.50	8.50
Total	87.02	67.89

¹ All of Pompano Beach and portions of Coconut Creek do not use the North Regional Wastewater System transmission facilities.

Source: Broward County Water and Wastewater Services

The Large User Agreements are substantially alike in form and a brief summary of significant provisions follows:

A. Provisions Pertaining to Connection to the County System. The Large User Agreements require that during the term of the agreement, each user except the City of Oakland Park will deliver all existing wastewater flows collected by it to the County. Oakland Park sends a portion of their flow to the City of Ft. Lauderdale's wastewater treatment plant. The Consulting Engineers are of the opinion that a difficult permitting process, outstanding contractual obligations with the County and high capital costs of constructing and operating a new facility should discourage any defection of users from the Regional Wastewater System.

The Large User Agreements also identify the points of connection of the users' systems to the County's system, and state that the user will convey to the County land needed by the County for the point of connection and access thereto. The users agree to maintain their own systems, the elevation and pressure of which are required to be sufficient to deliver wastewater to the County's facility without backing up or reversing flow. The users' system must include provisions to prevent excessive peak flow rates and extended periods of no flow. Each user lists in the agreement estimates of its future flow projection and the user must submit annual updates of these estimates to the County. The County is required to use these estimates to plan future treatment capacity and to determine whether facilities should be extended or modified. The County's obligation to provide service is limited to the capacities reserved by users, which may be increased or decreased by amendment or modification to the Large User Agreements. The Large User Agreements allow users to lease or sell excess capacity to other users, subject to the County's approval. The County is required to install and maintain a meter at each point of connection to determine the volume and rates of flow and to inspect the meters at least annually to determine the accuracy thereof. The Large User Agreements provide for credits or additional charges in the event of the inaccuracy of the meters. If the meters are inoperative, the users are required to pay an amount based on the average flow of the prior month.

B. Provisions Relating to Discharge Sampling. The Large User Agreements specify quality limitations for wastewater discharges. A user's failure to comply with these limitations places the user in default under the agreement and allows the County either to initiate programs to bring the user's discharge into compliance at the user's expense or to seek damages from the user. A user's system must include a sampling station and the user must upon receipt of written request from the County, submit a complete laboratory analysis of a composite sample of combined wastes leaving the user's facilities. The County and the user may enter into an agreement whereby the County would accept an industrial waste of unusual strength. The County may surcharge high strength industrial waste received from large user systems.

C. Provisions Pertaining to Charges. The County is required to conduct an annual review of the costs of providing service to users, which will provide the preliminary basis for establishing fees, rates and other charges for the next succeeding fiscal year. The fees and rates charged to the users constitute the full cost of the transmission, treatment and disposal service provided to the users, including operation and maintenance charges and debt service charges for both the North Regional Wastewater Treatment Plant and the transmission facilities and include an Improvement Repair and Replacement Surcharge. Such fees, rates and charges are required to be set at a public hearing by the Board, which is required to be held after thirty days' written notice to the users. The Board is required to consider recommendations of the individual users or the advisory board, which is composed of representatives from each of the users. The operation and maintenance charges applicable to the North Regional Wastewater Treatment Plant or the transmission system are included in the monthly rate charged to the users based upon their actual monthly flow in thousands of gallons. The rate is to be set by dividing the total annual budgeted operation and maintenance expense for each fiscal year by the number of gallons estimated to be treated or transmitted in that fiscal year, and is to be adjusted at year end to reflect the actual number of gallons treated and actual operation and maintenance expense. This adjustment is either collected from, or remitted to, the large users in the subsequent year.

The debt service charge included in monthly rates charged to the users include principal, interest and coverage requirements on obligations issued at any time for the Regional Wastewater System and is computed by determining the ratio of the amount of capacity reserved by the user to the amount reserved by all users. The debt service charge for the North Regional Wastewater transmission facilities is computed by reference to transmission capacity in the same manner. A user's contribution to the Improvement, Repair and Replacement Fund, which is part of the monthly rate charged to users, may not exceed ten percent of that user's monthly bill. These funds are currently maintained separately from the Renewal, Replacement and Improvement Fund established by the Bond

Resolution to provide a reserve for the Utility. In addition, the Large User Agreements provide for additional charges in the event that a customer requests additional transmission or treatment capacity or in the event that the monthly flow of a user exceeds the capacity reserved by such user for three consecutive months. A user that fails to pay the monthly bill within 45 days of its due date is required to pay an interest penalty on the unpaid balance and if the payment is not made within 60 days, the user is in default of the agreement and the County may enforce the agreement by suit. The users agree to establish service charges or other means of obtaining funds sufficient to enable them to pay the monthly charge.

D. Provisions Pertaining to Additional Obligations of Both Parties. The Large User Agreements provide that the County will extend and expand its Regional Wastewater System to provide for the user's scheduled flow. The users must deliver their wastewater to the County facilities for treatment and the County must accept all wastewater flows collected by the users, provided the amount of such flow does not exceed the capacity reserved by such users.

E. Provisions Pertaining to Violations and Exceptions to the Terms of the Large User Agreements. If a user violates the agreement, the County must give written notice of the violation and allow a reasonable time to correct the violation. The user must correct the violation within the stated time. If either party violates the agreement, that party becomes liable to the other for any expense, loss or damage occasioned by such violation; provided that any payment by the County to a user for violation of any provision of the agreement shall be from any legally available source other than the revenues pledged to any bondholders. If there is a dispute concerning a violation that cannot be settled, the user will pay the full amount billed, and the amount in the dispute will be escrowed or held in a joint trust, interest-bearing bank account and held pending settlement of such dispute. Each user agrees to hold the County harmless from costs and expenses incurred by such user or the County in any litigation resulting from the improper introduction of materials by such user into the County facility. Any temporary cessation of wastewater transmission and treatment services caused by an act of God, a fire, strikes, casualty, necessary maintenance work, breakdown of or injury to machinery, pumps or pipeline shall not constitute a breach of the agreement. The County is required to accept and dispose of wastewater transmitted by the users, if physically possible, regardless of the degree of treatment available, until written notice to the contrary is received from a government agency.

F. Provisions Relating to the Term of the Large User Agreements and Cancellation. The users and the County were bound by the Large User Agreements at the date of their execution. The County and each user may terminate their agreements by mutual written consent. Otherwise, the Large User Agreements terminate at the end of the County's next full fiscal year after all obligations issued at any time during the term of the Large User Agreements for the Regional Wastewater System have been retired or satisfied.

Regional Water Supply System

The Regional Raw Water System. The Biscayne Aquifer, currently the County's primary source of drinking water, is subject to saltwater intrusion. In 1986, the County adopted the Regional Raw Water Supply Program, which calls for centralized wellfields further inland to ensure a long-term water supply for Broward County. Under the program, new wellfields and raw water delivery systems were financed, constructed and are operated as a regional system for large users. Large users are cities of Dania Beach, Deerfield Beach, Hallandale Beach and Hollywood, Florida Power and Light Corporation, and the Utility District 2. The wellfields were constructed using general County revenues and the assets were contributed to the Utility. There are two regional wellfields operated by Broward County as part of the regional system: the North Regional Wellfield and South Regional Wellfield.

The North Regional Wellfield includes 10, 2-MGD wells and approximately 30,000 linear feet of pipeline, ranging from 12-inches to 48-inches in diameter. A permit application combining the District 2A retail wellfield and north regional wellfield permits was approved by the SFWMD and issued in March 2008. The permitted capacity of the North Regional Wellfield is 24.3 MGD maximum month and 22.1 MGD annual average day. The permit expires in the year 2028. The well casings at the North Regional Wellfield are set in the Biscayne Aquifer at a depth of approximately 100 feet below land surface. The North Regional Wellfield has two emergency generators capable of powering pumps for six wells.

The South Regional Wellfield includes eight 4.0-MGD wells, one 2.0 MGD wells and approximately 79,000 linear feet of transmission pipeline, ranging in size from 20-inches to 42-inches in diameter. Six wells have

the ability to run under permanently installed auxiliary generator power with three wells being connected to one generator. The remaining wells have connections for a portable generator. The permitted capacity of the South Regional Wellfield is 22.4 MGD maximum day and 14.2 MGD annual average day. The permit expired in October 2007 (and is currently administratively extended), and the application submitted for permit renewal is under review by the SFWMD. Permit reissuance is expected in the normal course of events. Well 6 was formerly associated with Water Treatment Plant 3A. The well casings at the South Regional Wellfield are set in the Biscayne Aquifer at a depth of approximately 100 feet below land surface.

Regional Raw Water Supply Regulatory Requirements. The volume of raw water withdrawal from the utility's regional raw water supply wellfields is regulated by the SFWMD. Each wellfield is governed by a water use permit that stipulates the raw water maximum allowable annual and daily withdrawals. These permits are reissued for periods of five to twenty years. The permit for the North Regional Wellfield was issued in March 2008 for a 20-year period. The application for the South Regional Wellfield has been filed. The Utility has responded to permit application review comments from the SFWMD and has coordinated the review of this application with the raw water permitting needs of the cities of Hallandale Beach and Dania Beach. Because the SFWMD permit terms and conditions are dependent on the issuance of the Hallandale Beach water use permit, SFWMD has indicated that the SRW permit will not be issued until after the Hallandale Beach permit is issued, which is expected in the near future.

For wells that are in service, the County operating personnel regularly monitor pH, alkalinity, hardness, iron, chloride, color, standard plate count, coliforms, quarterly wellfield protection monitoring and annual analysis to comply with the Safe Drinking Water Act. All water quality parameters are regulated by the FDEP.

Contractual Agreements. The contractual agreements with each of the large users are substantially similar and run for an indefinite period of time. The exception is the City of Hollywood agreement that has a four-year term with an automatic renewal for four years unless otherwise terminated. The large user agreements provide for a method to charge each user a pro rata share of system operations and maintenance costs. Historical and projected revenues for the raw water system generally represent less than 1% of Utility revenues. The capital costs of system construction were funded using general County revenues.

Capital Improvement Program

As part of the growth management efforts mandated by state legislation, the County has developed ongoing comprehensive planning efforts to accommodate future growth and regulatory requirements. The Utility develops a five-year Capital Improvement Program for the water and wastewater system recognizing costs associated with future growth and regulatory requirements. The 2012 Capital Improvement Program addresses the need for services and facilities based upon the anticipated long-term planning horizon of the service area through 2035. The Board approved the 2012 Capital Improvement Program in September 2011 which includes capital improvements through Fiscal Year 2016. The table on the following page presents the current Capital Improvement Program categorized by expenditure category. The Capital Improvement Program includes cost estimates for both water and wastewater projects which are expected to be initiated within the five year plan regardless of the estimated time required to design and complete construction. Projects remain open for many years until all related construction activities are complete.

For a more detailed description, see the Engineer's Report annexed hereto as Appendix C.

Capital Improvement Program as of September 30, 2011

Capital Budgets	Water Treatment	Water and Sewer Mains	Wastewater Treatment	Regional Transmission	Engineering Services & Misc.	Total
Unspent Prior Budget	\$13,791,943	\$90,223,266	\$57,368,840	\$8,880,567	\$1,784,859	\$172,049,475
2012	9,029,710	10,872,450	9,735,660	1,157,340	3,900,490	34,695,650
2013	4,537,100	11,832,310	38,575,000	3,008,000	3,701,670	61,654,080
2014	300,000	30,939,540	16,200,000	1,050,000	3,701,670	52,191,210
2015	37,300,000	12,156,640	84,259,830	300,000	3,701,670	137,718,140
2016	300,000	10,645,190	35,628,100	6,950,000	3,701,670	57,224,960
Totals	\$65,258,753	\$166,669,396	\$241,767,430	\$21,345,907	\$20,492,029	\$515,533,515
Five Year CIP Funding:						
Debt FY 2012-2016	\$28,000,000	\$60,000,000	\$67,000,000	\$5,000,000	\$10,000,000	\$170,000,000
Cash FY 2012-2016 ¹	16,000,000	44,000,000	46,000,000	4,000,000		110,000,000
Beyond 2016 ²	21,258,753	62,669,396	128,767,430	12,345,907	10,492,029	235,533,515
Totals	\$65,258,753	\$166,669,396	\$241,767,430	\$21,345,907	\$20,492,029	\$515,533,515

¹ Cash reflects net revenues, capital recovery charges, large user contributions, and grants.

² Reflects effects of construction period. It is currently expected that \$280 million of the \$515 million program will be spent by 2016. Since the construction period extends beyond 2016, the remaining \$235 million will be spent in subsequent years.

Source: Broward County Water and Wastewater Services

The budgets by capital project type through Fiscal Year 2016 are presented in the table on the following page.

[Remainder of page intentionally left blank.]

Capital Projects Budgets by Type Through Fiscal Year 2016

	Budget
Water Treatment	
Water Treatment Plant Expansion	\$47,077,031
Water Treatment Plant IRR Projects	13,667,186
Energy Efficiency for Retail Facilities	2,350,000
Security System Upgrades	2,164,536
Water Treatment Subtotal	\$65,258,753
Water Distribution and Sewer Collection	
Neighborhood Improvement Program (NIP)	\$68,787,945
Local Utility Improvement Projects (UAZ)	36,315,545
Misc. Main Improvements	21,365,044
Potable Water Storage Improvements	20,277,802
Lift Station Improvements	19,923,060
Water Distribution and Sewer Collection Subtotal	\$166,669,396
Wastewater Treatment	
NRWWTP Effluent Disposal /Treatment Enhancements	\$193,622,060
Wastewater Plant IRR ¹ Projects	43,962,350
NRWWTP Ocean Outfall Improvements	4,183,020
Wastewater Treatment Subtotal	\$241,767,430
Regional Transmission	
Master Pump Station Improvements	\$20,099,907
Force Main Extensions/Improvements	1,246,509
Regional Transmission Subtotal	\$21,345,907
Engineering/Misc. Services	20,492,029
GRAND TOTAL	\$515,533,515

¹ IRR = Improvement, Repair and Replacement

Source: Broward County Water and Wastewater Services

The estimated funding requirements for this five-year period ending Fiscal Year 2016 are expected to be met by net revenues, debt proceeds, capital recovery charges, contributions from large users, grants and future borrowings. The County currently anticipates cash financing at least 40 percent of the actual funding requirements. The proceeds of the Series 2012A Bonds will be used to finance a portion of the Capital Improvement Program. Many of the projects and improvements in the Capital Improvement Program are in the planning stages with cost estimates that are preliminary and contracts have not been awarded. The County plans to prioritize projects as needed to maintain an affordable rate structure. Current projections anticipate levelized rate increases of approximately four percent annually through Fiscal Year 2016. The County estimates it will issue approximately \$154 million in Bonds in 2016 (the "Series 2016A Bonds").

The County reviews and updates the Capital Improvement Program annually and includes separate estimates for the Water and Wastewater Systems. The total cost of the Capital Improvement Program could vary

from these annual estimates depending upon future demands, regulatory requirements, actual contract awards and other economic factors.

Retail Water and Wastewater System Improvements. The five-year Capital Improvement Program for the retail water and wastewater systems has the principal objectives of: rehabilitating or replacing water distribution systems and extending sanitary sewers to currently unsewered customers. The Multi-District Inflow and Infiltration Program is continuing with \$8.1 million budgeted for repairs to the wastewater collection system. The estimated cost of these improvements totals approximately \$167 million.

WWS began implementing local utility improvement projects, called Utility Analysis Zones (UAZ) in mid-2009. While the Neighborhood Improvement Program included drainage, landscaping and sidewalk improvements, which were paid for from County general funds, UAZ's focus solely on water and sanitary sewer improvements. The total cost estimate for these improvements is nearly \$275 million dollars over the next twenty plus years.

Water Treatment. The five-year Capital Improvement Program includes projects of approximately \$65 million to improve the retail water treatment systems, which includes \$47 million for the expansion of Water Treatment Plant 1A, and \$13.7 million for improvement, repair and replacement (IRR) of process equipment and security improvements.

Neighborhood Improvement Program. The Neighborhood Improvement Projects was initiated by the County in 1993 to upgrade the infrastructure in what were unincorporated neighborhoods. The improvements include upgrades to the existing water and sewer system, installation of drainage, new pavement, swales, and landscaping. The total estimated cost of the program is approximately \$742.8 million dollars. Approximately \$394.5 million, or 53 percent of total cost, is for water and sewer upgrades of which approximately \$315.3 million has been spent to date. The remaining 47 percent of total cost associated with sidewalk, drainage and landscaping improvements is being funded by the County's general fund. A summary of the Neighborhood Improvement Program projects is listed on Table 6.3 of the Engineer's Report.

Summary of Neighborhood Improvement Program as of September 30, 2011

Neighborhood Improvement Project	Total Costs All Improvements¹	Percent Complete	Bid Packages	No. Completed	Under Const.
North County	\$219,799,697	65%	15	8	5
South County and Riverland Village	117,719,334	100%	17	17	0
North Andrews Gardens	102,691,795	100%	9	9	0
Central County	124,711,020	94%	12	11	1
North Central County	72,111,300	91%	5	3	2
Broadview Estates	32,518,050	79%	2	1	1
Broadview Park	54,976,808	92%	4	2	2
Hillsboro Pines	11,010,000	1%	1	0	0
Twin Lakes South	7,253,725	5%	1	0	0
Program Total Costs	\$742,791,729		66	51	11

¹ Includes costs for water, wastewater, streets, sidewalks, drainage and landscaping improvements. Only water, wastewater and a portion of street costs (\$388M) are funded by the Utility.

Source: Broward County Water and Wastewater Services

The Neighborhood Improvement Program encompasses an area the size of a medium city with 9,335 acres, 92,500 people and 28,555 homes. The planned improvements include 295 miles of roadways, 428 miles of sidewalk, and 623 miles of pipeline which will enable the elimination of 10,607 septic tanks. Construction started in 1996 and is currently scheduled to be completed in 2018. Of the 66 planned bid packages, 51 have been completed and 11 are in construction.

Local Utility Program. The Utility began implementing local utility improvement projects by Utility Analysis Zones (UAZ) in mid-2009. Where the Neighborhood Improvement Program included drainage, landscaping and sidewalk improvements, which were paid for from County general funds, the UAZ projects focus solely on water and sanitary sewer improvements. The total cost estimate for these improvements is nearly \$275 million dollars over the next twenty plus years.

Other, Including Mains, Lift Station Improvements and Potable Storage. The Capital Improvement Program includes \$21 million for water and wastewater main improvement projects to address aging water and wastewater lines, increase transmission and distribution capacities, and to extend service to new customers. \$20 million of potable water storage improvements are included for the purpose of replacing existing aging systems and enhancing water storage capacities to meet current and future demands. The Capital Improvement Program also includes \$20 million of retail wastewater lift station rehabilitation projects to increase the reliability of the wastewater collection system and prevent the occurrence of sanitary sewer overflows.

Regional Wastewater Treatment. Under current regulations, the County is required to reduce the nutrient loadings discharged to the ocean outfall between 2009 and 2025, and to eliminate use of the outfall, except as a back-up discharge that is part of a functioning reuse systems after December 31, 2025. These regulations may result in plant process improvement requirements with estimated costs ranging from \$766 million to \$889 million in accordance with the Effluent Disposal Master Plan. This range will be refined as alternatives are further evaluated to meet the regulatory requirements. The County has included approximately \$194 million in the current 5 year Capital Improvement Program to start addressing these improvements to meet the future requirements. Various other system Utility Improvement Repair and Replacement (IRR) projects are budgeted at approximately \$48 million and include digester improvements, grit removal improvements, control center upgrades, general replacements and repairs.

As noted above, certain legislative modifications to the Leah Schad Memorial Ocean Outfall Program (“outfall rule”) have been considered by the State of Florida. These legislative changes, if adopted in the future, would lower the cost of outfall rule compliance by approximately \$300M based upon calculations performed by the Consulting Engineers. It is noted that there is no assurance that legislative changes will be adopted.

Regional Wastewater Transmission. The Capital Improvement Program includes a series of master pump station improvements to ensure adequate system capacity as well as reliability in the regional transmission system. The Capital Improvement Program anticipates investing approximately \$20 million in improvements to the master pumping stations.

Overview of Financial Operations

Operating and general maintenance costs of the retail portion of the Utility are recovered through service charges, connection charges, and miscellaneous fees and charges. Capital costs for system development, large maintenance projects, and renewal and replacement projects are funded through net revenues, bond proceeds, developer contributions, contributions from other municipalities, and capital recovery charges.

User charges and fees are developed by the Utility and approved by the Board. The Board has specific legal authority to fix charges and collect rates, fees, and charges from its customers and to acquire, construct, finance, and operate the Utility. The existing rate structure for retail customers is based on meter size and consumption. The most recent water and wastewater service retail rate and capital recovery fee study was completed in September 2010. The County, as a matter of policy, reviews revenue requirements on an annual basis and institutes required rate increases. Revised retail water and wastewater rates were approved by the Board in September 2011 and became effective October 1, 2011. The rate resolutions also address rates for irrigation, reclaimed water, septage, and high strength industrial wastewater surcharge, an emergency rate adjustment for water conservation during drought conditions, capital recovery charges per equivalent residential unit (“ERU”), customer deposits, and specific service charges. Capital recovery charges underwrite the investment in additional capacity needed to serve new (additional) customers.

Since 1994, average residential use of water has decreased from 220 gpd (gallons per day) to 185 gpd. The decrease appears to be the result of ongoing water restrictions and the water conservation initiatives of Broward County and the SFWMD. Further study completed as part of the comprehensive rate study completed in fiscal year

2011 has indicated that the treatment plant must produce 206 gpd of water to deliver 185 gpd to the average residential customer. Converting this demand to the maximum average daily flow (a factor of 1.33x) yields the requirement of 274 gpd of plant capacity necessary to serve an ERU. Similarly, the ratio of billed water to treated wastewater is 1.13x which yields the requirement of 209 gpd of wastewater treatment capacity per ERU. As a result of the rate study, the capital recovery charges effective FY2012 changed from \$1,185 and \$2,140 to \$1,440 and \$1,960 for water and sewer respectively. At the beginning of the Neighborhood Improvement Program projects, the County adopted the policy of not charging for the first ERU for wastewater per customer.

Charges for large users of the NRWWS are defined by the large user agreements, and consist of charges for operation and maintenance costs assessed on the basis of flows, debt service costs assessed on the basis of reserve capacity, and improvement, repair, and replacement fund costs that are assessed as a percentage of other charges. The charges for operation and maintenance costs are adjusted annually to reflect each user's proportionate share of actual costs during the fiscal year.

Retail Water and Wastewater Rates and Charges. Since 1994, the County has recognized advantages in encouraging retail customers to conserve water. At the time, the County established and has continued to use a rate schedule that sets higher rates for levels of consumption beyond basic use. As a result of a rate study completed in 2010, an additional rate tier was added. The current rate schedule is composed of four tiers:

- Rates for basic use
- Rates for normal use
- Rates for discretionary use
- Rates for excessive use

There will be an increase of 3.1% in the average monthly residential bill of 5,000 gallons from Fiscal Year 2011 to Fiscal Year 2012.

The following table shows historical retail water and wastewater rate charges for Fiscal Years 2008 through 2012:

Broward County Water and Sewer Monthly Service Costs for a Residential Customer Using 5,000 Gallons per Month										
Fiscal Year	Water Fixed Charge¹	Water Volume Charge	Total Water	% Change From Prev. Year	Sewer Fixed Charge	Sewer Volume Charge	Total Sewer	% Change From Prev. Year	Total Water and Sewer	Total % Change From Prev. Year
2008	10.08	9.75	19.83	5.1%	13.99	13.50	27.49	5.2%	47.32	5.2%
2009	11.69	11.30	22.99	15.9%	14.55	14.05	28.60	4.0%	51.59	9.0%
2010	12.14	11.75	23.89	3.9%	15.43	14.90	30.33	6.0%	54.22	5.1%
2011	14.20	8.58	22.78	-4.6%	17.44	15.65	33.09	9.1%	55.87	3.0%
2012 ²	14.68	8.89	23.57	3.5%	17.44	16.60	34.04	2.9%	57.61	3.1%

¹ Includes customer charge.

² Based on rates adopted by the Board effective October 1, 2011.

Source: Broward County Water and Wastewater Services

In the event additional water restrictions are imposed, the County has instituted an automatic adjustment to the water rate to encourage customers to reduce consumption. The automatic rate adjustment was adopted by the Board as a way to maintain the revenues required for operations while water consumption is curtailed. SFWMD imposes phased restrictions as drought conditions warrant to achieve reduction of water and use in increments of 15% for each phase.

With the automatic adjustment, the higher water rates established for larger consumption levels are applied at lower levels of consumption. The result is that customers who do conserve as required will experience a reduction in their water bills. Conversely, customers who fail to achieve reductions will pay even greater amounts for water consumed than they would otherwise pay without the adjustment. As targeted reductions increase the associated levels at which increased rates become effective decrease.

The Regional Wastewater System large users' rates are reviewed and adjusted annually by the County as part of the budget process. The rates are based on the County's estimation of total costs and total flows. Debt service requirements (including required coverage) for the Regional Wastewater System are allocated to each large user in proportion to their reserved capacity. A surcharge of up to 10 percent is added to fund improvements, repairs and replacements of the Regional Wastewater System. Currently the surcharge is 5%. These funds are currently maintained separately from the Renewal, Replacement and Improvement Fund established by Bond Resolution to provide a reserve for the Utility.

Presently, the Renewal, Replacement and Improvement Fund is required by the Bond Resolution to maintain a minimum balance of five percent of the previous year's revenues, or a greater amount if recommended by the Consulting Engineer. Five percent of Fiscal Year 2011 revenues is approximately \$5.83 million. The current balance in the Renewal, Replacement Improvement Fund is \$5.83 million, as recommended by the Consulting Engineer.

[Remainder of page intentionally left blank.]

The following table sets forth the current water and wastewater system monthly service charges for residential customers of municipalities and the unincorporated area in the County, as well as Miami-Dade and Palm Beach counties.

**Comparative Rate Survey as of December 31, 2011
(Based on Usage of 5,000 Gallons Per Month)**

Utility	Water	Sewer	Total
Davie	34.62	64.56	99.18
Dania	32.70	53.46	86.16
Wilton Manors	46.66	38.72	85.38
Sunrise (outside City)	37.65	45.96	83.61
Margate	28.11	54.60	82.71
Oakland Park	37.46	39.36	76.82
Hollywood	23.30	47.17	70.47
Parkland	22.58	47.67	70.25
North Lauderdale	27.91	40.80	68.71
Sunrise	30.10	36.76	66.86
County-wide Average Water & Sewer	27.46	35.89	63.35
Cooper City	25.14	38.15	63.29
Coconut Creek	35.44	27.18	62.62
Broward County (WWS)	23.57	34.04	57.61
Hallandale	26.36	30.45	56.81
Pompano Beach (outside City)	26.88	29.22	56.10
Miramar	21.38	32.95	54.33
Coral Springs	21.13	32.08	53.21
Royal Utility	25.54	27.50	53.04
Tamarac	18.57	34.22	52.79
Deerfield	28.25	24.53	52.78
Pompano Beach	24.08	25.76	49.84
Plantation	18.91	30.17	49.08
NSID	27.79	20.75	48.54
CSID	23.83	23.83	47.66
Pembroke Pines	21.89	25.34	47.23
Lauderhill			46.53
Fort Lauderdale	17.29	29.00	46.29
Water Only			
Hillsboro	34.20		
Sewer Only			
Pembroke Park		38.45	
Lauderdale by the sea		32.19	
Tri-County Utilities			
Palm Beach County	18.53	22.66	41.19
Miami Dade County	8.85	17.60	26.45

Revenue Projections and Debt Service Coverage. Annual retail water and wastewater revenues and expenditures for Fiscal Year 2011 are based on actual values from audited financial statements prepared as of September 30, 2011. Fiscal Year 2012 revenues and expenditures have been projected based upon the rates approved by the County, which were implemented October 1, 2011, in conjunction with estimated expenses for the year. Revenues for Fiscal Years 2013 through 2016 have been based on average annual number of customers, historical average consumption, and the retail service rates shown in Tables 7.2 and 7.3 of the Engineer's Report.

The Utility operates a mature system with limited future growth needs. Hence, growth rates in the retail water and retail wastewater system customer base beginning in Fiscal Year 2013 have been estimated at one percent annually for wastewater only. Operation and Maintenance costs are assumed to increase by an average of two percent annually for both water and wastewater beginning in Fiscal Year 2013. Retail rate increases from Fiscal Years 2013 through Fiscal Year 2016 of approximately four percent per year for both retail water and wastewater are necessary to meet the projected revenues, as presented in Table 7.6 of the Engineer's Report and the table shown on the next page. The Board has not yet considered these rate increases. Should such rate increases not be approved, coverage would be reduced as presented in the table shown on the next page. The revenue forecast for the large users of the Regional Wastewater System have been projected to recover costs as defined under the Large User Agreement.

Table 7.6 of the Engineer's Report shows historical and projected ratios of large user's (regional and resale) revenues to total revenues. Actual debt service presented in the table shown on the next page (Table 7.7 of the Engineer's Report) for the Series 2012A Bonds, Series 2012B Bonds and Series 2012C Bonds is based upon an all-in true interest cost (TIC) of 4.02%, 2.96% and 1.55%, respectively. Proposed debt service on Bonds expected to be issued in Fiscal Year 2016 assumes a 5% interest rate per annum and maturities over a 25-year period, back-loaded to support levelized total debt service payments. In Fiscal Year 2011, the total revenues generated by the Utility were sufficient to meet the bond covenant requirement of 120 percent coverage of all debt service obligations. The audited financial statements of the Utility for the period ended September 30, 2011 present the computation of debt service coverage on all outstanding revenue bonds as 1.75x. In addition, a Balance Available for Renewal, Replacement and Capital Expenditures of approximately \$22.5 million was generated during Fiscal Year 2011. Debt service coverage for Fiscal Year 2011 and projected values for Fiscal Year 2012 through Fiscal Year 2016 are presented in the Table shown on the next page.

An estimate of interest income is projected annually from Fiscal Year 2012 through Fiscal Year 2016. Interest income is generated from three main sources: debt service reserve fund, general reserve fund, and investments of fund balances as permitted under the Bond Resolution.

[Remainder of page intentionally left blank.]

**Schedule of Historical and Projected Net Revenues,
Debt Service and Debt Service Coverage for Fiscal Years 2007 through 2016
(\$1,000s)**

	Historical					Projected				
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Water	\$35,846	\$37,388	\$42,305	\$42,771	\$45,114	\$43,581	\$46,432	\$49,289	\$51,229	\$53,124
Wastewater	53,174	55,290	61,640	62,946	64,843	67,126	71,452	72,716	75,029	78,855
Other	4,121	3,481	4,451	4,159	4,947	6,662	8,555	8,892	9,241	9,452
Interest Income	2,816	1,507	3,218	1,758	1,570	1,517	1,597	1,597	1,597	1,597
Total Revenues	\$95,957	\$97,668	\$111,614	\$111,634	\$116,474	\$118,886	\$128,036	\$132,494	\$137,096	\$143,029
Current Expenses:										
Water Transmission & Distribution	\$8,676	\$8,189	\$8,838	\$8,962	\$8,817	\$8,646	\$8,871	\$9,049	\$9,229	\$9,414
Water Source of Supply, Treatment & Pumping	9,880	9,229	9,961	9,420	9,184	9,048	9,283	9,468	9,658	9,851
Wastewater Collection & Transmission	7,959	11,356	9,751	10,185	9,866	9,751	10,005	10,205	10,409	10,617
Wastewater Treatment	14,896	14,869	15,529	14,955	14,729	14,436	14,811	15,108	15,410	15,718
Customer Service	3,435	3,774	4,134	5,229	5,400	5,419	5,554	5,660	5,768	5,878
Administrative/General	14,093	15,156	16,576	16,736	15,947	15,895	16,308	16,634	16,966	17,306
Total Current Expenses	\$58,939	\$62,573	\$64,789	\$65,487	\$63,943	\$63,195	\$64,832	\$66,123	\$67,440	\$68,784
Net Revenues	\$37,018	\$35,095	\$46,825	\$46,147	\$52,531	\$55,691	\$63,204	\$66,371	\$69,656	\$74,245
Debt Service:										
Senior Lien Debt:										
Series 1988-A Bonds	\$2,341	\$2,380	\$2,380	-	-	-	-	-	-	-
Series 2003 Bonds	5,063	5,062	5,061	5,867	5,868	3,340	1,047	-	-	-
Series 2003-B Bonds	8,434	8,393	8,291	9,970	9,970	9,080	8,188	-	-	-
Series 2005-A Bonds	3,837	3,837	3,837	3,837	3,837	3,147	2,457	2,456	2,457	2,457
Series 2009-A Bonds	-	-	5,361	10,324	10,324	10,322	10,324	10,326	10,321	10,328
Series 2012-A Bonds						3,219	8,252	8,252	8,252	8,251
Series 2012-B Bonds						2,623	5,523	5,523	5,523	5,523
Series 2012-C Bonds						283	1,706	10,941	10,945	10,940
Series 2016-A Bonds										4,708
Total Debt Service	\$19,675	\$19,672	\$24,930	\$29,998	\$29,999	\$32,014	\$37,497	\$37,498	\$37,498	\$42,207
Debt Coverage Senior Lien	1.88	1.78	1.88	1.54	1.75	1.74	1.69	1.77	1.86	1.76
Debt Coverage Senior Lien without Retail Rate Increases	N/A	N/A	N/A	N/A	N/A	N/A	1.60	1.60	1.61	1.49

Source: Broward County Water and Wastewater Services

INVESTMENT POLICY

The County adopted a detailed written investment policy on September 27, 1995 (as amended on May 8, 2007) that applies to all funds (cash, cash equivalents and investments) held by or for the benefit of the Board, except for proceeds of refunded bond issues which are deposited in escrow, debt service funds governed by their bond indentures and funds of the constitutional officers and other components of the County governed by independent boards, unless as authorized by mutual agreement.

The objectives of the investment policy are: (a) safety and preservation of capital, liquidity, (b) yield maximization, and (c) investment responsibility.

Subject to certain restrictions in the County's investment policy concerning maximum allowable percentages, the County may invest in the following types of securities: (a) direct obligations of, or obligations guaranteed by the United States of America, (b) obligations of federal agencies of the United States of America (as outlined in the investment policy), (c) obligations issued by government sponsored enterprises, (d) the Florida Local Government Surplus Funds Trust Fund, (e) repurchase agreements, (f) commercial paper, (g) state and/or local government taxable and/or tax-exempt debt, (h) bank time deposits, (i) registered investment companies, (j) collateralized mortgage obligations, (k) World Bank notes, bonds and discount notes, (l) obligations of the Tennessee Valley Authority, (m) reverse repurchase agreements, (n) U.S. dollar denominated sovereign debt, and (o) Securities and Exchange Commission registered money market funds. Investments in any derivative securities, including interest only or principal only and inverse floaters investments, are prohibited unless specifically designated above. The County utilizes portfolio diversification as a way to control risk. Investment managers are expected to display prudence in the selection of securities as a way to minimize default risk. To control risk of illiquidity, a minimum of 2 percent of the portfolio shall be held in overnight repurchase agreements and/or U.S. Treasury instruments.

The County's investment policy may be modified from time to time by the Board.

LITIGATION

There is no litigation of any nature now pending or, to the best knowledge of the County, threatened against the County which, in the opinion of the County Attorney, will have any material effect on the receipts or sources of income to be collected or Revenues derived by the County from the Utility.

At the time of the delivery of the Series 2012 Bonds, the County will deliver a certificate to the effect that no litigation or other proceedings are pending or, to the best knowledge of the County, threatened against the County in the circuit Court for the Seventeenth Judicial Circuit of the State of Florida in and for Broward County and in the United States District Court for the Southern District of Florida or in any other Court for which the County has received actual notice in any way (i) restraining or enjoining the issuance, sale or delivery of the Series 2012 Bonds or (ii) questioning or affecting the validity of said Series 2012 Bonds or any proceedings of the County taken with respect to the authorization, sale, execution or issuance of the Series 2012 Bonds or of the pledge of any moneys or other security provided for the Series 2012 Bonds.

The County is currently actively engaged in numerous lawsuits. These include 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 adverse economic effect upon the County.

TAX MATTERS

Series 2012A Bonds and Series 2012B Bonds

General. The Code establishes certain requirements which must be met subsequent to the issuance of the Tax-Exempt Series 2012 Bonds in order that interest on the Tax-Exempt Series 2012 Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the Tax-Exempt Series 2012 Bonds to be included in federal gross income retroactive to the date of issuance of the Tax-Exempt Series 2012 Bonds, regardless of the date on which such non-compliance occurs or is ascertained. These

requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the Tax-Exempt Series 2012 Bonds and the other amounts are to be invested and require that certain investment earnings on the foregoing must be rebated on a periodic basis to the Treasury Department of the United States. The County has covenanted in the Resolution to comply with such requirements in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Series 2012 Bonds.

In the opinion of Co-Bond Counsel, assuming compliance with certain covenants, under existing laws, regulations, judicial decisions and rulings, interest on the Tax-Exempt Series 2012 Bonds is excluded from gross income for purposes of federal income taxation. Interest on the Tax-Exempt Series 2012 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations; however, interest on the Tax-Exempt Series 2012 Bonds may be subject to the federal alternative minimum tax when any Series 2012A Bond is held by a corporation. The federal alternative minimum taxable income of a corporation must be increased by seventy-five percent (75%) of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (before this adjustment and the alternative tax net operating loss deduction). "Adjusted Current Earnings" will include interest on the Tax-Exempt Series 2012 Bonds.

Except as described above, Co-Bond Counsel will express no opinion regarding other federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of Tax-Exempt Series 2012 Bonds. Prospective purchasers of Tax-Exempt Series 2012 Bonds should be aware that the ownership of Tax-Exempt Series 2012 Bonds may result in collateral federal income tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry Tax-Exempt Series 2012 Bonds; (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by fifteen percent (15%) of certain items, including interest on the Tax-Exempt Series 2012 Bonds; (iii) the inclusion of interest on the Tax-Exempt Series 2012 Bonds in earnings of certain foreign corporations doing business in the United States for purposes of branch profits tax; (iv) the inclusion of interest on the Tax-Exempt Series 2012 Bonds in passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year; and (v) the inclusion of interest on the Tax-Exempt Series 2012 Bonds in "modified adjusted gross income" by recipients of certain Social Security and Railroad Retirement benefits for the purposes of determining whether such benefits are included in gross income for federal income tax purposes.

As to questions of fact material to the opinion of Co-Bond Counsel, Co-Bond Counsel will rely upon representations and covenants made on behalf of the County, certificates of appropriate officers and certificates of public officials (including certifications as to the use of proceeds of the Tax-Exempt Series 2012 Bonds and of the property financed thereby), without undertaking to verify the same by independent investigation.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2012A BONDS AND THE SERIES 2012B BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE HOLDERS OF THE SERIES 2012A BONDS AND THE SERIES 2012B BONDS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE HOLDERS OF THE SERIES 2012A BONDS AND THE SERIES 2012B BONDS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Other Tax Matters. During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Tax-Exempt Series 2012 Bonds. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Tax-Exempt Series 2012 Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Tax-Exempt Series 2012 Bonds and their market value. No assurance can be given that legislative proposals will not be enacted that would apply to, or have an adverse effect upon, the Tax-Exempt Series 2012 Bonds. For example, in connection with federal deficit reduction, job creation and tax law reform efforts, proposals have been and others are likely to be made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Tax-Exempt Series 2012 Bonds. There can be no assurance that any such legislation or proposal will be enacted, and if enacted, what form it may take. The introduction or enactment of any such legislative proposals may affect, perhaps significantly, the market price for, or marketability of, the Tax-Exempt Series 2012 Bonds.

Prospective purchasers of the Tax-Exempt Series 2012 Bonds should consult their own tax advisors as to the tax consequences of owning the Tax-Exempt Series 2012 Bonds in their particular state or local jurisdiction and regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Tax Treatment of Original Issue Discount. Under the Code, the difference between the maturity amount of the Series 2012A Bonds maturing on October 1, 2027 and bearing interest at a rate of 3% per annum (the “Discount Bonds”), and the initial offering price to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, at which price a substantial amount of the Discount Bonds of the same maturity was sold is “original issue discount.” Original issue discount will accrue over the term of the Discount Bonds at a constant interest rate compounded periodically. A purchaser who acquires the Discount Bonds in the initial offering at a price equal to the initial offering price thereof to the public will be treated as receiving an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period he or she holds the Discount Bonds, and will increase his or her adjusted basis in the Discount Bonds by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or disposition of the Discount Bonds. The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of the Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Bondholders of the Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, redemption or other disposition of the Discount Bonds and with respect to the state and local tax consequences of owning and disposing of the Discount Bonds.

Tax Treatment of Bond Premium. The difference between the principal amount of all of the Tax-Exempt Series 2012 Bonds, with the exception of the Discount Bonds (collectively, the “Premium Bonds”), and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Bonds of the same maturity was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each of the Premium Bonds, which ends on the earlier of the maturity or call date for each of the Premium Bonds which minimizes the yield on such Premium Bonds to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering is required to decrease such purchaser’s adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. Bondholders of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

Information Reporting and Backup Withholding. Interest paid on tax-exempt bonds such as the Tax-Exempt Series 2012 Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Tax-Exempt Series 2012 Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Tax-Exempt Series 2012 Bonds, under certain circumstances, to “backup withholding” at (i) the fourth lowest rate of tax applicable under Section 1(c) of the Code (i.e., a rate applicable to unmarried individuals) for taxable years beginning on or before December 31, 2012; and (ii) the rate of 31% for taxable years beginning after December 31, 2012, with respect to payments on the Bonds and proceeds from the sale of Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Tax-Exempt Series 2012 Bonds. This withholding generally applies if the owner of Bonds (i) fails to furnish the payor such owner’s social security number or other taxpayer identification number (“TIN”), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other “reportable payments” as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner’s securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Tax-Exempt Series 2012 Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Series 2012C Bonds

INTEREST ON THE SERIES 2012C BONDS IS **NOT** EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. Except as described herein, Bond Counsel will express no opinion as to any other tax consequences regarding the Series 2012C Bonds. Holders of the Series 2012C Bonds should consult their tax advisors with respect to the inclusion of interest on Series 2012C Bonds in gross income for federal income tax purposes.

The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the Series 2012C Bonds by certain persons. The summary is based upon provisions of the Code, the regulations promulgated thereunder and rulings and court decisions now in effect, all of which are subject to change. This summary is intended as a general explanatory discussion of the consequences of holding the Series 2012C Bonds, limited to those persons who hold the Series 2012C Bonds as “capital assets” within the meaning of Section 1221 of the Code. This summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding the Series 2012C Bonds as a hedge against currency risks or as a position in a straddle for tax purposes, foreign investors or persons whose functional currency is not the U.S. dollar. This summary does not address alternative minimum tax issues or the indirect consequences to a holder of an equity interest in a holder of the Series 2012C Bonds. Potential purchasers of the Series 2012C Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, ownership and disposition of the Series 2012C Bonds.

As stated above, interest on the Series 2012C Bonds is **not** excluded from gross income for federal income tax purposes. Purchasers other than those who purchase the Series 2012C Bonds in the initial offering at their principal amounts will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Series 2012C Bonds. Generally, interest paid on the Series 2012C Bonds and recovery of accrued original issue and market discount, if any, will be treated as ordinary income to the Bondholder, and, after adjustment for the foregoing, principal payments will be treated as a return of capital.

Market Discount. If a bondholder purchases the Series 2012C Bonds in the secondary market for an amount that is less than the adjusted issue price of the Series 2012C Bonds, and such difference is not considered to be *de minimis*, then such discount will represent market discount. Absent an election to accrue market discount currently, upon a sale, exchange or other disposition of the Series 2012C Bonds, a portion of any gain will be ordinary income to the extent it represents the amount of any such market discount that was accrued through the date of the sale. In addition, absent an election to accrue market discount currently, the portion of any interest expense intended to carry a market discount bond is limited. Such bondholders should consult their own tax advisors with respect to whether or not they should elect to accrue market discount currently, the determination and treatment of market discount for federal income tax purposes and the state and local tax consequences of owning such Series 2012C Bonds.

Tax Treatment of Bond Premium for the Series 2012C Bonds. If a bondholder purchases a Series 2012C Bond at a cost greater than its principal amount, the bondholder may elect to treat such excess as amortizable bond premium. As the tax accounting treatment of bond premium is complex, such bondholders should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

Sale, Exchange or Redemption. Upon a sale, exchange or redemption of the Series 2012C Bonds, bondholders will generally realize a capital gain or loss on the Series 2012C Bonds equal to the difference between the amount realized on the sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and the bondholder’s adjusted tax basis on the Series 2012C Bonds. The bondholder’s adjusted tax basis for the Series 2012C Bonds is the price such owner pays for the Series 2012C Bonds plus the amount of any original issue discount and market discount previously included in income, reduced on account of any payments received (other than qualified periodic interest payments) and any amortized bond premium. The legal defeasance of the Series 2012C Bonds may result in a deemed sale or exchange of such bonds under certain circumstances, in which event an owner of the Series 2012C Bonds will also recognize taxable gain or loss as described above.

Owners of such Series 2012C Bonds should consult their tax advisors as to the federal income tax consequences of such an event.

Information Reporting and Backup Withholding. Interest paid on bonds such as the Series 2012C Bonds is subject to information reporting to the IRS. In conjunction with the information reporting requirement, the Code subjects certain non-corporate owners of Series 2012C Bonds, under certain circumstances, to “backup withholding” at (i) the fourth lowest rate of tax applicable under Section 1(c) of the Code (i.e., a rate applicable to unmarried individuals) for taxable years beginning on or before December 31, 2012; and (ii) the rate of 31% for taxable years beginning after December 31, 2012, with respect to payments on the Series 2012C Bonds and proceeds from the sale of the Series 2012C Bonds. This withholding generally applies if the owner of Series 2012C Bonds (i) fails to furnish the payor such owner’s social security number or other taxpayer identification number (“TIN”), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other “reportable payments” as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner’s securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Backup withholding will not apply, however, with respect to certain payments made to holders, including payments to certain exempt recipients and to certain Nonresidents (defined below). Prospective purchasers of the Series 2012C Bonds may also wish to consult with their tax advisors as to their qualification for an exemption from backup withholding and the procedure for obtaining the exemption.

Nonresidents. Under the Code, interest and original issue discount income with respect to the Series 2012C Bonds held by nonresident alien individuals, foreign corporations and other non-United States persons (“Nonresidents”) may not be subject to withholding. Payments on the Series 2012C Bonds to a Nonresident that has no connection with the United States other than holding the Series 2012C Bonds will generally be made free of withholding tax, as long as such holder has complied with certain tax identification and certification requirements. Nonresidents should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, ownership and disposition of the Series 2012C Bonds.

Circular 230 Disclosure

The above discussion was written to support the promotion and marketing of the Series 2012C Bonds and was not intended or written to be used, and cannot be used, by a taxpayer for purposes of avoiding United States federal income tax penalties that may be imposed. Each taxpayer should seek advice based on the taxpayer’s particular circumstances from an independent tax advisor.

LEGAL MATTERS

Certain legal matters incident to the validity of the Series 2012 Bonds are subject to the approval of Bryant Miller Olive P.A., Tampa, Florida and the Law Offices of Steve E. Bullock., P.A., Miramar, Florida, Co-Bond Counsel, whose approving opinion in the form attached hereto as “Appendix E - Form of Co-Bond Counsel Opinion” will be furnished without charge to the purchasers of the Series 2012 Bonds at the time of their delivery. The actual legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery.

Certain legal matters will be passed upon for the County by the Office of the County Attorney, Broward County, Florida. Certain matters relating to disclosure will be passed upon for the County by Edwards Wildman Palmer LLP, West Palm Beach, Florida and the Law Offices of Carol D. Ellis, P.A., West Palm Beach, Florida, Co-Disclosure Counsel and for the Underwriters by their counsel, Greenspoon Marder P.A., Fort Lauderdale, Florida.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Pursuant to Section 517.051, Florida Statutes, as amended, no person may directly or indirectly offer or sell securities of the County except by an offering circular containing full and fair disclosure of all defaults as to principal or interest on its obligations since December 31, 1975, as provided by rule of the Florida Department of Banking and Finance (the “Department”). Pursuant to Rule 3E-400.003, Florida Administrative Code, the Department has required the disclosure of the amounts and types of defaults, any legal proceedings resulting from such defaults, whether a trustee or receiver has been appointed over the assets of the County, and certain additional

financial information, unless the County believes in good faith that such information would not be considered material by a reasonable investor. The County is not and has not been in default on any bond issued since December 31, 1975 which would be considered material by a reasonable investor.

RATINGS

Moody's Investors Service, Inc., Fitch Ratings and Standard & Poor's Ratings Service are expected to assign underlying ratings to the Series 2012 Bonds of "Aa2" with a "stable outlook"; "AA+" with a "stable outlook" and "AA" with a "stable outlook", respectively.

The ratings reflect only the views of said rating agencies and an explanation of the ratings may be obtained only from said rating agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be lowered or withdrawn entirely by the rating agencies, or any of them, if in their judgment, circumstances so warrant. A downward change in or withdrawal of any of such ratings, may have an adverse effect on the market price of the Series 2012 Bonds.

FINANCIAL STATEMENTS

The general purpose financial statements of Broward County, Florida for the fiscal year ended September 30, 2011 appended hereto as Appendix B as part of this Official Statement have been audited by Crowe Horwath LLP, independent certified public accountants, as set forth in their report dated March 9, 2012, which report is also appended hereto. The Special Purpose Financial Statements of the County's Water and Wastewater Fund for the Fiscal Years Ended September 30, 2011 and 2010, also appended hereto as Appendix B as part of the Official Statement have been audited by Moore Stephens Lovelace, P.A., certified public accountants, set forth in their report dated February 8, 2012, which report is also appended hereto. Crowe Horwath LLP and Moore Stephens Lovelace, P.A. have not participated in the preparation of this Official Statement. The financial statements are attached hereto as a matter of public record. The consents of Crowe Horwath LLP and Moore Stephens Lovelace, P.A. have not been sought.

UNDERWRITING

The Series 2012A Bonds are being purchased by Citigroup Global Markets Inc., for itself and as representative of Goldman, Sachs & Co., J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC (collectively, the "Underwriters") at an aggregate purchase price of \$157,935,979.91 (representing the par amount of the Series 2012A Bonds of \$140,625,000, plus a net premium of \$17,994,301.00 and less Underwriters' discount of \$683,321.09). The Series 2012B Bonds are being purchased by the Underwriters at an aggregate purchase price of \$132,693,155.17 (representing the par amount of the Series 2012B Bonds of \$110,920,000, plus a premium of \$22,224,027.55 and less Underwriters' discount of \$470,872.08). The Series 2012C Bonds are being purchased by the Underwriters at an aggregate purchase price of \$47,473,817.42 (representing the par amount of the Series 2012C Bonds of \$47,655,000, less Underwriters' discount of \$181,182.58). The Underwriters' obligations are subject to certain conditions precedent described in the Bond Purchase Contract entered into between the County and the Underwriters, and they will be obligated to purchase all of the Series 2012 Bonds if any Series 2012 Bonds are purchased. The Series 2012 Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts) at prices lower or yields higher than such public offering prices, and such public offering prices or yields may be changed, from time to time, by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own

account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the issuer.

Morgan Stanley and Citigroup Inc., the respective parent companies of Morgan Stanley & Co. LLC and Citigroup Global Markets Inc., each an underwriter of the Series 2012 Bonds, have entered into a retail brokerage joint venture. As part of the joint venture, each of Morgan Stanley & Co. LLC and Citigroup Global Markets Inc. will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, each of Morgan Stanley & Co. LLC and Citigroup Global Markets Inc. will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2012 Bonds.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series 2012 Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings, including the Series 2012 Bonds, at the original issue prices. Pursuant to each Dealer Agreement, each of UBSFS and CS&Co. will purchase Series 2012 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2012 Bonds that such firm sells.

Goldman, Sachs & Co. ("Goldman Sachs"), one of the Underwriters of the Series 2012 Bonds, has entered into a master dealer agreement (the "Master Dealer Agreement") with Incapital LLC ("Incapital") for the distribution of certain municipal securities offerings, including the Series 2012 Bonds, to Incapital's retail distribution network at the initial public offering prices. Pursuant to the Master Dealer Agreement, Incapital will purchase Series 2012 Bonds from Goldman Sachs at the initial public offering price less a negotiated portion of the selling concession applicable to any Series 2012 Bonds that Incapital sells.

CONTINUING DISCLOSURE

The County will covenant for the benefit of the Series 2012 Bondholders to provide certain financial information and operating data relating to the County and the Series 2012 Bonds in each year, and to provide notices of the occurrence of certain enumerated notice events. The County has agreed to file annual financial information and operating data and its audited financial statements with the centralized information repository or such other municipal securities information repository as may be required by law, from time to time, the information set forth in the Bond Resolution, commencing with the Fiscal Year ending September 30, 2012.

The specific nature of the financial information, operating data, and of the type of events which trigger a disclosure obligation, and other details of the undertaking are described in "Appendix G - Form of Continuing Disclosure Certificate" attached hereto. The Continuing Disclosure Certificate shall be executed by the County prior to the issuance of the Series 2012 Bonds. These covenants have been made in order to assist the Underwriters in complying with the continuing disclosure requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule").

With respect to the Series 2012 Bonds, no party other than the County is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the Rule. The County has never failed to comply with any prior agreements to provide continuing disclosure information pursuant to the Rule.

FINANCIAL ADVISOR

Public Financial Management, Inc., Orlando, Florida, and Fidelity Financial Services, L.C., Fort Lauderdale, Florida, are serving as Co-Financial Advisor to the County with respect to the issuance and sale of the Series 2012 Bonds. The Co-Financial Advisor has assisted the County in the preparation of the Preliminary Official Statement and the final Official Statement and has advised the County in other matters relating to the planning, structuring and issuance of the Series 2012 Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided by the Co-Financial Advisor on behalf of the County relating to the computation of forecasted receipts of principal and interest on the

Escrow Securities and the forecasted payments of principal, redemption premium and interest to pay or redeem, as applicable, the Refunded Bonds and supporting the conclusion of Co-Bond Counsel that the Series 2012B Bonds do not constitute “arbitrage bonds” under Section 148 of the Internal Revenue Code of 1986, as amended, was examined by The Arbitrage Group, Inc. Such computations were based solely upon assumptions and information supplied by the Co-Financial Advisor on behalf of the County. The Arbitrage Group, Inc. has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

EXPERTS

The reference herein to the Report of the Consulting Engineer dated March 9, 2012 (the “Engineer’s Report”) prepared by Hazen and Sawyer, P.C., as the Consulting Engineer, has been approved by said firm, but does not purport to be complete in all respects, and the Engineer’s Report, included as Appendix C to this Official Statement, should be read in its entirety for complete information with respect to the subjects discussed therein. The Engineer’s Report has been included in this Official Statement in reliance upon, and with the authorization of, said firm as an expert in its field.

ACCURACY AND COMPLETENESS OF OFFICIAL STATEMENT

The references, excerpts, and summaries of all documents, statutes, and information concerning the County and certain reports and statistical data referred to herein do not purport to be complete, comprehensive and definitive and each such summary and reference is qualified in its entirety by reference to each such document for full and complete statements of all matters of fact relating to the Series 2012 Bonds, the security for the payment of the Series 2012 Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument.

The appendices attached hereto are integral parts of this Official Statement and must be read in their entirety together with all foregoing statements. The information and expressions of opinions herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the County from the date hereof.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Series 2012 Bonds.

AUTHORIZATION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement has been duly authorized and approved by the County. At the time of delivery of the Series 2012 Bonds, the County will furnish a certificate to the effect that nothing has come to its attention which would lead it to believe that the Official Statement (other than information herein related to DTC and the book-entry only system of registration as to which no opinion shall be expressed), as of its date and as of the date of delivery of the Series 2012 Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included therein for the purposes for which the Official Statement is intended to be used, or which is necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

This Official Statement has been duly executed and delivered by the Mayor of Broward County, Florida and by the County Administrator of Broward County, Florida.

BROWARD COUNTY, FLORIDA

By: /s/ John E. Rodstrom, Jr.
Mayor

By: /s/ Bertha W. Henry
County Administrator

APPENDIX A

GENERAL INFORMATION REGARDING BROWARD COUNTY

Broward County, created in October 1915 by the legislature of the State of Florida, is located on the southeast coast of Florida and has an area of approximately 1,197 square miles. The County is bordered on the south by Miami-Dade County and on the north by Palm Beach County. Located within the County are 31 municipalities. The County ranks second in the State and 18th in the nation with a 2010 Census population of 1.75 million persons. Approximately 50% of the County's population lives in its seven largest cities: Fort Lauderdale, Pembroke Pines, Hollywood, Coral Springs, Pompano Beach, Miramar and Davie. Four airports, including the Fort Lauderdale-Hollywood International Airport, are located in the County. Port Everglades, the State's deepest harbor and a leading international cruise port, is located less than two miles from Fort Lauderdale-Hollywood International Airport.

Governmental Structure

The County is governed by the provisions of its Charter (the "Charter") as amended – originally adopted by the electors of the County on November 5, 1974. Under the Charter, the County functions as a home rule government consistent with the provisions of the Florida Constitution and the general laws of the State.

The nine member Board is the legislative body of the County government. The Board annually elects a Mayor who serves as presiding officer. The Charter provides for one County Commissioner to be elected from each of the nine Commission districts. Elections are held every two years for staggered four year terms. Each candidate must be a registered elector and a legal resident of the district to be represented.

The County Commissioners and expiration of their terms are as follows:

John E. Rodstrom, Jr., Mayor	November 2012
Kristin D. Jacobs, Vice Mayor	November 2014
Suzanne N. Gunzburger, Commissioner	November 2014
Dale Holness, Commissioner	November 2012
Chip Lamarca, Commissioner	November 2014
Ilene Lieberman, Commissioner	November 2012
Stacy Ritter, Commissioner	November 2012
Barbara Sherief, Commissioner	November 2014
Lois Wexler, Commissioner	November 2012

The County Administrator, appointed by the Board, is the chief administrative officer of the County government. The County Administrator directs the functions of County government through several offices, seven major departments, and various divisions within each department. Pursuant to an Administrative Code adopted by the Board, unless otherwise stated in the Charter, the County Administrator can appoint, suspend, or remove all County employees, with the exception of the County Auditor and the County Attorney. The County Administrator also serves as ex-officio Clerk of the Board.

Under the Charter, checks and balances are provided by the Office of the County Auditor. The County Auditor, appointed by the Board, maintains an advisory position to that body.

Legal services are provided to the County government by the Office of the County Attorney. The County Attorney is appointed by the Board. Staff attorneys, appointed by the County Attorney, represent the Board and all other departments, divisions, boards, and offices in all legal matters affecting the County.

Population

In the years since it began as an agricultural community of 5,000, the County has steadily grown and is the second largest county in Florida and the 18th largest county in the nation according to the 2010 census.

Year	Broward County		State of Florida		United States	
	Population	Change ¹	Population	Change ¹	Population	Change ¹
1960	333,946	—	4,951,560	—	179,323,000	—
1970	620,100	8.57%	6,789,443	3.71%	203,212,000	1.33%
1980	1,018,257	6.42	9,747,061	4.36	226,505,000	1.15
1990	1,255,488	2.33	13,003,362	3.34	249,632,692	1.02
2000	1,623,018	2.93	15,982,378	2.29	281,421,906	1.27
2010 ⁽²⁾	1,748,066	0.77%	18,801,310	1.76%	308,745,538	0.97%

Source: U.S. Department of Commerce, Bureau of Census.

(1) Average annual percentage increase over the preceding period.

(2) 2010 represents the last year data is available at the County level from the US Census Bureau.

[Remainder of page intentionally left blank]

Labor Force and Unemployment Rates

Year Ended December 31	Estimated Broward County Civilian Labor Force	Unemployment Rates		
		Broward County	Florida	United States
2002	860,005	6.0	5.5	5.8
2003	877,270	5.5	5.1	6.0
2004	899,880	4.7	4.6	5.5
2005	947,447	3.8	3.9	5.1
2006	974,486	3.1	3.3	4.6
2007	991,155	3.4	3.8	4.6
2008	1,001,139	6.6	7.3	6.5
2009	1,002,039	10.1	11.5	9.4
2010	993,076	10.5	12.0	9.2
2011	978,951	8.6	9.7	8.5

Source: Florida Research and Economic Database and US Bureau of Labor Statistics

[Remainder of page intentionally left blank]

Estimated Nonagricultural Employment by Economic Sector
Fort Lauderdale Metropolitan Statistical Area
(in thousands)

	<u>2007</u>	<u>2007</u>	<u>2008</u>	<u>2008</u>	<u>2009</u>	<u>2009</u>	<u>2010</u>	<u>2010</u>	<u>2011</u>	<u>2011</u>
	<u>Total</u>	<u>Percent</u>	<u>Total</u>	<u>Percent</u>	<u>Total</u>	<u>Percent</u>	<u>Total</u>	<u>Percent</u>	<u>Total</u>	<u>Percent</u>
Grand Total	<u>789.8</u>	<u>100.0%</u>	<u>772.3</u>	<u>100.0%</u>	<u>772.3</u>	<u>100.0%</u>	<u>696.9</u>	<u>100.0%</u>	<u>711.7</u>	<u>100.0%</u>
Goods Producing	90.7	11.5%	77.8	10.1%	77.8	8.8%	56.4	8.1%	52.8	7.4%
Construction	59.5	7.5%	49.4	6.4%	49.4	5.1%	32.0	4.6%	29.0	4.1%
Manufacturing	31.1	3.9%	28.3	3.7%	28.3	3.6%	24.3	3.5%	23.2	3.3%
Service Providing	699.1	88.5%	694.5	89.9%	694.5	91.2%	640.5	91.9%	658.9	92.6%
Trade, Transportation and										
Utilities	174.9	22.1%	170.4	22.1%	170.4	22.5%	158.2	22.7%	161.5	22.7%
Wholesale Trade	47.2	6.0%	46.4	6.0%	46.4	6.5%	43.2	6.2%	42.5	6.0%
Retail Trade	103.7	13.1%	100.6	13.0%	100.6	12.9%	93.6	13.4%	96.5	13.6%
Transportation, Warehousing,										
and Utilities	24.0	3.0%	23.4	3.0%	23.4	3.2%	21.4	3.1%	22.5	3.2%
Financial Activities	65.6	8.3%	59.6	7.7%	59.6	7.2%	51.0	7.3%	55.3	7.8%
Information	19.9	2.5%	19.8	2.6%	19.8	2.5%	15.5	2.2%	15.7	2.2%
Professional and Business										
Services	129.2	16.4%	123.7	16.0%	123.7	16.4%	113.4	16.3%	113.4	16.5%
Education and Health Services	91.4	11.6%	98.6	12.8%	98.6	12.8%	97.9	14.0%	97.5	13.7%
Leisure and Hospitality	79.5	10.1%	80.7	10.4%	80.7	10.5%	73.5	10.5%	80.2	11.3%
Other Services	34.3	4.3%	34.8	4.5%	34.8	4.6%	31.5	4.5%	30.7	4.3%
Government	104.2	13.2%	106.9	13.8%	106.9	14.7%	99.5	14.3%	100.4	14.1%
Federal	7.8	1.0%	7.8	1.0%	7.8	1.0%	7.3	1.0%	7.8	1.1%
State & Local	96.4	12.2%	99.1	12.9%	99.1	13.7%	92.2	13.2%	92.6	13.0%

Largest Employers

The County has a diversified economy with a balance among technology, manufacturing, financial, international and domestic tourism, residential and commercial construction, and retail trade. There were approximately 92,051 business establishments with operations in the County at the end of fiscal year 2011. According to the 2009 Economic Census conducted by the United States Census Bureau, approximately 90% of firms within the County have fewer than 20 employees; additionally, approximately 150 businesses have corporate, division, or regional headquarters in the County. The table below shows the principal employers in the County for 2011.

Company	Employees
Broward County School Board	26,933
Broward County Government	11,089
Memorial Healthcare System	10,700
Broward Health	8,207
American Express	4,846
Nova Southeastern Univ.	3,919
PRC	3,000
Kaplan Higher Education	3,000
The Answer Group	2,800
City of Fort Lauderdale	2,487

Source: Broward County Planning and Redevelopment Division.

[Remainder of page intentionally left blank]

Per Capita Personal Income⁽¹⁾
Broward County, Florida, and United States

Year Ended December 31	Broward County	Percent of Florida	Percent of U.S.	State of Florida	Percent of U.S.	United States
2000	29,409	105.9	99.8	27,764	94.2	29,469
2001	30,702	105.9	101.0	29,048	95.5	30,413
2002	31,785	106.8	102.8	29,758	96.3	30,906
2003	32,844	109.1	104.3	30,116	95.6	31,487
2004	34,008	108.0	103.0	31,469	95.2	33,050
2005	36,595	107.6	106.2	34,001	98.6	34,471
2006	39,743	108.2	108.2	36,720	100.0	36,714
2007	41,169	107.2	106.6	38,417	99.5	38,615
2008	41,974	107.5	104.5	39,064	97.3	40,166
2009	41,185	106.0	104.0	38,965	104.0	39,635

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

⁽¹⁾ Stated in current dollars (i.e., actual dollars for each year with no adjustment for inflation).

⁽²⁾ 2009 is the last year for which data is available at the County level.

[Remainder of page intentionally left blank]

Taxable Sales for the County

The following table shows the taxable sales within the County for the calendar years 2000-2011 and the percentage increase in such sales for each year.

Taxable Sales (\$ in Thousands)		
Year Ended December 31	Taxable Sales	Percent Change from Prior Year
2000	23,785,139	8.74
2001	25,422,717	6.88
2002	25,194,309	(0.90)
2003	25,122,603	(0.28)
2004	27,608,938	9.90
2005	31,941,903	15.7
2006	34,759,141	8.82
2007	30,678,853	(11.7)
2008	29,523,345	(3.77)
2009	26,261,882	(11.1)
2010	26,898,615	2.42
2011	28,003,981	4.11

Source: State of Florida, Department of Revenue.

Tourism

Tourism is an important component of the County's economy. The combination of favorable climate (Fort Lauderdale has a mean temperature of 75.5 degrees Fahrenheit), together with diverse recreational opportunities, including theaters, parks, public beaches, yacht basins, fishing, golf, tennis, restaurants, thoroughbred racing, jai alai, casino gambling and water recreational facilities, have made the County a tourist center. The County's multipurpose convention center expansion was completed in 2002 giving the facility a total of 600,000 gross square feet of space. The three level, 180,000 square foot expansion is mainly comprised of a 50,000 square foot exhibit hall, a 33,000 square foot ballroom and 15,000 sq. ft of meeting room space. Connecting corridors were built at all levels in order to provide convenient access between the original building and the expansion as well as from the original building to the adjacent parking garage.

Tourists now visit the County over the entire year instead of merely during winter months and the tourism industry is currently drawing from a worldwide market. Preliminary numbers from the Greater Fort Lauderdale Convention and Visitors Bureau report that more than 11.06 million people visited Broward County in calendar year 2011, and had an economic impact of \$9.01 billion. The County's 2011 hotel occupancy rate was 70.1%, an increase of 4.2% over the previous year and the Average Daily Rate (ADR) was \$108.92, an increase of 1.1% over the previous year.

Building Permits

In the late 1980's, the construction of multi-family units exceeded the construction of single family homes. In contrast, the number of permits issued in the 1990's for single family homes exceeded the number of permits issued for multi-family units. The gap between the two has narrowed significantly in the recent past due to a number of factors including the very limited availability of vacant land and continued population growth, both of which have contributed to increased housing density. The yearly data for building permits is presented in the following table.

Building Permits Issued in Broward County
(\$ in Thousands)

Calendar Year	Single Family Units	Multi- Family Units	Total Residential Units	Total Residential Valuation	Permit Valuation
2000	9,148	2,689	11,837	1,459,803	1,459,803
2001	8,296	2,490	10,786	1,383,892	1,383,892
2002	5,701	6,319	12,020	1,561,660	1,561,660
2003	3,931	4,432	8,363	1,080,166	1,080,166
2004	4,811	3,980	8,791	1,077,816	1,077,816
2005	3,353	2,817	6,170	1,112,104	1,112,104
2006	3,308	3,378	6,686	991,153	991,153
2007	1,754	2,179	3,933	617,307	617,307
2008	967	1,205	2,172	346,893	346,893
2009	563	486	1,049	159,077	159,077
2010	979	189	1,168	222,589	222,589
2011	1,442	998	2,440	278,805	278,805

Education

Broward County Public Schools is the sixth largest public school and the largest, fully accredited public school district in the nation with approximately 258,000 students currently enrolled and a fiscal year ending June 30, 2012 budget of approximately \$3.2 billion. The system consists of 300 schools: 232 traditional schools and centers, 68 charter schools and a virtual school serving elementary, middle, and high school students. Broward County Public Schools is an independent operating and taxing entity, meaning that it is separate from the County.

There are three four-year colleges and universities in the County: Florida Atlantic University and Florida International University, which are public, and Nova Southeastern University, which is private. Florida Atlantic University and Florida International University are two of the nine universities in the State of Florida University system. Broward College, Prospect Hall College, City College, Fort Lauderdale College, the Art Institute of Fort Lauderdale, and Keiser Institute of Technology are two-year colleges located in the County. There are also seven educational institutions in the County with degree or certificate programs providing vocational and technical education.

Transportation

Surface Transportation: The County is served by three bus lines, two railroads (Florida East Coast Railway and CSX), and major freight carriers. The road system within the County, totaling approximately 4,800 miles, contains over 140 miles of interstate and other expressways (including I-95, I-75, I-595, the Florida Turnpike, and the Sawgrass Expressway) and approximately 375 miles of divided highways. The County-operated bus system, with an active fleet of 303 fixed route busses and 70 community busses, serviced 35.9 million passengers in fiscal year 2011 and is projected to serve approximately 35.4 million passengers during fiscal year 2012. TRI-Rail, a commuter rail system, provides service along a 66 mile corridor from Palm Beach County to Miami-Dade County.

Sea Transportation: Port Everglades, the State's deepest harbor and one of the top three cruise ports in the world, is located in the County – less than two miles from Fort Lauderdale-Hollywood International Airport. Port Everglades is served by major motor freight carriers and two railroads. All functions, assets, and liabilities of Port Everglades passed over to the County in November, 1994 as the result of a local bill which dissolved the separate governing body of the Port and transferred all related duties and powers to the Board. In fiscal year 2011, Port Everglades handled 108.26 million barrels of petroleum and 5.79 million tons of containerized cargo. A total of 3,952,843 cruise ship passengers went through Port Everglades on 969 sailings in fiscal year 2011.

A portion of Port Everglades has been designated a Foreign Trade Zone ("FTZ"), where foreign components can be assembled, packaged, and shipped without usual customs duties. The FTZ at Port Everglades was the first such operating zone established in Florida. The FTZ now includes eleven sites within and outside of the Port's boundaries on a total of 388 acres. In calendar year 2011, cargo valued at more than \$330 million was received and more than \$312 million was shipped from all active general-purpose FTZ areas combined.

Air Transportation: Four airports are located in the County. There are three general aviation airports and the Fort Lauderdale-Hollywood International Airport (the "Airport"), which is used by most major national commercial airlines and several foreign commercial airlines. For fiscal year 2011, enplaned passengers totaled 11,671,530 – an increase of 7.0% over fiscal year 2010. Approximately 96,339 total tons of cargo was handled at the Airport in fiscal year 2011 – an increase of 1.19% over the amount handled in fiscal year 2010.

Public Works Department

The Public Works Department of the County is made up of the following Divisions: Administration, Construction Management, Seaport Engineering & Construction, Facilities Maintenance, Highway Construction & Engineering, Highway & Bridge Maintenance, Traffic Engineering, Solid Waste and Recycling Services, and Water and Wastewater Services.

The Administration Section provides overall management direction, coordination, technical review, project management review and financial management for the various activities of the department and implements County policies to develop opportunities for small businesses. The Division also provides property and construction project management services.

The Construction Management Division provides County agencies with professional planning and design services for the development of the capital improvement plan, interior space planning, project design, construction management and contract administration.

The Seaport Engineering and Construction Division provides the County's Port Everglades Department with in-house engineering and construction management capability for project design, construction management and contract administration.

The Facilities Maintenance Division oversees the leasing, maintenance, operation and renovation of most County governmental facilities (including courthouses, libraries, social service agencies, and administrative offices), parking areas and grounds. This includes the provision of security services in many of these facilities.

The Highway Construction & Engineering Division oversees project management for major roadway improvement projects and participates in the Land Development Review process. It is also responsible for engineering plan review, permitting and roadway inspections as well as surveying, design and project management services for intersection improvement and congestion management projects.

The Highway & Bridge Maintenance Division provides the essential service of maintaining the County's road system and the unincorporated street system. Roadway maintenance projects include the construction of roadways, paths and curbs, including roadway turn lanes, street widening and resurfacing. The division is also responsible for sidewalk installation and repair, guardrail installation and guardrail repair/replacement, and the maintenance of roadway medians and roadside shoulders, the repair and maintenance of 75 fixed bridges, the operation and maintenance of the three County bascule (draw) bridges, roadway drainage improvements,

neighborhood entranceway beautification and maintenance, and street brooming and cleaning of catch basins and storm storm-water pipe to comply with the National Pollution Discharge Elimination Standards (NPDES).

The Traffic Engineering Division operations include the planning, design, engineering, construction and maintenance of all traffic control devices for County maintained roads (traffic signals, signs and markings). In addition, unincorporated area services include school crossing guards and street lighting installation and maintenance.

The Solid Waste and Recycling Services Division offers a comprehensive waste management and recycling system for the residents of Broward County. Through its operations, W.R.S. provides community residents with viable methods to address waste management issues by offering program solutions which include land filling and waste-to-energy, garbage collection, trash transfer stations, disposal of household hazardous waste, and electronics recycling collection. The County's resource recovery system includes facilities at three regional sites. The southern site, which began commercial operations in August 1991, consists of a 2,250 tons per day waste-to-energy facility and residue landfill. The northern site, which began commercial operations in March 1992, consists of a 2,250 tons per day waste-to-energy facility operated in conjunction with an adjacent landfill. The third site, located in the western portion of the County, is a contingency landfill backing up the two waste-to-energy facilities. Landfill operations began on this site in September 1988.

The Water and Wastewater Services Division plans, designs, and constructs facilities to ensure adequate capacity for potable water, sewer and storm water, and provides retail water and sewer services for over 50,000 customers. Water and Wastewater Services is also responsible for pumping, treating and distributing water, as well as providing for collection, treatment, reuse and disposal of wastewater for over 600,000 citizens. The Division is also involved in the operation of waterways, water control structures and well systems as well as removal of aquatic vegetation from certain bodies of water throughout the County.

Overview of the Budget Process

The County Administrator prepares and submits the proposed annual budget and capital program to the Board and executes the budget and capital program in accordance with ordinances adopted by the Board. A policy-setting workshop is held with the Board in January or February of each year to review major trends and provide staff with policy guidance for developing the budget. Once guidance from the Board has been received, the Director of the Office of Management and Budget distributes specific instructions on budgetary policies and procedures to the County's departments, divisions, and offices. Each department then prepares and submits its budget. Internal meetings to review agency-requested budgets are then held to develop budget recommendations to the County Administrator. After approval by the County Administrator, the proposed budget is submitted to the Board in early July. During August, the Board conducts budget workshops to review the proposed budget. The budget, as amended in the budget workshops, is again reviewed during public hearings held in September before final approval and adoption by the Board. The Board must adopt the final budget and establish the final millage rate necessary to fund the budget no later than September 30th.

Chapter 129, Florida Statutes, defines and places a legal requirement upon county governments to adopt and operate within a balanced annual budget. In addition to being the annual operating plan, the adopted budget represents the legal authority to expend funds. Chapter 129, Florida Statutes, provides penalties for making unbudgeted expenditures. The County has consistently operated within a balanced budget and is required to continue this practice.

The Board's adopted budget for fiscal year 2012 contains a millage rate of 5.5530 mills. With respect to the individual components of the fiscal year 2012 millage rate, the operating millage rate is 5.1220; the capital outlay millage rate is 0.0640 mills, and the remaining 0.3670 mills funds this year's debt service payments associated with various voter-approved General Obligation bonds.

Capital Improvement Program for Public Improvements

The Board requires the County Administrator to develop and submit to the Board for approval a continuous five-year Capital Improvement Program (the "CIP"). In each year, the County Administrator must review the Capital Improvement Program, revise it as necessary, and prepare the Capital Improvement Program for approval and adoption by the Board. An annual update of the Capital Improvement Program provides, upon approval by the Board, a continuous five year program.

The Capital Improvement Program development process is coordinated by the Office of Management and Budget and involves the linking of all County agencies for comprehensive review, input, and development. The Capital Improvement Program also utilizes input from the long range capital improvement plan. The Capital Improvement Program development process includes public participation as well as input from governmental entities for certain joint projects and project requests. The adopted Capital Improvement Program for fiscal years 2012-2016 includes the following:

Transportation and Mass Transit Projects *	\$ 398,145,460
Environmental/Beach Renourishment/Waste Disposal	87,564,360
Aviation	796,048,250
Port	471,376,090
Water/Wastewater	343,484,040
Criminal Justice/Public Safety	25,981,990
Libraries/Parks/Boating Improvement	42,959,240
General Government/Court Facilities *	161,802,450
Neighborhood Improvement/Redevelopment/Housing/Economic Development	<u>101,122,050</u>
Total	\$2,428,483,930

It is anticipated that the adopted Capital Improvement Program for the fiscal years 2012-2016 will be funded as follows:

Bonds	\$900,942,270
Federal and State Grants	292,918,220
Local Sources (Taxes, Fees, Fund Balance)	<u>1,234,623,440</u>
Total	\$2,428,483,930

* Note: also includes reserves for projects included in the capital program in future years.

[Remainder of page intentionally left blank]

Non-Ad Valorem Revenues

The following table presents the net non-ad valorem revenues available to the County for the payment of debt service for a covenant to budget and appropriate debt and certain special revenue debt for the fiscal year ended September 30, 2011.

Net Available Non-Ad Valorem Revenues for the fiscal year ended September 30, 2011 (Dollars in Thousands)

License and Permit Fees	\$ 16,067
State Revenue Sharing	35,503
Licenses (State Revenue)	0
Local Government Half Cent Sales Tax	48,958
Tourist Tax	40,630
Utility Services Taxes and Fire Rescue Tax	4,948
Fines and Forfeitures	14,143
Interest Earnings	8,159
Charges for Services	347,255
Miscellaneous Revenue	22,967
Other State Revenues	2,000
Non-Revenue Sources/Fund Balance	276,827
Federal/State Grants	89,269
Special Assessments	<u>1,091</u>
Total Gross Non-Ad Valorem Revenues	\$907,817
Less Operations Costs not paid by Ad Valorem Taxes	<u>(643,539)</u>
Total Net Available Non-Ad Valorem Revenues	\$264,278

Source: Broward County, Florida Comprehensive Annual Financial Report Fiscal Year ended September 30, 2011 and Broward County, Florida Finance and Administrative Services Department.

[Remainder of page intentionally left blank]

Employee Relations

As of October 1, 2011 (fiscal year 2012), the County had 5,469 full and part-time funded positions, as compared with 5,477 in fiscal year 2011, excluding employees of constitutional officers. The County budget also provides for 309 federal and state grant employee positions in fiscal year 2012. The Constitutional Officers are funded for 5,327 positions in fiscal year 2012.

There are seven organized collective bargaining units within the County: Amalgamated Transit Union, Local 1267 (Mass Transit, 771 unit employees); Amalgamated Transit Union, Local 1591 (White Collar, 1,029 unit employees); Federation of Public Employees (Blue Collar, 1,044 unit employees); Government Supervisory Association of Florida, Local 100 (GSA Supervisors, 310 unit employees); Federation of Public Employees; Federation of Public Employees, Supervisory (Port Everglades Supervisors, 13 unit employees); Federation of Public Employees, Non-Supervisory (Port Everglades White Collar, 63 unit employees); and Government Supervisory Association of Florida, Local 100 (GSA Professionals, 1,122 unit employees). This information is based on data as of December 15, 2011.

All contracts expire September 30, 2012, with the exception of the Mass Transit which expires on September 30, 2013. The County has never experienced a serious work stoppage and Florida law prohibits public employees from striking.

Florida Retirement System

General

The information relating to the Florida Retirement System ("FRS"), other than the update regarding Litigation Relating to SB 2100, contained herein has been obtained from the FRS Annual Reports available at www.dms.myflorida.com and the Florida Comprehensive Annual Financial Reports available at http://www.myfloridacfo.com/aadir/statewide_financial_reporting. No representation is made by the County as to the accuracy or adequacy of such information or that there has not been any material adverse change in such information subsequent to the date of such information.

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The Florida State Board of Administration ("SBA") manages the FRS. FRS membership is required for all employees filling a regularly established position in a state agency, city agency, state university, state community college, or district school board. The FRS is currently comprised of 976 participating employers, including 55 state agencies, 396 city agencies, 67 district school boards, 28 community colleges, 182 cities, 231 special districts, 5 hospitals and 12 other agencies.

For those members who enrolled in the FRS defined benefit plan (the "FRS Pension Plan") prior to July 1, 2011, benefits under the FRS Pension Plan vest after six years of service for all membership classes. Regular Class, SMSC and EOC members are eligible for normal retirement with six or more years of creditable service and an age 62 or higher, or 30 years of creditable service regardless of age. Special Risk Class and Special Risk Administrative Support Class members are eligible for normal retirement with six or more years of special risk class service and an age 55 or higher, or 25 years of special risk service regardless of age. With up to four years of active duty wartime service and a total of 25 years of service including special risk service, the retirement age drops to age 52. Without at least six years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the retirement requirements of the Regular Class. Regardless of class, a member may take early retirement any time after vesting within 20 years of normal retirement age; however, there is a five percent benefit reduction for each year prior to normal retirement age. The State Constitution prohibits increasing benefits without concurrently providing for funding the increase on a sound actuarial basis.

Subject to provisions of Section 121.091, Florida Statutes, the Defined Retirement Option Program (the "DROP") permits employees eligible for normal retirement under the FRS to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a period not to exceed 60 months while the member's benefits accumulate in the FRS Trust Fund. For those members who entered DROP prior to July 1, 2011, such member's benefits will earn monthly interest at an equivalent annual

rate of 6.50%. For those members who entered DROP on and after July 1, 2011, the annual interest rate shall equal 1.3% per year.

Participating employers must comply with the statutory contribution requirements. Section 121.031(3), Florida Statutes, requires an annual actuarial valuation of the FRS Pension Plan. Employer contribution rates are based on a level percentage of payrolls and are determined using the entry-age actuarial cost method. Pursuant to SB 2100, beginning on July 1, 2011, all FRS Pension Plan and FRS Investment Plan members (except those in DROP) are required to contribute 3% on a pre-tax basis. See “*Litigation Relating to SB 2100*” below. The County is required to contribute to the FRS an amount equal to a variable percentage of each employee’s salary, where the percentage is based upon the employee’s statutory classification. The statutory classifications and percentages that affect the County beginning on July 1, 2011 are as follows:

Class or Plan	Percent of Gross Salary	
	<u>Employee</u> ⁽¹⁾	<u>Employer</u> ⁽²⁾
Regular	3%	4.91%
Special Risk	3	14.10
Elected Officials	3	11.14
Deferred Retirement Option Program	0	4.42
Senior Management	3	6.27

⁽¹⁾ See “*Litigation Relating to SB 2100*” below.

⁽²⁾ In addition to the statutory contributions required by Section 121.71, Florida Statutes, the County’s contribution percentages also take into account a 0.03% administrative fee (does not apply to DROP), an educational expense fee and 1.11% retiree health insurance subsidy fee and a required employer contribution to address UAL of 0.49% for regular employees, 2.75% for special risk employees, 0.73% for the elected officials and 0.32% for the senior management employees.

Source: Section 121.71, Florida Statutes.

The annual required contribution for the County for the fiscal year ended September 30, 2011 was approximately \$93.2 million, or 13.7% of covered payroll.

Litigation Relating to SB 2100

The State Legislature passed Senate Bill 2100 (“SB 2100”) during its 2011 session, which was signed by Governor Rick Scott on May 20, 2011. SB 2100 makes significant changes to the FRS with respect to employee contributions and employer contributions, among other items. Effective July 1, 2011, all members of FRS were required to contribute 3% of their gross compensation toward their retirement. In addition, the legislation reduced the required employer contribution rates for each membership class and subclass of the FRS. For fiscal year ended June 30, 2011, contribution rates ranged from 10.77% to 23.25% of annual covered payroll. Under SB 2100, employer contribution rates range from 4.91% to 14.10% of annual covered payroll. The bill eliminated the cost of living adjustment for all FRS employees for service earned on or after July 1, 2011, although the bill does contemplate reinstatement of the adjustment in 2016 under certain circumstances.

Although no further action is required on the part of the Florida Legislature to implement the amendments in SB 2100, on June 20, 2011, the Florida Education Association and the Police Benevolent Association, joined by the Florida Public Services Union, a chapter of the Service Employees International Union and Teamsters Local 385 (collectively, the “FRS Plaintiffs”), filed a lawsuit in Circuit Court in Tallahassee, Florida challenging the above described legislative changes with respect to existing FRS members. The lawsuit alleges SB 2100 unlawfully impairs state employee contracts, constitutes a taking of private property without full compensation and violates public employees’ constitutional right to collective bargaining by effectively removing the subject of retirement from the collective bargaining process. On March 6, 2012, the Circuit Court granted the FRS Plaintiffs’ motion for summary judgment finding there is no genuine issue as to any material fact. The Circuit Court held the challenged portions of SB 2100 constituted an unconstitutional impairment of the FRS Plaintiffs’ contract with the State by changing the FRS from a noncontributory plan with a cost-of-living adjustment to a contributory plan without a cost-of-living adjustment. The Circuit Court also held the mandatory 3% employee contribution to the FRS and the

elimination of the cost-of-living adjustment constituted a taking of private property for a public use without full compensation being paid. Finally, the Circuit Court held SB 2100 abridges the right of public employees to collectively bargain over wages, hours and other terms or conditions of employment. On March 8, 2012, the State appealed the order to the Florida First District Court of Appeal. See *Scott, et. al. v. Williams, et. al.*, Case Number 1D12-1269 (Fla. 1st DCA). The appeal results in an automatic stay of the order. As such, while the stay remains in effect, there will be no immediate impact on the County's budget. However, if the FRS Plaintiffs are ultimately successful on appeal, the impact to the County's finances could be substantial given the current State economy.

SB 2100 makes other changes to the FRS that only apply to employees who initially enroll on or after July 1, 2011, including: (1) the average final compensation upon which retirement benefits are calculated will be based on the eight highest (formerly five highest) fiscal years of compensation prior to retirement; (2) the DROP is maintained but the interest accrual rate will be reduced from 6.5% to 1.3%; (3) the normal retirement age is increased from 62 to 65; and (4) the years of creditable service is increased from 30 to 33 and the vesting period is increased to eight years (formerly six). The litigation referenced above did not challenge these changes.

Other Postemployment Benefit Plans

The County has two single employer defined benefit healthcare plans, the County plan and the Broward Sheriff's Office plan. The County plan allows its employees and their beneficiaries to continue obtaining health, dental and other insurance benefits upon retirement. The Broward Sheriff's Office plan provides postemployment health insurance benefits for employees and sworn officers upon retirement and subsidizes a portion of the premiums. The provisions of the plan for the Broward Sheriff's Office may be amended through negotiations between the Broward Sheriff's Office and its employee bargaining units. The plans have no assets and do not issue separate financial reports.

In accordance with Section 112.0801, Florida Statutes, because the County provides medical plans to employees of the County and their eligible dependents, the County is required to provide retirees the opportunity to participate in the group employee health plan. Retired employees have the option of continuing the same type of medical, including prescription drug benefits, and dental insurance coverage available to them while they were employed with the County (the "Plan"). The County provides other post-employment benefits ("OPEB") for certain of its retired employees in the form of an implicit rate subsidy by providing access to health insurance plans. The cost of the premiums is paid totally by the retirees. As with all governmental entities of similar size providing similar plans, the County was required to comply with the Governmental Accounting Standards Board's Statement No. 45 – Accounting and Financial Reporting by Employees for Post-employment Benefit Plans other than Pension Plans (GASB 45) no later than its fiscal year ended September 30, 2008. Similar to most other jurisdictions, the County has historically accounted for the annual premiums associated with its Plan as part of its annual budget on a pay as you go basis. GASB 45 applies accounting methodology similar to that used for pension liabilities (GASB 27) to OPEB and attempts to more fully disclose the costs of employment by requiring governmental units to include future OPEB costs in their financial statements. While GASB 45 requires recognition and disclosure of the unfunded OPEB liability, there is no requirement that the liability of such Plan be funded.

The calculation for the fiscal year ended September 30, 2011 produced an unfunded obligation of \$43,582,000 for County employees and \$251,707,000 for Broward Sheriff's Office employees, and an annual required contribution of \$4,399,000 for County employees and \$21,551,000 for Broward Sheriff's Office employees, respectively. The County implemented GASB 45 in fiscal year 2008; however, it does not intend to fund the "unfunded obligation." See "APPENDIX B – General Purpose Financial Statements of Broward County, Florida for the Fiscal Year Ended September 30, 2011."

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

**GENERAL PURPOSE FINANCIAL STATEMENTS OF BROWARD COUNTY, FLORIDA
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011 AND
SPECIAL PURPOSE FINANCIAL STATEMENTS OF THE COUNTY'S WATER AND
WASTEWATER FUND FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

[THIS PAGE INTENTIONALLY LEFT BLANK]

**GENERAL PURPOSE FINANCIAL STATEMENTS OF BROWARD COUNTY, FLORIDA FOR
THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

REPORT OF INDEPENDENT AUDITORS

Board of County Commissioners
 Broward County, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Broward County, Florida (the County), as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of (1) Clerk of Circuit and County Courts (a discretely presented component unit), (2) Broward County Health Facilities Authority (a discretely presented component unit), (3) Broward County Housing Finance Authority (a discretely presented component unit), (4) Broward County Aviation Department (a major enterprise fund), (5) Broward County Water and Wastewater Services (a major enterprise fund), (6) Property Appraiser Operations Fund (a nonmajor governmental fund), and (7) Broward County Supervisor of Elections (a nonmajor governmental fund), which represent the percentages of assets, net assets/fund balances, and revenues listed below:

	Assets	Net Assets/Fund Balances	Revenues
Governmental Activities:			
Property Appraiser Operations Fund	0.07%	0.10%	1.15%
Broward County Supervisor of Elections	0.06%	0.00%	0.74%
	<u>0.13%</u>	<u>0.10%</u>	<u>1.89%</u>
Business-type Activities:			
Broward County Aviation Department	50.82%	52.10%	41.78%
Broward County Water and Wastewater Services	22.41%	16.75%	19.26%
	<u>73.23%</u>	<u>68.85%</u>	<u>61.04%</u>
Discretely Presented Component Units:			
Clerk of Circuit and County Courts	47.32%	31.41%	97.25%
Broward County Health Facilities Authority	0.40%	0.38%	0.18%
Broward County Housing Finance Authority	52.28%	68.21%	2.57%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Major Funds:			
Broward County Aviation Department	100.00%	100.00%	100.00%
Broward County Water and Wastewater Services	100.00%	100.00%	100.00%
Aggregate Remaining Fund Information:			
Property Appraiser Operations Fund	0.34%	0.57%	6.49%
Broward County Supervisor of Elections	0.27%	0.00%	4.19%
	<u>0.61%</u>	<u>0.57%</u>	<u>10.68%</u>

(Continued)

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the activities, component units, and funds indicated above, are based on the reports of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of September 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1 to the financial statements, the County restated beginning fund balances to correct the classification of certain funds that were improperly classified as special revenue funds in its previously issued financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2012 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, budgetary comparison information, and schedule of funding progress on pages 12 through 17, 62 through 65, and 66, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Board of County Commissioners
Broward County, Florida

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, supplemental financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules, and supplemental financial schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.


Crowe Horwath LLP

Fort Lauderdale, Florida
March 9, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2011

The management of Broward County offers this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2011. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our Letter of Transmittal.

FINANCIAL HIGHLIGHTS

The following are key financial highlights for the fiscal year:

- The assets of the County exceeded its liabilities at September 30, 2011 by \$ 4.8 billion (net assets). Of this amount, \$836 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$52 million: \$77 million from business-type activities which was partially offset by a \$25 million decrease in net assets of governmental activities.
- As of September 30, 2011, the County's governmental funds reported combined ending fund balances of \$1.3 billion, a decrease of \$76 million from the prior year.
- At September 30, 2011, unassigned fund balance for the General Fund was \$102 million, or 9.8% percent of total general fund expenditures and transfers out.
- The County's total bonded debt decreased by \$135 million or 5.9% percent during the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements contain three components: government-wide financial statements; fund financial statements; and notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Broward County's finances, in a manner similar to a private sector business.

The statement of net assets presents information on all of Broward County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Broward County is improving or deteriorating.

The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, transportation, human services, culture and recreation, physical environment, and economic environment. The business-type activities of the County include water and wastewater, resource recovery, aviation, and a seaport.

The government-wide financial statements include not only the County itself, but also the Housing Finance Authority, the Health Facilities Authority, and the Clerk of the Courts, legally separate entities for which the County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 19 and 20 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the County can be divided into three categories: governmental funds; proprietary funds; and fiduciary funds.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Broward County maintains 24 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Sheriff Contractual Services Fund, the Transportation Capital Projects Fund, and the Capital Outlay Reserve Fund, which are

considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund and the major special revenue fund to demonstrate compliance with these budgets.

Proprietary funds – The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water and wastewater, resource recovery, aviation and seaport operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its self-insurance, vehicle fleet, and print shop operations. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for four proprietary operations, all of which are considered to be major funds of the County. Conversely, the three internal service

funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds and the non-major enterprise funds is provided in the form of combining statements in the *Other Supplementary Information* section of this report.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

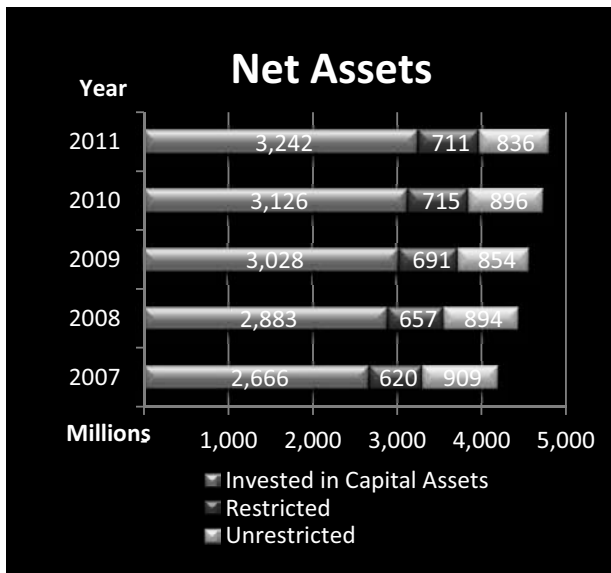
In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information containing budget to actual comparisons for the general and major special revenue funds. The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, internal service funds and fiduciary funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$4.8 billion as of September 30, 2011.

Broward County's Net Assets As of September 30, 2011 and 2010 (In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 1,578,773	\$1,660,865	\$ 954,806	\$1,038,080	\$2,533,579	\$2,698,945
Capital assets	2,278,555	2,270,880	2,726,535	2,641,440	5,005,090	4,912,320
Total assets	3,857,328	3,931,745	3,681,341	3,679,520	7,538,669	7,611,265
Long-term debt outstanding	1,046,350	1,085,891	1,423,292	1,506,774	2,469,642	2,592,665
Other liabilities	147,709	157,948	132,239	123,843	279,948	281,791
Total liabilities	1,194,059	1,243,839	1,555,531	1,630,617	2,749,590	2,874,456
Net assets:						
Invested in capital assets, net of related debt	1,887,557	1,843,431	1,354,527	1,282,520	3,242,084	3,125,951
Restricted	298,836	302,833	411,764	412,477	710,600	715,310
Unrestricted	476,876	541,642	359,519	353,906	836,395	895,548
Total Net Assets	\$ 2,663,269	\$2,687,906	\$2,125,810	\$2,048,903	\$4,789,079	\$4,736,809



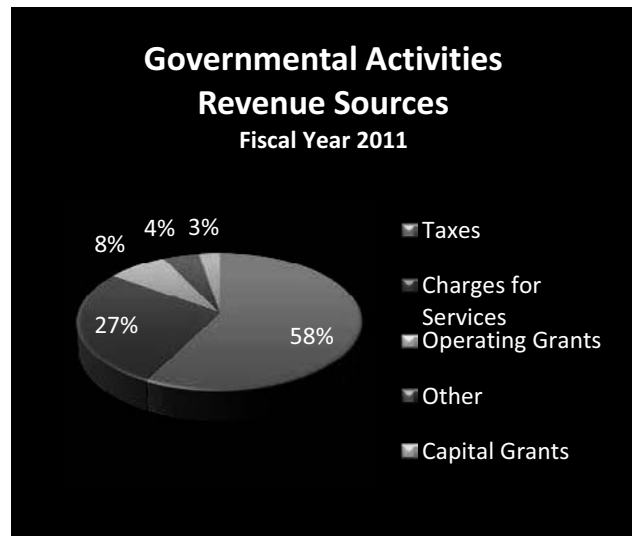
The largest portion of the County's net assets reflects its investment in capital assets (e.g. land, buildings, machinery and equipment) less any related debt used to acquire those assets still outstanding. These capital assets are used to provide services to citizens; consequently these assets are not available for future spending. It should also be noted that the resources required to repay the related debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the County's ongoing obligations to citizens and creditors. As of September 30, 2011 the County reports positive balances in all three categories of net assets, both for the government as a whole as well as for its separate governmental and business-type activities.

Governmental and Business-type Activities

The County's governmental activities had net expenses of \$973 million before general revenues. However, these services are funded primarily from general taxes and other general revenues, which reduced net expenses to \$23 million before transfers. Key elements of this decrease are as follows: Charges for services revenues decreased by 1%, and Operating and Capital Grants revenues decreased by 6% and 13% respectively. Also, Property tax revenues decreased by 10.5% as unemployment remained high, credit remained tight, foreclosures continued to be high and property values fell.

The County's business-type activities had net revenue of \$70 million and increased net assets by \$77 million, with all major operations reporting net revenues for the year except Resource Recovery System.



Broward County's Net Assets
For the Years Ended September 30, 2011 and 2010
(In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues						
Charges for services	\$ 415,700	\$ 421,609	\$ 581,125	\$ 574,227	\$ 996,825	\$ 995,836
Operating grants and contributions	118,750	126,471		1,813	118,750	128,284
Capital grants and contributions	41,152	47,496	38,571	43,064	79,723	90,560
General revenues						
Property taxes	688,641	769,207			688,641	769,207
Other taxes	190,587	185,623			190,587	185,623
Other	70,691	69,613	5,695	8,255	76,386	77,868
Total revenues	1,525,521	1,620,019	625,391	627,359	2,150,912	2,247,378
Expenses						
General government	189,850	203,699			189,850	203,699
Public safety	25,905	24,115			25,905	24,115
Transportation	188,116	173,169			188,116	173,169
Human services	135,480	141,203			135,480	141,203
Culture and recreation	156,814	144,700			156,814	144,700
Physical environment	38,496	21,305			38,496	21,305
Economic environment	32,368	32,244			32,368	32,244
Sheriff	714,365	736,512			714,365	736,512
Property Appraiser	17,716	18,150			17,716	18,150
Supervisor of Elections	11,303	12,173			11,303	12,173
Interest on long-term debt	38,442	28,983			38,442	28,983
Aviation			205,210	209,987	205,210	209,987
Port Everglades			116,499	111,863	116,499	111,863
Water and wastewater			112,002	115,647	112,002	115,647
Resource recovery system			111,619	102,757	111,619	102,757
Solid waste			938	2,738	938	2,738
Unincorporated area waste			2,020	2,023	2,020	2,023
Water management			1,499	1,283	1,499	1,283
Total expenses	1,548,855	1,536,253	549,787	546,298	2,098,642	2,082,551
Increase in net assets						
before transfers	(23,334)	83,766	75,604	81,061	52,270	164,827
Transfers	(1,303)	(1,466)	1,303	1,466		
Increase in net assets	(24,637)	82,300	76,907	82,527	52,270	164,827
Net assets - Beginning	2,687,906	2,605,606	2,048,903	1,966,376	4,736,809	4,571,982
Net assets - Ending	\$ 2,663,269	\$ 2,687,906	\$ 2,125,810	\$ 2,048,903	\$ 4,789,079	\$ 4,736,809

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the County uses fund accounting to insure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund

balance may serve as a useful measure of a government's net resources available for spending at the end of its fiscal year.

At September 30, 2011, the County's governmental funds reported combined ending fund balances of \$1,302 million, a decrease of \$76 million from the prior year. This decrease resulted from the decrease of the Capital Outlay Reserve of \$44 million, which is primarily due to the fact that property taxes and interest revenues decreased and the expenditures of various capital improvement projects were funded by prior year fund balance, and a general decrease in the fund balance of Other Governmental Funds.

Approximately 1% (\$11 million) of the combined fund balance is nonspendable, 45% (\$583 million) is restricted, 33% (\$435 million) is Committed, 13% (\$174 million) is Assigned and 8% (\$99 million) is unassigned and available for spending at the government's discretion.

The General Fund is the chief operating fund of the County. At September 30, 2011, the unassigned fund balance of the General Fund was \$102 million and the total fund balance was \$357 million. As a measure of the General Fund's liquidity, the total fund balance represents approximately 34% percent of total General Fund expenditures and transfers out.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail.

Aviation operating revenues decreased \$3.9 million or 2.1%. Unrestricted net assets of the Aviation Department were \$66 million at September 30, 2011.

Port Everglades operating revenues increased \$14.5 million or approximately 11.7% due primarily to cruise revenues. Unrestricted net assets of the Port Everglades Fund were \$210 million at September 30, 2011.

Water and Wastewater System operating revenues increased \$4.4 million or 4.1% due to general growth in system usage and to rate increases. Unrestricted net assets of the Water and Wastewater System were \$34 million at September 30, 2011.

Resource Recovery System operating revenues decreased by \$5.8 million or 5.6% due primarily to lower tipping fees. Unrestricted net assets of the Resource Recovery System were \$46 million at September 30, 2011.

BUDGETARY HIGHLIGHTS

Budget and actual comparison schedules are provided in *Required Supplementary Information* for the General Fund and all major special revenue funds. Budget and actual comparison schedules are also provided in the Combining and Individual Fund Statements and Schedules for all nonmajor funds with annually appropriated budgets. The budget and actual comparison schedules show the original adopted budgets, the final revised budget, actual results, and variance between the final budget and actual results for the General Fund and major special revenue funds. After the original budget is approved, it may be revised for a variety of reasons such as unforeseen circumstances, new bond or loan proceeds, new grant awards, or other unanticipated revenues.

Differences between the original budget and the final amended budget for the General Fund were relatively minor and can be summarized as follows:

- Revenue increased \$6.5 million or .6% primarily due to increases in Fines and Forfeitures.
- Expenditures were increased \$88.9 million or 8.4% due primarily to increases in Property Appraiser, Sheriff and Public Works.

- Operating transfers in were increased \$7.3 million or 11.2%
- Operating transfers out were increased \$2.7 million or 10.6% due to increased expected transfers to other funds.

General Fund actual total revenues were \$1.007 billion or 100.6% of the final budget amount. Total expenditures of \$1.02 billion were 89% of the final budget as several functional areas were under budget due to reductions of general spending. Net transfers in were \$47.4 million or 107% of the budget. Revenues exceeded expenditures and transfers, resulting in an increase in the General Fund balance of \$31.8 million, which compared to a budgeted decrease of \$100 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of September 30, 2011 amounted to \$5 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, parks, roads, highways, and bridges. The total increase in the County's investment in capital assets for the current fiscal year was 1.9%.

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

- Road improvement of Pine Island Road from Oakland Park Boulevard to Commercial Boulevard (\$1.5 million)
- Road improvement of NW 21 Avenue from NW 19th Street to Oakland Park Boulevard (\$1.6 million)
- Improvements to the County's parks system (\$1.2 million)
- Completion of the Central County Neighborhood Improvement Program for improvements to roadways, water, sewer, drainage, sidewalks, and landscaping (\$63 million)

Broward County's Capital Assets (In Thousands) (net of depreciation) September 30, 2011

	Governmental Activities	Business-type Activities	Total 2011	Total 2010
Land	\$ 400,070	\$ 346,072	\$ 746,142	\$ 745,638
Landfill		39,760	39,760	40,245
Property held for leasing		195,970	195,970	183,939
Buildings	690,282	783,213	1,473,495	1,528,267
Improvements	838,260	486,416	1,324,676	1,237,982
Equipment	177,868	595,373	773,241	786,941
Construction in progress	172,075	279,731	451,806	389,308
Total	\$ 2,278,555	\$ 2,726,535	\$ 5,005,090	\$ 4,912,320

Additional information on the County's capital assets can be found in Note 3 to the financial statements.

Long-Term Debt

At September 30, 2011, the County had total bonded debt outstanding of \$2.2 billion, a 5.9% decrease from the prior year. Of

this amount, \$356 million comprises debt backed by the full faith and credit of the government, \$375 million is special obligation debt secured by dedicated revenue sources, \$30 million is loans payable and other obligations, and \$1.4 billion is secured solely by specified revenue sources (i.e. revenue bonds).

Broward County's Outstanding Debt (In thousands)
September 30, 2011

	Governmental Activities	Business-type Activities	Total 2011	Total 2010
General Obligation Bonds	\$ 356,215		\$ 356,215	\$ 393,665
Special Obligation Bonds	374,980		374,980	383,080
Loans Payable and Other Obligations	27,205	\$ 2,766	29,971	43,991
Revenue Bonds		1,390,050	1,390,050	1,465,695
Total	\$ 758,400	\$ 1,392,816	\$ 2,151,216	\$ 2,286,431

The County's outstanding bonded indebtedness decreased by \$135 million during the year. The County continues to meet its financial needs through prudent use of its revenues and creative debt financing programs. The County's financial strength and sound financial management practices are reflected in its general obligation bond investment ratings, which are among the highest levels attained by Florida counties:

Aaa Moody's Investor Services
AA+ Standard & Poor's Corporation
AAA Fitch IBCA, Inc.

The County's required Annual Disclosure Statement may be found on line at www.broward.org/finance. This disclosure report details and updates certain statistics and financial performance which form the basis for the security for the County's indebtedness. Additional information on the County's long-term debt can be found in Note 4 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Local, national and international economic factors influence the County's revenues. Positive economic growth is correlated with increased revenues from property taxes, sales taxes, charges for services, as well as state and federal grants. Economic growth in the local economy may be measured by a variety of indicators such as employment growth, unemployment, new construction, assessed valuation, and Enterprise Fund revenues.

- The unemployment rate for the County at the end of September was 9.3%, lower than the rate for the State of Florida (10.6%) and higher than that of the nation (9.0%).
- Tourist visitors during 2011 were 11 million, a new record and an increase of 700,000 compared with 2010
- Net assessed value of real and personal property within the County decreased 11.1%.
- Inflation in the region remains at a relatively low level.

All of these factors were considered in preparing the County's

budget for the 2012 fiscal year. Although the County's property tax millage rate remained the same, efficiencies resulted in cost reductions and some revenue increases helped fund expanded facilities and certain program expansions designed to address Commission goals.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Accounting Division Director
115 S. Andrews Avenue, Room 221
Fort Lauderdale, FL 33301

Basic Financial Statements

Spotlight on: Environmental Protection

Maribel Feliciano
Natural Resources Specialist
Pollution Prevention Remediation
and Air Quality Division

Maribel Feliciano from Pollution Prevention Remediation and Air Quality Division recently received the U.S. Department of Energy Florida Gold Coast Clean Cities Community In



Is education and outreach in the South Florida region.” As Chair of the Gold Coast Clean Cities Education and Outreach Committee, Maribel develops and coordinates educational events, materials and programs to promote the use of alternative fuels and vehicles to Clean Cities Coalition members, stakeholders, municipalities and residents. She was able to secure funding to hire a Clean Cities Intern through the U.S. Department of Energy, in order to further education and outreach efforts. The award recognizes her leadership in promoting the use of alternative fuel vehicles within the region.



STATEMENT OF NET ASSETS

September 30, 2011
(In Thousands)

	<i>Primary Government</i>			
	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>	<i>Component Units</i>
ASSETS				
Cash and Cash Equivalents	\$ 478,200	\$ 111,854	\$ 590,054	\$ 3,743
Investments	947,832	290,423	1,238,255	10,448
Receivables (Net)	17,094	39,494	56,588	3,984
Delinquent Taxes Receivable (Net)	5,823		5,823	
Internal Balances	30,940	(30,940)		
Due from Primary Government				166
Due from Other Governments (Net)	78,421	8,285	86,706	105
Inventories	10,724	13,022	23,746	
Prepaid Expenses	1,480		1,480	
Advance to Component Unit	883		883	
Other Current Assets	1,749	18,032	19,781	304
Restricted Assets:				
Cash and Cash Equivalents		101,284	101,284	856
Investments		384,694	384,694	
Deferred Swap Outflow		5,752	5,752	
Deferred Charges	5,627	12,906	18,533	
Capital Assets:				
Non-depreciable	572,145	625,803	1,197,948	653
Depreciable (Net)	1,706,410	2,100,732	3,807,142	5,786
Total Assets	3,857,328	3,681,341	7,538,669	26,045
LIABILITIES				
Accounts Payable	41,601	28,160	69,761	627
Accrued Liabilities	34,693	8,150	42,843	2,450
Accrued Interest Payable	11,601		11,601	
Due to Component Unit	166		166	
Due to Other Governments	9,779	7,100	16,879	36
Escrow Deposits	13,575		13,575	228
Unearned Revenues	36,294	17,898	54,192	737
Other Current Liabilities		4,510	4,510	
Liabilities Payable from				
Restricted Assets		60,669	60,669	
Advance from Primary Government				883
Fair Value of Interest Rate Swap		5,752	5,752	
Non-current Liabilities:				
Due Within One Year	96,667	81,352	178,019	746
Due in More Than One Year	949,683	1,341,940	2,291,623	2,368
Total Liabilities	1,194,059	1,555,531	2,749,590	8,075
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	1,887,557	1,354,527	3,242,084	5,984
Restricted for:				
Capital Projects	203,106	158,223	361,329	
Debt Service	14,867	98,867	113,734	
Transportation	23,485		23,485	
E-911	22,699		22,699	
Court Fee Funds	25,667		25,667	
Equipment Modernization	1,453		1,453	
Sheriff Special Revenue Funds	7,559		7,559	
Passenger Facility Charges		103,427	103,427	
Landfill Closure		28,681	28,681	
Revenue Bonds Renewal and Replacement		22,566	22,566	
Other				2,171
Unrestricted	476,876	359,519	836,395	9,815
Total Net Assets	\$2,663,269	\$2,125,810	\$4,789,079	\$17,970

See accompanying notes

STATEMENT OF ACTIVITIES

for the fiscal year ended September 30, 2011
(In Thousands)

					Net (Expenses) Revenue and Changes in Net Assets		
Program Revenues					Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Component Units
Expenses						Total	
Activities:							
Primary Government:							
Governmental Activities:							
General Government	\$ 189,850	\$ 48,395		\$ 2,910	\$(138,545)	\$(138,545)	
Public Safety	25,905	11,737	\$ 10,886		(3,282)	(3,282)	
Transportation	188,116	40,246	14,160	35,216	(98,494)	(98,494)	
Human Services	135,480	3,437	47,832		(84,211)	(84,211)	
Culture and Recreation	156,814	19,363	4,301	300	(132,850)	(132,850)	
Physical Environment	38,496	7,229	2,983	2,726	(25,558)	(25,558)	
Economic Environment	32,368	3,241	15,910		(13,217)	(13,217)	
Sheriff	714,365	278,669	22,675		(413,021)	(413,021)	
Property Appraiser	17,716	2,882			(14,834)	(14,834)	
Supervisor of Elections	11,303	501	3		(10,799)	(10,799)	
Interest on Long-term Debt	38,442				(38,442)	(38,442)	
Total Governmental Activities	1,548,855	415,700	118,750	41,152	(973,253)	(973,253)	
Business-type Activities:							
Aviation	205,210	227,721		31,212		\$ 53,723	53,723
Port Everglades	116,499	139,177		3,423		26,101	26,101
Water and Wastewater	112,002	114,051		3,936		5,985	5,985
Resource Recovery System	111,619	97,465				(14,154)	(14,154)
Solid Waste	938	715				(223)	(223)
Unincorporated Area Waste	2,020	1,501				(519)	(519)
Water Management	1,499	495				(1,004)	(1,004)
Total Business-type Activities	549,787	581,125		38,571		69,909	69,909
Total Primary Government	\$2,098,642	\$996,825	\$118,750	\$79,723	(973,253)	69,909	(903,344)
Component Units:							
Clerk of Courts	\$ 45,700	\$ 45,150					\$(550)
Housing Finance Authority	1,355	1,015					(340)
Health Facilities Authority	40	83					43
Total Component Units	\$ 47,095	\$ 46,248					(847)
General Revenues:							
Taxes:							
Property Taxes					688,641	688,641	
One-Half Cent Sales Tax					62,035	62,035	
Gasoline Taxes					82,974	82,974	
Other					45,578	45,578	
Revenue Sharing - Unrestricted					35,503	35,503	
Interest Income					17,064	5,695	179
Miscellaneous					18,124	18,124	
Transfers					(1,303)	1,303	
Total General Revenues and Transfers					948,616	6,998	179
Change in Net Assets					(24,637)	76,907	(668)
Net Assets - Beginning					2,687,906	2,048,903	18,638
Net Assets - Ending					\$2,663,269	\$2,125,810	\$17,970

See accompanying notes.

BALANCE SHEET

Governmental Funds

September 30, 2011

(In Thousands)

	MAJOR FUNDS					
	General Fund	Sheriff Contractual Services	Transportation Capital Projects	Capital Outlay Reserve	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$67,904		\$ 18,759	\$ 62,912	\$307,946	\$ 457,521
Investments	301,157		131,664	279,365	145,387	857,573
Receivables (Net):						
Accounts	2,771	\$ 141				2,912
Other	4,983		39	2,099	7,005	14,126
Delinquent Taxes Receivable (Net)	5,292	16		147	368	5,823
Due from Other County Funds	12,041	3,351	9,887	20	730	26,029
Due from Other Governments (Net)	42,325	2,457	15,780	5	17,786	78,353
Inventories	7,767		2,004			9,771
Other Assets	524		1,146		12	1,682
Advances to Component Unit	455			428		883
Total Assets	\$445,219	\$ 5,965	\$179,279	\$344,976	\$479,234	\$1,454,673
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 29,877		\$ 3,570	\$ 3,545	\$ 3,592	\$ 40,584
Accrued Liabilities	20,107		2,267	1,395	4,059	27,828
Due to Other County Funds	772	\$ 8,830			13,078	22,680
Due to Component Unit	166					166
Due to Other Governments	9,482				297	9,779
Escrow Deposits	7,203		6,360		12	13,575
Deferred Revenues	20,867	69	39	147	16,454	37,576
Total Liabilities	88,474	8,899	12,236	5,087	37,492	152,188
Fund Balances:						
Nonspendable	9,295		2,004		12	11,311
Restricted	49,819		157,102	7,001	368,910	582,832
Committed	30,859		7,937	332,888	62,928	434,612
Assigned	164,395				9,912	174,307
Unassigned	102,377	(2,934)			(20)	99,423
Total Fund Balances	356,745	(2,934)	167,043	339,889	441,742	1,302,485
Total Liabilities and Fund Balances	\$445,219	\$ 5,965	\$179,279	\$344,976	\$479,234	\$1,454,673

See accompanying notes.

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS

September 30, 2011
(In Thousands)

Fund balances - total governmental funds \$ 1,302,485

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

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

	Asset Cost	Accumulated Depreciation	Net	
Land	\$ 400,070		\$ 400,070	
Construction in Progress	172,075		172,075	
Buildings	1,002,623	\$ (312,341)	690,282	
Improvements	1,182,686	(344,426)	838,260	
Equipment	698,364	(521,572)	176,792	2,277,479

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds. 9,501

Certain assets reported in governmental activities are not financial resources and therefore are not reported in governmental funds.

Prepaid expenses	\$ 1,480	
Deferred charges - unamortized bond issuance costs	5,627	7,107

Some liabilities applicable to the County's governmental activities are not due and payable in the current period and are not reported as fund liabilities.

General obligation bonds	\$ (356,215)	
Special obligation bonds	(374,980)	
Loans payable and other obligations	(27,205)	
Discount/(premium) and deferred on refunding	(18,720)	
Compensated absences	(101,038)	
Postemployment benefits other than pension	(68,565)	
Accrued interest payable	(11,601)	(958,324)

Internal service funds are used by management to charge the costs of self-insurance, printing and fleet services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 25,021

Total net assets of governmental activities \$ 2,663,269

See accompanying notes.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)

Governmental Funds
for the fiscal year ended September 30, 2011
(In Thousands)

	<i>MAJOR FUNDS</i>					Total Governmental Funds
	General Fund	Sheriff Contractual Services	Transportation Capital Projects	Capital Outlay Reserve	Other Governmental Funds	
Revenues:						
Taxes (Net of Discounts)	\$ 627,517	\$ 2,017	\$ 60,623	\$ 7,823	\$ 56,984	\$ 754,964
Special Assessment/Impact Fees	1	1,090	3,235	554		4,880
Licenses and Permits	16,067		488		825	17,380
Federal Grants	61,667				59,066	120,733
State Revenues:						
Revenue Sharing	35,503					35,503
Grants	27,602		1,057		3,704	32,363
Licenses			388	448		836
Gasoline Taxes			22,351			22,351
Tourist Tax	40,630					40,630
One-Half Cent Sales Tax	48,474	484	13,077			62,035
Other	2,000				4,508	6,508
Charges for Services	104,496	242,759	3,738	109	1,928	353,030
Fines and Forfeitures	14,143				9,686	23,829
Interest Income	8,159		1,640	3,436	2,599	15,834
Miscellaneous	20,858	2,109	1,985	293	8,922	34,167
Total Revenues	1,007,117	248,459	108,582	12,663	148,222	1,525,043
Expenditures:						
Current:						
General Government	192,909					192,909
Public Safety	418,247	242,597			40,242	701,086
Transportation	119,189					119,189
Human Services	134,319					134,319
Culture and Recreation	123,417					123,417
Physical Environment	13,168				3,023	16,191
Economic Environment	21,427				4,024	25,451
Capital Outlay		2,850	51,107	48,730	92,309	194,996
Debt Service:						
Principal Retirement					54,770	54,770
Interest and Fiscal Charges	2				37,473	37,475
Bond and Loan Issuance Costs					2	2
Total Expenditures	1,022,678	245,447	51,107	48,730	231,843	1,599,805
Excess of Revenues Over (Under) Expenditures	(15,561)	3,012	57,475	(36,067)	(83,621)	(74,762)
Other Financing Sources (Uses):						
Transfers In	74,335	3,026	10,361	493	43,170	131,385
Transfers Out	(26,926)	(10,077)	(60,782)	(8,375)	(26,528)	(132,688)
Total Other Financing Sources (Uses)	47,409	(7,051)	(50,421)	(7,882)	16,642	(1,303)
Net Change in Fund Balances	31,848	(4,039)	7,054	(43,949)	(66,979)	(76,065)
Fund Balances, October 1, as Restated	325,289	1,105	159,553	383,838	508,721	1,378,506
Changes in Fund Balance for Inventory and Prepaids	(392)		436			44
Fund Balances (Deficit), September 30	\$ 356,745	\$(2,934)	\$167,043	\$339,889	\$441,742	\$1,302,485

See accompanying notes.

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT) TO THE STATEMENT OF ACTIVITIES

for the fiscal year ended September 30, 2011
(In Thousands)

Net change in fund balances - total governmental funds	\$	(76,065)	
Changes in fund balance for inventory and prepaids		44	(76,021)
Total change in net assets reported for governmental activities in the statement of activities is different because:			
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the statement of activities, the loss on disposed capital assets is reported.</p>			
Expenditures for capital assets		144,681	
Current year depreciation		(135,015)	
Loss on disposition of assets		(1,477)	8,189
Some of the revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.			
			(752)
Bond and loan proceeds provide current financing resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds but reduces the long-term liability in the statement of net assets.			
Principal payment			54,770
Governmental funds report bond and loan issuance costs as expenditures. However, these amounts are reported on the statement of net assets as deferred charges and amortized over the life of the debt.			
Bond issuance costs		2	
Amortization of bond and loan issuance costs		(525)	(523)
Governmental funds report operating leases as expenditures. However, these amounts are reported on the statement of net assets as prepaid expenses and amortized over the life of the lease.			
Amortization of prepaid rent			(45)
Some expenses reported in the statement of activities do not require the use of financial resources and therefore are not reported as expenditures in governmental funds. These expenses are:			
Change in compensated absences		4,063	
Change in postemployment benefits other than pension		(15,619)	
Change in accrued interest payable		(2,668)	
Change in arbitrage rebate payable		54	
Amortization of debt discount and premium		3,230	
Amortization of refunding difference		(1,680)	(12,620)
The net revenue of certain activities of internal service funds is reported with governmental activities on the statement of activities.			2,365
Change in net assets of governmental activities	\$	(24,637)	

See accompanying notes.

PROPRIETARY FUNDS

Statement of Net Assets

September 30, 2011

(In Thousands)

	Aviation	Port Everglades	Water and Wastewater	Resource Recovery System	Other Nonmajor Enterprise Funds	Total	Internal Service Funds
ASSETS							
Current Assets:							
Cash and Cash Equivalents	\$ 33,179	\$ 13,945	\$ 41,847	\$ 11,479	\$11,404	\$ 111,854	\$ 20,679
Investments	38,949	192,508		58,881	85	290,423	90,259
Accounts Receivable (Net)	11,142	5,350	12,764	10,219	19	39,494	56
Due from Other County Funds					275	275	21,357
Due from Other Governments (Net)	7,526	744			15	8,285	68
Inventories	389	5,384	7,121		128	13,022	953
Other Current Assets	14,267	3,062	703			18,032	67
Total Current Assets	105,452	220,993	62,435	80,579	11,926	481,385	133,439
Noncurrent Assets:							
Restricted Assets:							
Cash and Cash Equivalents	71,787	16,778	12,719			101,284	
Investments	286,238	13,966	51,314	31,994	1,182	384,694	
Deferred Swap Outflow		5,752				5,752	
Deferred Charges	7,400	3,040	2,466			12,906	
Capital Assets:							
Land	282,797	56,754	4,901		1,620	346,072	
Construction in Progress	142,041	29,426	108,117	147		279,731	
Landfill (Net)				39,760		39,760	
Property Held for Leasing (Net)		195,970				195,970	
Buildings (Net)	553,535	144,868	83,907	887	16	783,213	
Improvements (Net)	411,968	61,365		12,797	286	486,416	
Equipment (Net)	9,662	84,906	499,034	1,681	90	595,373	1,076
Total Noncurrent Assets	1,765,428	612,825	762,458	87,266	3,194	3,231,171	1,076
Total Assets	1,870,880	833,818	824,893	167,845	15,120	3,712,556	134,515
LIABILITIES							
Current Liabilities:							
Accounts Payable	3,041	8,168	4,974	11,800	177	28,160	1,017
Accrued Liabilities	3,990	2,647	6,275	560	129	13,601	7,324
Due to Other County Funds	3,196	155	21,355	275		24,981	
Due to Other Governments	351	1,119	2,177	3,422	31	7,100	
Unearned Revenues	17,898					17,898	8,219
Other Current Liabilities	4,187		12	311		4,510	27,360
Total Current Liabilities	32,663	12,089	34,793	16,368	337	96,250	43,920
Noncurrent Liabilities:							
Liabilities Payable from Restricted Assets	88,113	19,689	28,473		295	136,570	
Revenue Bonds and Loans Payable							
Long-Term (Net)	639,295	267,807	402,623			1,309,725	
Other Long-Term Liabilities	3,358	1,710	2,957	23,191	999	32,215	71,808
Fair Value of Interest Rate Swap		5,752				5,752	
Total Noncurrent Liabilities	730,766	294,958	434,053	23,191	1,294	1,484,262	71,808
Total Liabilities	763,429	307,047	468,846	39,559	1,631	1,580,512	115,728
NET ASSETS							
Invested in Capital Assets, Net of Related Debt	732,753	287,782	276,709	55,271	2,012	1,354,527	1,076
Restricted for:							
Capital Projects	158,047	176				158,223	
Debt Service	46,933	11,824	40,110			98,867	
Passenger Facility Charges	103,427					103,427	
Landfill Closure				27,499	1,182	28,681	
Revenue Bonds Renewal and Replacement		16,966	5,600			22,566	
Unrestricted	66,291	210,023	33,628	45,516	10,295	365,753	17,711
Total Net Assets	\$1,107,451	\$526,771	\$356,047	\$128,286	\$13,489	2,132,044	\$ 18,787
Adjustment to reflect the consolidation of internal service fund activities related to business-type activities						(6,234)	
Net assets of business-type activities						\$2,125,810	

See accompanying notes.

PROPRIETARY FUNDS
Statement of Revenues, Expenses and Changes in Fund Net Assets
for the fiscal year ended September 30, 2011
(In Thousands)

	<i>Aviation</i>	<i>Port Everglades</i>	<i>Water and Wastewater</i>	<i>Resource Recovery System</i>	<i>Other Nonmajor Enterprise Funds</i>	<i>Total</i>	<i>Internal Service Funds</i>
Operating Revenues:							
Concessions	\$ 47,915					\$ 47,915	
Parking Fees	38,710	\$ 8,173				46,883	
Terminal Rentals	39,050					39,050	
Airfield Fees	14,177					14,177	
Building and Ground Rentals	12,513	10,409				22,922	
Vessel and Cargo Services		118,453				118,453	
Wastewater Treatment Charges			\$ 64,843			64,843	
Water Sales			45,114			45,114	
Tipping Fees				\$ 93,519		93,519	
Recycling				3,561	\$ 172	3,733	
Customer Facility Charges	25,148					25,148	
Assessments					1,207	1,207	
Miscellaneous	1,845	2,142	4,094	385	1,332	9,798	\$116,121
Total Operating Revenues	179,358	139,177	114,051	97,465	2,711	532,762	116,121
Operating Expenses:							
Personal Services	31,360	17,943	24,664	4,418	2,203	80,588	7,042
General Operating	83,981	56,239	39,279	96,886	2,368	278,753	108,763
Depreciation	52,497	25,363	30,975	1,716	85	110,636	652
Total Operating Expenses	167,838	99,545	94,918	103,020	4,656	469,977	116,457
Operating Income (Loss)	11,520	39,632	19,133	(5,555)	(1,945)	62,785	(336)
Non-Operating Revenues (Expenses):							
Interest Income	2,323	830	1,570	862	110	5,695	1,230
Interest Expense	(36,689)	(15,778)	(17,608)	(207)		(70,282)	
Gain (Loss) on Sale of Capital Assets	12	27	25	196		260	45
Passenger Facility Charges	48,363					48,363	
Other	(547)	(1,109)	557	(8,585)	199	(9,485)	1,123
Total Non-Operating Revenues (Expenses)	13,462	(16,030)	(15,456)	(7,734)	309	(25,449)	2,398
Income (Loss) Before Capital Contributions and Transfers	24,982	23,602	3,677	(13,289)	(1,636)	37,336	2,062
Capital Contributions	31,212	3,423	3,936			38,571	
Transfers In				287	1,853	2,140	
Transfers Out				(550)	(287)	(837)	
Change in Net Assets	56,194	27,025	7,613	(13,552)	(70)	77,210	2,062
Total Net Assets, October 1	1,051,257	499,746	348,434	141,838	13,559		16,725
Total Net Assets, September 30	\$1,107,451	\$526,771	\$356,047	\$128,286	\$13,489		\$ 18,787
Adjustment to reflect the allocation of internal service fund change in fund net assets to business-type activities						(303)	
Change in fund net assets of business-type activities						\$76,907	

See accompanying notes

PROPRIETARY FUNDS

Statement of Cash Flows

for the fiscal year ended September 30, 2011
(In Thousands)

	<i>Aviation</i>	<i>Port Everglades</i>	<i>Water and Wastewater</i>	<i>Resource Recovery System</i>	<i>Other Nonmajor Enterprise Funds</i>	<i>Total</i>	<i>Internal Service Funds</i>
Cash Flows from Operating Activities:							
Cash Received from Customers	\$ 184,878	\$ 141,138	\$ 116,498	\$ 97,677	\$ 2,722	\$ 542,913	\$ 9,734
Cash Received for Premiums							94,558
Cash Payments to Suppliers for Goods and Services	(94,703)	(56,557)	(38,846)	(92,886)	(3,371)	(286,363)	(78,839)
Cash Payments to Employees for Services	(31,177)	(17,820)	(24,888)	(4,466)	(2,098)	(80,449)	(7,105)
Cash Payments for Claims							(24,930)
Other Cash Received		(253)		53	199	(1)	1,123
Other Cash Paid			853	(6,252)		(5,399)	
Net Cash Provided by (Used for) Operating Activities	58,998	66,508	53,617	(5,874)	(2,548)	170,701	(5,459)
Cash Flows from Noncapital Financing Activities:							
Transfers In				287	1,853	2,140	
Transfers Out				(550)	(287)	(837)	
Net Cash Provided by (Used for) Noncapital Financing Activities				(263)	1,566	1,303	
Cash Flows from Capital and Related Financing Activities:							
Acquisition and Construction of Capital Assets	(111,809)	(17,853)	(64,245)	(860)	(7)	(194,774)	(138)
Proceed from Internal Loan			21,355			21,355	
Proceeds from Sale of Capital Assets		27	25	244		296	45
Debt Principal Payments	(47,280)	(16,855)	(9,706)	(6,545)		(80,386)	
Interest and Fiscal Charges Paid	(37,764)	(15,195)	(17,752)	(228)		(70,939)	
Capital Contributions	37,922	3,692	2,384			43,998	
Receipt of Passenger Facility Charges	48,372					48,372	
Net Cash Used for Capital and Related Financing Activities	\$ (110,559)	\$ (46,184)	\$ (67,939)	\$ (7,389)	\$ (7)	\$ (232,078)	\$ (93)

(continued)

See accompanying notes.

PROPRIETARY FUNDS
Statement of Cash Flows, continued
for the fiscal year ended September 30, 2011
(In Thousands)

	Aviation	Port Everglades	Water and Wastewater	Resource Recovery System	Other Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash Flows from Investing Activities:							
Purchase of Investment Securities	\$ (302,505)	\$ (358,602)	\$ (102,646)	\$ (82,817)	\$ (208)	\$ (846,778)	\$ (96,251)
Proceeds from Sale and Maturities of Investment Securities	379,540	322,105	87,341	102,413	396	891,795	105,037
Interest and Dividends on Investments	2,323	882	1,569	847	110	5,731	1,230
Net Cash Provided by (Used for) Investing Activities	79,358	(35,615)	(13,736)	20,443	298	50,748	10,016
Net Increase (Decrease) in Cash and Cash Equivalents	27,797	(15,291)	(28,058)	6,917	(691)	(9,326)	4,464
Cash and Cash Equivalents, October 1	77,169	46,014	82,624	4,562	12,095	222,464	16,215
Cash and Cash Equivalents, Sept 30	\$ 104,966	\$ 30,723	\$ 54,566	\$ 11,479	\$ 11,404	\$ 213,138	\$ 20,679
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Operating Income (Loss)	\$ 11,520	\$ 39,632	\$ 19,133	\$ (5,555)	\$ (1,945)	\$ 62,785	\$ (336)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Depreciation Expense	52,497	25,363	30,975	1,716	85	110,636	652
Miscellaneous Non-Operating Revenue (Expense)	(547)	(253)	853	(7,971)	199	(7,719)	1,123
Decrease (Increase) in Assets:							
Accounts Receivable (Net)	375	1,943	2,014	212	11	4,555	68
Due from Other County Funds							(21,347)
Due from Other Governments (Net)					(275)	(275)	
Inventory	(11)	314	121		(27)	397	(171)
Other Current Assets	(6,878)	308	560			(6,010)	
Increase (Decrease) in Liabilities:							
Accounts Payable	(2,606)	485	(248)	3,514	(272)	873	(200)
Accrued Liabilities	(1,753)	3	128	85	3	(1,534)	9,453
Due to Other County Funds	1,316	(581)		275		1,010	
Due to Other Governments	(185)	(844)	228	2,276	31	1,506	
Unearned Revenue	6,762					6,762	
Other Current Liabilities	(1,366)			4		(1,362)	1,096
Noncurrent Liabilities	(126)	138	(147)	(430)	(358)	(923)	4,203
Total Adjustments	47,478	26,876	34,484	(319)	(603)	107,916	(5,123)
Net Cash Provided by (Used for) Operating Activities	\$ 58,998	\$ 66,508	\$ 53,617	\$ (5,874)	\$ (2,548)	\$ 170,701	\$ (5,459)
Noncash Investing, Capital and Financing Activities:							
Change in Fair Value of Investments	\$ 1,604	\$ 130	\$ 3,111	\$ 719	\$ 90	\$ 5,654	\$ 788
Capital Contributions			1,552			1,552	

See accompanying notes.

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

Agency Funds

September 30, 2011

(In Thousands)

	<i>Total</i>
ASSETS	
Cash and Cash Equivalents	\$ 12,217
Investments	34,647
Accounts Receivable (Net)	1,261
Delinquent Taxes Receivable (Net)	116,995
Due from Other Governments (Net)	318
Total Assets	\$165,438
LIABILITIES	
Accounts Payable	\$ 346
Due to Other Governments	11,866
Due to Individuals	4,885
Escrow Deposits	146,927
Evidence Seizures	1,414
Total Liabilities	\$165,438

See accompanying notes.

COMPONENT UNITS

Statement of Net Assets

September 30, 2011
(In Thousands)

	<i>Clerk of Courts</i>	<i>Housing Finance</i>	<i>Health Facilities</i>	<i>Total</i>
ASSETS				
Cash and Cash Equivalents	\$ 3,612	\$ 36	\$ 95	\$ 3,743
Investments		10,448		10,448
Receivables (Net)	2,514	1,470		3,984
Due from Primary Government	157		9	166
Due from Other Governments (Net)	105			105
Other Current Assets	304			304
Restricted Assets:				
Cash and Cash Equivalents	556	300		856
Capital Assets:				
Non-depreciable		653		653
Depreciable (Net)	5,077	709		5,786
Total Assets	12,325	13,616	104	26,045
LIABILITIES				
Accounts Payable	627			627
Accrued Liabilities	2,333	117		2,450
Due to Other Governments			36	36
Escrow Deposits		228		228
Unearned Revenue	737			737
Advance from Primary Government		883		883
Non-current Liabilities:				
Due Within One Year	616	130		746
Due in More Than One Year	2,368			2,368
Total Liabilities	6,681	1,358	36	8,075
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	5,077	907		5,984
Restricted for Other	2,171			2,171
Unrestricted	(1,604)	11,351	68	9,815
Total Net Assets	\$ 5,644	\$12,258	\$ 68	\$17,970

See accompanying notes

COMPONENT UNITS

Statement of Activities for the fiscal year ended September 30, 2011 (In Thousands)

	<i>Clerk of Courts</i>	<i>Housing Finance</i>	<i>Health Facilities</i>	<i>Total</i>
Program Expenses:				
Personal Services	\$37,334	\$ 752		\$38,086
Professional Fees		232	\$ 4	236
General Operating	5,913	295		6,208
Depreciation	2,453	54		2,507
Interest Expense		22		22
Payment to Primary Government			36	36
Professional Fees				
Total Program Expenses	45,700	1,355	40	47,095
Program Revenues:				
Charges for Services				
Court Related Revenues	42,837			42,837
Fines and Forfeitures	1			1
Recording Fees	2,312			2,312
Authority Fees		843	83	926
Rentals		117		117
Bond Issuance and Redemption Income		55		55
Total Program Revenues	45,150	1,015	83	46,248
Program Income (Loss)	(550)	(340)	43	(847)
General Revenues:				
Interest and Investment Income		178	1	179
Total General Revenues		178	1	179
Change in Net Assets	(550)	(162)	44	(668)
Net Assets - Beginning	6,194	12,420	24	18,638
Net Assets - Ending	\$ 5,644	\$12,258	\$68	\$17,970

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS – CONTENTS

Note	Page
1. Summary of Significant Accounting Policies	33
2. Deposits and Investments	42
3. Capital Assets	43
4. Long-Term Obligations	46
5. Self-Insurance	53
6. Interfund Balances and Interfund Transfers	54
7. Landfill Closure and Postclosure Care Costs	55
8. Large User Agreements	55
9. Related Party Transactions	56
10. Pension Costs	56
11. Other Postemployment Benefits Other Than Pensions	56
12. Commitments and Contingent Liabilities	58
13. Subsequent Events	60

NOTE I -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), Property Appraiser, Sheriff, and Supervisor of Elections comprise the Broward County primary government.

The accompanying financial statements present the County (the primary government) and its component units. Component units are 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 four individual Water Control Districts (District No. 2, District No. 3, District No. 4 and Cocomar) 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 the Board of County Commissioners. 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.

The following organizations are also shown as blended component units:

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 BOCC. 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 BOCC 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 (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 Clerk of Circuit and County Courts (Clerk) is an elected, Constitutional Office of the County and has separate legal standing from the County. The governing body of the Clerk is not the same as the governing body of the County. The Clerk provides services to the courts and receives most of its revenues from those who are utilizing court services and processes. The Clerk is included as a component unit because its exclusion from the financial reporting entity could render the County's financial statements misleading.

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 a note payable to the County which is secured by an office building. The principal balance of the note was \$455,000 on September 30, 2011. The note is due in full on or before July 1, 2015 and bears interest at 4 percent.

Complete financial statements for each of the individual discretely presented 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.

Clerk of Circuit and County Courts

Finance and Budget Department
201 S.E. 6th Street, Room 275
Fort Lauderdale, FL 33301

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 statement of activities) 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 Contractual Services Fund – This fund accounts for all financial resources relating to services provided by the Sheriff's Office for law enforcement services, and emergency medical and fire protection services to the Fort Lauderdale-Hollywood International Airport, Port Everglades, unincorporated areas, and a number of municipalities through police services contracts.

Transportation Capital Projects Fund – This fund accounts for transportation construction and maintenance capital projects funded by state and local gas taxes, developer contributions, and payments from other government agencies.

Capital Outlay Reserve Fund – This fund accounts 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.

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 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

Government-wide and Proprietary Fund Financial Statements – The government-wide and proprietary 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 sixty days of the end of the current fiscal period except for grants which are collected within six months. Intergovernmental revenues, property taxes and interest are significant revenue sources considered to be susceptible to accrual in the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences claims and judgments and postemployment benefits other than pensions, 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 the purchase or use of the proprietary fund's principal products or services. Operating expenses for enterprise funds and internal service funds include the cost of sales of goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Fund Financial Statements – Agency funds report only assets and liabilities, have no measurement focus, and use the accrual basis of accounting.

D. Assets, Liabilities and Net Assets or Fund Balances

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 ninety days 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 is presented as "cash and cash equivalents", "investments" or "restricted assets" as appropriate. Earnings are allocated 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 and equity in the County's cash management pool with original maturities at time of purchase of three months or less.

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 State Board of Administration Investment Pool - an SEC Rule 2a-7 like fund which has the characteristics of a Money Market Fund, 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 County 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 \$81,928,000.

2. (a) Disaggregation of Receivables and Payables Balances

Receivables

Receivables in the General Fund consist of: 59% percent liens receivable, the majority of which are not expected to be collected within one year; 10% vendor receivables; 23% tourist development taxes receivable from hotels and motels; and 8% loans receivable from the Museum of Art, none of which are scheduled to be collected in the subsequent year. Receivables in the Special Revenue Funds consist of 78% local housing assistance receivables, which are principally long term notes receivable, none of which are scheduled to be collected in the subsequent year and 22% Sheriff Contractual Services receivables. Receivables in the Enterprise Funds are 74% due from customers and 26% due from haulers which deliver to the resource recovery plants.

Payables

Accounts payable balances in each fund are 100 percent payable to vendors.

3. Due from Other Governments

Sheriff Contractual Services Fund includes \$1,072,000 due from the City of Lauderdale Lakes. The total due from the City of Lauderdale Lakes is \$9,120,000 less an allowance of \$8,048,000.

4. 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.

5. Inventories and Prepaid Items

Inventories consist principally of materials and supplies held for consumption and are recorded at cost for Governmental Funds and at the lower of average cost or market for Proprietary Funds. In the Governmental Funds the cost of inventories is recorded as expenditures at the time of purchase, while in the other funds, the cost of inventories is recorded as expenditures when consumed. In the Governmental Funds, reported inventories are classified as Nonspendable fund balances. Payments for prepaid items are reported as expenditures in the Governmental Funds and are capitalized and reflected as prepaid expenses in the government-wide financial statements.

6. Restricted Assets

Restricted assets and reserves of the Enterprise Funds at September 30, 2011 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	\$196,597
Construction accounts	146,832
Landfill closure escrow accounts	28,681
Other restricted accounts	113,868
<hr/>	
Total	\$485,978
<hr/>	

Amounts payable from restricted assets at September 30, 2011 consist of the following (in thousands):

Accounts payable	\$ 24,089
Revenue bonds and interest payable	103,014
Customers' deposits	8,961
Unearned revenue	211
Accrued closure costs	295
Total	\$136,570

Reclassified on government-wide statements (in thousands)	
Current liabilities payable from restricted assets	\$60,669
Noncurrent liabilities	\$75,901

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), including those assets acquired prior to fiscal year ended September 30, 1980, are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The capitalization levels are \$1,000 for equipment and \$5,000 for land, buildings and infrastructure. 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 2011 was \$72,829,000. Of this amount, \$2,547,000 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 navigation 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

8. 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.

9. 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 refundings 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 refundings. Bond issuance costs are reported as deferred charges.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, deferral amounts on refundings, 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 are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Fund Balance Classification Policies and Procedures

In the fund financial statements, governmental funds report fund balance in classifications based on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. When both restricted and unrestricted resources are available for use when expenditures are incurred, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted resources are to be used, the committed amounts are used first, followed by assigned then unassigned.

Fund balances are classified as follows:

1. *Nonspendable – amounts cannot be spent because they are not in spendable form (e.g., inventories, prepaid and long-term loans and notes receivable) or legally or contractually required to be maintained intact.*
2. *Restricted – amounts are restricted to specific purposes due to the constraints imposed externally by creditors, grantors, contributors, laws or regulations of other governments or by law through constitutional provision or enabling legislation.*
3. *Committed – amounts can be used for specific purposes pursuant to the constraints imposed by formal actions (e.g., ordinance and resolution) of the County Commission, the County's highest level of decision making authority. Amounts specifically committed for use in satisfying contractual obligations are also included in this classification.*
4. *Assigned – amounts are constrained by the County's intent to be used for specific purposes. Intent should be expressed by the County Commission or its designee. The Administrative Code identifies the Office of Management and Budget as the responsible agency for all activities relating to the allocation of County resources. Also included are all remaining amounts (except for negative balances) reported in Debt Service, Capital Project and Special Revenue Funds that are not classified as nonspendable and neither restricted nor committed.*
5. *Unassigned – residual amount reported in General Fund and negative residual amount in Debt Service, Capital Project and Special Revenue Funds.*

The following is governmental fund balances in detail as of September 30, 2011 (in thousands):

	Major Funds				Other	Total
	General	Sheriff	Transportation	Capital	Governmental	Governmental
	Fund	Contractual	Capital	Outlay	Funds	Funds
		Services	Projects	Reserve		
Fund Balances:						
Nonspendable						
Inventory	\$ 7,767		\$ 2,004			\$ 9,771
Prepaid	524				\$ 12	536
Long-term Loans Receivable	1,004					1,004
Restricted for:						
E-911	22,699					22,699
Court Fee Funds	25,667					25,667
Equipment Modernization	1,453					1,453
Debt Service					26,127	26,127
Parks & Land Preservation				\$ 5,559	50,977	56,536
Beach Renourishment					23,519	23,519
Libraries					18,684	18,684
Unincorporated Area Capital Projects					35,907	35,907
Transportation			157,102		4,504	161,606
Building & Improvements				1,442	201,633	203,075
Public Safety - Sheriff					4,148	4,148
Inmate Welfare - Sheriff					3,411	3,411
Committed to:						
Park Open Space and Recreational				1,893		1,893
Public Art and Design				3,573		3,573
Public Safety				5,257	14,370	19,627
Air Quality and Pollution Recovery	2,873				637	3,510
Animal Care	966					966
Community Services					955	955
Transportation			7,937			7,937
Greater Fort Lauderdale Convention and Visitors Bureau	20,117					20,117
Water Control Districts					3,350	3,350
Law Library	851					851
Mosquito Control	5					5
Clerk of Court Data Processing	99					99
Manatee Protection Plan	897					897
Pay Telephone	117					117
Municipal Lighting District	527					527
Community Redevelopment and Affordable Housing				25,970		25,970
Convention Center Capital Projects					7,229	7,229
Unincorporated Area Capital Projects					36,387	36,387
Park Improvements				11,661		11,661
Building and Improvements				276,586		276,586
Library Improvements				1,238		1,238
Other Capital Projects				6,710		6,710
Other Purposes	4,407					4,407
Assigned to:						
Emergencies and Cash Flow	104,000					104,000
Fuel Increase	3,000					3,000
Library and Parks Operations	1,196					1,196
Sheriff	962					962
Other Post Employment Benefits	26,140					26,140
FRS Increases	3,400					3,400
Municipal Service District	5,139					5,139
Mass Transit – Operating	9,782					9,782
Central Examining Board	2,216					2,216
Debt Service					9,912	9,912
Other Purposes	8,560					8,560
Unassigned:	102,377	\$ (2,934)			(20)	99,423
Total Fund Balances	\$356,745	\$ (2,934)	\$167,043	\$339,889	\$441,742	\$1,302,485

E. 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. This authorization was amended to increase the charge to \$4.50 per departing passenger effective October 1, 2005.

Through initial and subsequent FAA approvals, the Aviation Department is authorized to collect PFC's up to \$1,876,458,000 including interest, of which \$531,342,000 has been collected as of September 30, 2011. 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, 2011, \$430,929,000 of the collected PFCs had been spent on approved projects or debt service, and the remaining \$100,413,000 of cash along with a receivable of \$3,014,000 is reflected as a restricted asset and a restriction of net assets.

F. Restatements

Certain funds reported as special revenue funds in previously issued financial statements do not meet the GASB 54 criteria for classification as special revenue funds. The correction has been made and fund balances as of the beginning of the year were restated as follows (in thousands):

<u>Governmental Funds</u>	Beginning Fund Balance Before Restatement	Beginning Fund Balance After Restatement	Effect on Prior Year Changes in Fund Balance
General Fund	\$296,781	\$325,289	\$28,508
Sheriff Operations	3,278		(3,278)
Sheriff Contractual Service		1,105	1,105
Nonmajor Special Revenue	54,379	28,044	(26,335)
	<u>\$354,438</u>	<u>\$354,438</u>	<u>\$ -</u>

G. Use of Estimates

The preparation of financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Excess of Expenditures over Appropriations

For the year ended September 30, 2011, General Fund expenditures exceeded appropriations in the following departments (in thousands):

Public Safety - County Administration - Emergency Management Operations	\$ 59
Public Safety - Human Services - Mental Health	558
Public Safety - Human Services - Medical Examiner and Trauma Services	410
Public Safety - Environmental Protection and Growth Management - Emergency Management	606
Public Safety - Public Works - Facilities Improvement	3,724
Transportation - Public Works - Road and Street Facilities	1,115
Transportation - Aviation	369
Human Services - Community Services - Animal Care and Regulation	22
Physical Environment - Public Works - Waste and Recycling Services	63

For the year ended September 30, 2011, expenditures exceeded appropriations in the Half-Cent Sales Tax Revenue Bonds Debt Service Fund by \$42 thousand and in the Certificates of Participation Debt Service Fund by \$14,000.

I. Deficits

At September 30, 2011, the Sheriff Contractual Services Fund had an unassigned Fund deficit of \$2,934,000, primarily due to a long term receivable of \$8,048,000 due from the City of Lauderdale Lakes. The General Obligation Refunding Bonds Debt Service Fund had an unassigned fund deficit of \$20,000 which the County intends to eliminate in fiscal year 2012.

NOTE 2 -DEPOSITS AND INVESTMENTS

A. Summary of Deposit and Investment Balances

The following is a summary of the County's deposit and investment balances as of September 30, 2011 (in thousands):

	Statement of Net Assets		Fiduciary Funds	Total
	Primary Government	Component Units		
Cash and cash equivalents	\$ 590,054	\$ 3,743	\$ 12,217	\$ 606,014
Investments	1,238,255	10,448	34,647	1,283,350
Restricted assets	485,978	856		486,834
Total	\$ 2,314,287	\$ 15,047	\$ 46,864	\$ 2,376,198

B. 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", "investments", or "restricted assets" as appropriate. Earnings are allocated monthly to each fund based on average daily balances of cash and investments.

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 public depositories 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

The County has a formal investment policy that, in the opinion of management, is designed to insure conformity with State Statutes and seeks to limit exposure to investment risks. The investment policy specifies the types, issuer, and maturity of investment securities which are permissible, as well as performance measurement criteria. Securities are held to maturity with limited exceptions outlined in the investment policy. Qualified institutions utilized for investment transactions are also addressed within the policy, as well as diversification requirements for the investment portfolio. In 2007, the County was the first county portfolio in the state to receive the highest possible rating from Standard & Poor's (AA+/SI+), based on credit quality, risk and stability. In August 2011, Standard & Poor's downgraded the US Government's credit rating to AA+ from AAA. This resulted in the county's rating being lowered to AA+/SI+ due to the high concentration and duration of US Government securities in the portfolio.

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, certain Money Market Funds 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 counterparties to investment transactions and, in the opinion of County management, no types of investments during the period other than those permitted as enumerated above. The County does not have any direct exposure to subprime backed securities.

As of September 30, 2011, the County's investments consisted of the following (in thousands):

Investment Type	Fair Value	Weighted Average Maturity (Days)
U.S. Treasury	\$ 112,816	747
U.S. Agencies	1,424,929	1,000
TLGP-FDIC Backed Bonds	35,432	1,173
Commercial Paper	83,414	162
Money Market Mutual Funds	3,895	1
Total Fair Value	\$ 1,660,486	
Portfolio Weighted Average Maturity		942

Interest Rate Risk - In accordance with its investment policy, the County manages its exposure to interest rate volatility by limiting the weighted average maturity of its investment portfolio within the following maturity categories: overnight 35%; 1-30 days 80%; 31-90 days 80%; 91 days to 1 year 70%; 1-2 years 40%; 2-3 years 20%; 3-4 years 15%; 4-5 years 10%. As of September 30, 2011 the portfolio weighted average maturity was 942 days, and was in accordance with the County's investment policy.

Credit Risk -The County's investment policy contains specific rating criteria for certain investments. The policy states that commercial paper, bonds, notes, or obligations of the State of Florida, any municipality or political subdivision or any agency or authority of the state, if such obligations are rated, must be rated in one of the two highest rating categories by at least two nationally recognized rating agencies. Commercial paper not rated must be backed by a letter of credit or line of credit rated in one of the two highest rating categories. Any investments in World Bank Notes, Bonds and Discount Notes must be rated AAA or equivalent by Moody's Investor Service and/or Standard and Poor's Corporation.

The County's investments in U.S. Treasuries and U.S. Agencies are rated AA+ by Standard & Poor's and AAA by Fitch Ratings, and Aaa by Moody's Investor Services. The County's investments in commercial paper are rated P-1 by Moody's Investor Services and A-1 or higher by Standard & Poor's. The County's investments in Money Market Mutual Funds are rated AAAm by Standard & Poor's.

Concentration of Credit Risk - The County places no limit on the amount that may be invested in securities of the U. S. Government and Agencies thereof, or government sponsored corporate securities. The County requires that all other investments be diversified with no more than 5% of the value of the portfolio invested in the securities of any single issuer. GASB 40 requires disclosure of investments constituting 5% or more in any one issuer. The investments which exceed the 5% threshold are: the Federal Home Loan Bank (24.0%), the Federal Home Loan Mortgage Corporation (25.1%), the Federal National, Mortgage Association (26.1%), and the Federal Farm Credit Bank (9.4%).

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2011 is as follows (in thousands):

Governmental Activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 399,609	\$ 461		\$ 400,070
Construction in progress	191,105	52,525	\$ 71,555	172,075
Total capital assets not being depreciated	590,714	52,986	71,555	572,145
Capital assets being depreciated:				
Buildings	988,074	14,549		1,002,623
Improvements	1,083,308	99,378		1,182,686
Equipment	682,062	49,463	19,205	712,320
Total capital assets being depreciated	2,753,444	163,390	19,205	2,897,629
Less accumulated depreciation for:				
Buildings	278,105	34,236		312,341
Improvements	302,756	41,670		344,426
Equipment	492,417	59,761	17,726	534,452
Total accumulated depreciation	1,073,278	135,667	17,726	1,191,219
Total capital assets being depreciated, net	1,680,166	27,723	1,479	1,706,410
Governmental activities – capital assets, net	\$2,270,880	\$ 80,709	\$ 73,034	\$2,278,555

Business-type Activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 346,029	\$ 43		\$ 346,072
Construction in progress	198,203	202,389	\$ 120,861	279,731
Total capital assets not being depreciated	544,232	202,432	120,861	625,803
Capital assets being depreciated:				
Landfill	48,577			48,577
Property held for leasing	241,205	14,867		256,072
Buildings	1,220,707	1,720		1,222,427
Improvements	748,156	65,215		813,371
Equipment	925,556	32,428	2,388	955,596
Total capital assets being depreciated	3,184,201	114,230	2,388	3,296,043
Less accumulated depreciation for:				
Landfill	8,332	485		8,817
Property held for leasing	57,266	2,836		60,102
Buildings	402,409	36,805		439,214
Improvements	290,726	36,230	1	326,955
Equipment	328,260	34,280	2,317	360,223
Total accumulated depreciation	1,086,993	110,636	2,318	1,195,311
Total capital assets being depreciated, net	2,097,208	3,594	70	2,100,732
Business-type activities capital assets, net	\$ 2,641,440	\$ 206,026	\$ 120,931	\$ 2,726,535

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

Governmental Activities:	
General Government	\$ 23,417
Public Safety	6,780
Transportation	34,528
Human Services	1,479
Culture and Recreation	26,863
Physical Environment	18,682
Economic Environment	344
Sheriff	23,574
Total depreciation expense - governmental activities	\$ 135,667
Business - type Activities:	
Aviation	\$ 52,497
Port Everglades	25,363
Water and Wastewater	30,975
Resource Recovery	1,716
Other	85
Total depreciation expense - business-type activities	\$ 110,636

Construction Commitments

At September 30, 2011, the County had in process various uncompleted construction projects with remaining balances totaling approximately \$235,287,000. The retainage payable on these contracts totaled \$16,649,000. Funding for these projects is to be provided by 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 of minimum future rentals on non-cancelable operating leases as of September 30, 2011 (in thousands):

Years ending September 30:	
2012	\$ 67,900
2013	63,575
2014	48,135
2015	41,155
2016	38,653
2017-2021	86,890
2022-2026	20,349
2027-2031	18,341
2032-2036	12,082
2037-2041	5,930
2042-2046	4,154
2047-2051	5,053
2052-2056	6,148
2057-2061	7,480
2062-2066	9,101
2067-2071	11,073
2072-2076	13,472
2077-2081	16,390
2082-2086	19,941
2087-2091	24,262
2092-2096	5,908
Total	\$ 525,992

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, 2011 amounted to \$36,825,000.

The County has 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. These excess funds have been recorded as unearned revenue by the Aviation Fund at September 30, 2011. For the year ended September 30, 2011, these funds amounted to \$17,194,000.

Discretely Presented Component Units

Capital asset activity for the County's discretely presented component units for the year ended September 30, 2011 is as follows (in thousands):

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 653			\$ 653
Total capital assets not being depreciated	653			653
Capital assets being depreciated:				
Buildings	1,115			1,115
Equipment	17,705	\$ 2,997	\$ 1	20,701
Total capital assets being depreciated	18,820	2,997	1	21,816
Less accumulated depreciation for:				
Buildings	442	38		480
Equipment	13,082	2,468		15,550
Total accumulated depreciation	13,524	2,506		16,030
Total capital assets being depreciated, net	5,296	491	1	5,786
Capital assets, net	\$ 5,949	\$ 491	\$ 1	\$ 6,439

NOTE 4 - LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended September 30, 2011 are as follows (in thousands):

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending Balance</i>	<i>Due Within One Year</i>
Governmental Activities:					
General Obligation Bonds	\$ 393,665		\$ (37,450)	\$ 356,215	\$ 27,715
Special Obligation Bonds	383,080		(8,100)	374,980	8,955
Loans Payable and Other Obligations	36,425		(9,220)	27,205	6,730
Unamortized Bond Premiums, Discount and Deferred Amount on Refunding	20,270		(1,550)	18,720	
Claims, Judgments, and Arbitrage Liability	93,275	\$ 30,244	(24,984)	98,535	27,360
Compensated Absences	106,230	72,719	(76,819)	102,130	25,907
Postemployment Benefits Other Than Pensions	52,946	25,355	(9,736)	68,565	
Total	\$ 1,085,891	\$ 128,318	\$ (167,859)	\$ 1,046,350	\$ 96,667
Business-type Activities:					
Revenue Bonds Payable	\$ 1,465,695		\$ (75,645)	\$ 1,390,050	\$ 72,840
Loan Payable and Other Obligations	7,566		(4,800)	2,766	2,766
Unamortized Bond Premiums, Discount and Deferred Amount on Refunding	(8,208)		723	(7,485)	
Capital Lease	3,358		(2,879)	479	479
Compensated Absences	12,403	\$ 3,714	(4,240)	11,877	4,972
Postemployment Benefits Other Than Pensions	1,266	669	(251)	1,684	
Other	24,694	1,273	(2,046)	23,921	295
Total	\$ 1,506,774	\$ 5,656	\$ (89,138)	\$ 1,423,292	\$ 81,352

For the governmental activities, claims and judgments, compensated absences, and postemployment benefits other than pensions are generally liquidated by the general fund. Claims and judgments includes an estimated liability for insurance claims of \$98,535,000. There is no estimated arbitrage rebate liability for governmental activities at September 30, 2011. For the business-type activities, other long-term liabilities at September 30, 2011 included landfill closure and post closure costs of \$23,921,000.

The total obligations for Postemployment Benefits Other Than Pensions reflected above of \$70,249,000 is less than the total reflected in Note 11 by \$1,568,000 that applies to the Clerk of the Courts employees, a Component Unit.

Business-type loans payable and other obligations above includes an interest-free State Infrastructure Bank Loan amounting to \$2,766,000 with repayment due in fiscal year 2012.

The debt service requirements for all bonds and loans outstanding as of September 30, 2011 are as follows (in thousands):

<i>Year Ending September 30</i>	GOVERNMENTAL ACTIVITIES								BUSINESS-TYPE ACTIVITIES	
	<i>General Obligation Bonds</i>		<i>Special Obligation Bonds</i>		<i>Loan Payable and Other Obligations</i>		<i>Total</i>		<i>Revenue Bonds Payable</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2012	\$ 27,715	\$ 16,960	\$ 8,955	\$ 20,208	\$ 6,730	\$ 1,218	\$ 43,400	\$ 38,386	\$ 72,840	\$ 69,712
2013	21,055	15,814	10,850	19,816	5,115	948	37,020	36,578	76,410	66,044
2014	22,100	14,769	12,385	19,356	1,500	726	35,985	34,851	68,410	62,512
2015	23,210	13,655	10,580	18,865	1,570	662	35,360	33,182	60,435	59,303
2016	24,385	12,481	11,375	18,333	1,490	595	37,250	31,409	63,540	56,126
2017-2021	137,345	42,869	66,580	82,599	5,195	2,111	209,120	127,579	318,045	231,713
2022-2026	100,405	8,619	86,450	62,814	4,455	963	191,310	72,396	382,060	139,829
2027-2031			60,400	39,288	1,150	94	61,550	39,382	242,570	52,463
2032-2036			47,565	25,391			47,565	25,391	105,740	11,467
2037-2041			59,840	10,027			59,840	10,027		
Total	\$ 356,215	\$ 125,167	\$ 374,980	\$ 316,697	\$ 27,205	\$ 7,317	\$ 758,400	\$ 449,181	\$ 1,390,050	\$ 749,169

Governmental loans payable and other obligations above include: First Florida loans amounting to \$20,000,000 of principal and \$6,863,000 of interest; Certificates of Participation amounting to \$7,205,000 of principal and \$454,000 of interest.

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, 2011, the County was in compliance with significant debt covenants.

The following is a summary of the major provisions and significant debt service requirements for the outstanding bonds at September 30, 2011 (Dollars in thousands):

	Primary Purpose	Type	Interest Payment Rate %	Date
Governmental Activities				
General Obligation Bonds (GOB):				
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
2004 GOB	Parks and Land Preservation	serial	2.0-5.0	1-1 7-1
2005 GOB	Parks and Land Preservation	serial	3.0-5.0	1-1 7-1
2007 GOB A Refunding	Library Partial Advance Refunding	serial	4.0-5.0	1-1 7-1
2007 GOB B Refunding	Parks Partial Advance Refunding	serial	5.0	1-1 7-1
Total General Obligation Bonds				
Special Obligation Bonds:				
2004 Tourist Development Tax	Refunding Issue	serial	3.0-3.375	4-1 10-1
2006 Professional Sports Facilities	Civic Arena - Refunding Issue - A	serial/term	4.0-5.0	3-1 9-1
2006 Professional Sports Facilities	Civic Arena - Refunding Issue - B	serial/term	5.7-6.0	3-1 9-1
2010 Half-Cent Sales Tax - Series A	Main Courthouse Project	serial/term	2.5-5.25	4-1 10-1
2010 Half-Cent Sales Tax - Series B	Main Courthouse Project	term	5.764-6.26	4-1 10-1
2010 Half-Cent Sales Tax - Series C	Main Courthouse Project	term	6.556	4-1 10-1
Total Special Obligation Bonds				
Business-type Activities Revenue Bonds				
Aviation Fund				
1998E Airport System Revenue	Refunding Issue	serial	4.8-5.1	4-1 10-1
1998 G Airport System Revenue	Improvements	serial	3.70-5.125	4-1 10-1
1998 G Airport System Revenue	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	5.0	4-1 10-1
2001 I Passenger Facility Charge	Improvements	term	4.0-5.75	4-1 10-1
2001 J-1 Airport System Revenue	Improvements	term	5.25-5.75	4-1 10-1
2001 J-2 Airport System Revenue	Improvements	term	5.8-6.9	4-1 10-1
2004 L Airport System Revenue	Improvements	serial	2.0-4.6	4-1 10-1
2009 O Airport System Revenue	Refunding Issue	serial	2.0-5.375	4-1 10-1
Total Aviation Bonds				
Port Everglades Fund				
1989 A Port Facilities Refunding	Refunding Issue	term	5.0	3-1 9-1
1998 A Port Facilities Revenue	Refunding issue	serial	4.75-4.8	3-1 9-1
1998 B Port Facilities Revenue	Refunding Issue	term	5.0	3-1 9-1
1998 C Port Facilities Revenue	Capital Improvements	serial	5.375	3-1 9-1
1998 C Port Facilities Revenue	Capital Improvements	term	5.0	3-1 9-1
2008 Subordinate Port Facilities	Refunding Issue	serial	Variable	Monthly
2009A Port Facilities	Capital Improvements	serial	3.0-6.0	3-1 9-1
Total Port Everglades Bonds				
Water and Wastewater Fund				
2003 A Water and Sewer Utility	Construction and Refunding Issue	serial	2.0-5.0	4-1 10-1
2003 A Water and Sewer Utility	Construction and Refunding Issue	term	4.625	4-1 10-1
2003 B Water and Sewer Utility	Refunding Issue	serial	2.5-5.0	4-1 10-1
2005 Water and Sewer Utility	Construction and Refunding Issue	serial	5.0	4-1 10-1
2005 Water and Sewer Utility	Construction and Refunding Issue	term	5.0	4-1 10-1
2009 A Water and Sewer Utility	Construction and Refunding Issue	serial	2.1-5.3	4-1 10-1
Total Water and Wastewater Bonds				
Total Revenue Bonds				

Optional Redemption		Final Maturity Date	Original Amount Issued	Retired /Refunded	Outstanding September 30
Year	Premium				
2007	1%	1/1/2012	\$ 135,135	\$ (127,600)	\$ 7,535
N/A	N/A	1/1/2012	146,620	(139,015)	7,605
2007	N/A	1/1/2024	187,770	(120,710)	67,060
2015	N/A	1/1/2025	154,135	(44,640)	109,495
N/A	N/A	1/1/2021	86,690		86,690
2022	N/A	1/1/2024	77,830		77,830
					\$ 356,215
2011	N/A	10/1/2013	\$ 19,280	\$ (12,260)	\$ 7,020
2016	N/A	9/1/2028	124,290	(16,765)	107,525
2016	N/A	9/1/2028	52,475	(6,730)	45,745
2020	N/A	10/1/2036	95,960		95,960
2020	N/A	10/1/2030	69,950		69,950
2020	N/A	10/1/2040	48,780		48,780
					\$ 374,980
2008	1%	10/1/2013	\$ 75,560	\$ (17,805)	\$ 57,755
2008	1%	10/1/2018	44,635	(21,040)	23,595
2019	N/A	10/1/2023	18,880		18,880
2008	1%	10/1/2015	66,620	(44,200)	22,420
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	(8,295)	33,560
2011	1%	10/1/2026	135,970	(2,475)	133,495
2016	N/A	10/1/2021	149,185	(32,090)	117,095
2014	1%	10/1/2027	142,015	(26,015)	116,000
2019	N/A	10/1/2029	101,140	(1,790)	99,350
					682,200
N/A	N/A	9/1/2016	79,580	(26,395)	53,185
2009	N/A	9/1/2012	13,195	(10,340)	2,855
2009	N/A	9/1/2027	79,825		79,825
2009	N/A	9/1/2012	43,795	(33,575)	10,220
2009	N/A	9/1/2027	28,645		28,645
2009	N/A	9/1/2027	46,145	(6,620)	39,525
2019	N/A	9/1/2029	83,235	(4,575)	78,660
					292,915
2014	N/A	10/1/2025	84,415	(2,030)	82,385
2014	N/A	10/1/2027	20,215		20,215
2014	N/A	10/1/2027	99,370	(37,485)	61,885
2015	N/A	10/1/2026	23,065		23,065
N/A	N/A	10/1/2030	53,675		53,675
2014	N/A	10/1/2034	175,380	(1,670)	173,710
					414,935
					\$ 1,390,050

First Florida Governmental Financing Commission Loans Payable

The First Florida Governmental Financing Commission (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, 2011, the County had loans payable to the Commission totaling \$20,000,000.

The loans are included in Loans Payable and Other Obligations of Governmental Activities in the schedule of changes in long-term obligations and are due in annual installments through 2028. Interest on these loans is at fixed rates ranging from 3.6% to 8.0% payable semi-annually.

Obligation under Lease Purchase Agreements - Certificates of Participation

The County has entered into Master Lease-Purchase Agreements (Lease Agreements) with the Broward County Commission Governmental Leasing Corporation (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 1998 and Series 2004 (Certificates), to third parties, evidencing undivided proportionate interests 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 1998 and Series 2004 Certificates are insured by AMBAC Indemnity Corporation and Municipal Bond Investor Assurance Corporation (MBIA), 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 Ending September 30	Total Payments
2012	\$ 3,828
2013	3,831
Total	7,659
Less Interest	(454)
Principal Outstanding	\$ 7,205

Interest on the Certificates ranges from 2.00% to 5.00%. The principal amount of the Certificates has been included in Loans Payable and Other Obligations of Governmental Activities in the schedule of changes in long-term obligations at September 30, 2011.

Derivative Disclosure - Interest Rate Swap

Objective of the interest rate swap -The County entered into an interest rate swap agreement for \$46,145,000 of its 2008 Series Subordinate Port Facilities Refunding Revenue Bonds for the outstanding period of the bonds as a means to lower its true borrowing costs when compared against fixed-rate bonds at the time of issuance. The intention of the swap was to effectively change the County's variable interest rate. Based on the swap agreement, the County pays a synthetic fixed rate of 3.642%.

Terms - The bonds and the related swap agreement mature on September 1, 2027, and the swap's original notional amount of \$46,145,000 matches the original principal amount of the bonds issued. The swap was entered into at the same time that the bonds were issued (July 2008). The notional value of the swap and the principal amount of the associated debt declined beginning in fiscal 2008. The bonds are also subject to optional redemption beginning in 2008. Under the swap, the County pays the counterparty a fixed payment of 3.642% of the notional amount and receives a variable payment computed by the remarketing agent that would cause the bonds to have a market value equal to the principal thereof, plus accrued interest, under prevailing market conditions as of the date of the determination.

Fair value -As of September 30, 2011, the swap had a negative fair value of \$5,752,000. The swap's fair value is reported in "Deferred Swap Outflow" and "Fair Value of Interest Rate Swap" in the accompanying Statement of Net Assets. The swap's notional amount of \$39,525,000 matches the principal amount of the outstanding bonds.

Credit risk - As of September 30, 2011, the County was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value become positive, the County could be exposed to credit risk in the amount of the swap's fair value. The swap agreement is subject to termination prior to September 1, 2027, upon the occurrence of certain termination events. An irrevocable transferable direct-pay Letter of Credit (2008 Letter of Credit) was issued by The Bank of Nova Scotia (BONS) pursuant to the "Reimbursement Agreement" dated as of July 1, 2008 between the County and BONS. The 2008 Letter of Credit is an irrevocable obligation of BONS. The 2008 Letter of Credit was issued in an amount equal to the aggregate principal amount of the outstanding Series 2008 bonds, plus 56 days' interest thereon at the rate of 15% per annum. The Trustee, upon compliance with the terms of the 2008 Letter of Credit, is authorized and directed to draw amounts sufficient to pay principal and interest of the Series 2008 Bonds when due because of maturity, redemption or acceleration, delivered for purchase pursuant to a demand for purchase by the owner thereof or a mandatory tender for the purchase and not remarketed among other provisions.

Basis risk - Municipal interest rate swaps are normally based on a fixed payment and an indexed variable receipt instead of the actual variable debt payment. Any difference between the indexed variable receipt and the actual market-determined variable rate paid on the bonds is called "basis risk." Under the swap, the County will be paid the actual market-determined variable borrowing rate on the swap, as determined by the remarketing agent, which eliminates the basis risk.

Termination risk - Under certain conditions, the County or the counterparty may terminate the swap. If the swap is terminated, the variable-rate bonds would no longer carry a synthetic interest rate but would become fixed-rate bonds and this event could increase the County's total debt service. If at the time of termination the swap has a negative fair value by approximately the amount of such negative fair value, the counterparty would have no claim against the County for any other compensation.

Swap payments and associated debt - As interest rates vary, the variable-rate interest payments and swap payments will vary. Debt service requirements of the variable-rate bonds and the swap payments, based upon the fixed swap rate, were as follows (in thousands):

Year Ending September 30	Variable Rate Bonds		
	Principal	Interest	Total
2012	\$ 1,860	\$ 1,430	\$ 3,290
2013	1,930	1,358	3,288
2014	2,000	1,288	3,288
2015	2,075	1,216	3,291
2016	2,145	1,143	3,288
2017-2021	11,990	4,473	16,463
2022-2026	14,340	2,130	16,470
2027-2030	3,185	106	3,291
Total	\$39,525	\$13,144	\$52,669

The interest rate swap agreement does not affect the obligation of the County under the Indenture to repay the principal and variable interest on the Series 2008 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 counterparty 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.

Defeased Bonds

The County has entered into refunding transactions whereby refunding bonds have been issued to facilitate the retirement of the County's 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 County's outstanding long-term debt since the County has legally satisfied its obligations through the refunding transactions.

The following is a summary of the County's defeasance transactions (in thousands):

Year of Defeasance	Bond Issue(s) Defeased	Principal Outstanding September 30, 2011
1989	Port Facilities Revenue Bonds Series 1986	\$ 40,340
2007	General Obligation Bonds Library Project Series 2001A (Partially Refunded)	88,515
2007	General Obligation Bonds Parks & Land Series 2004 (Partially Refunded)	80,175

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, 2011 the total revenue bonds outstanding of HeFA and HFA are \$18,470,000 and \$477,076,000 respectively.

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.

Capital Lease

The Aviation Fund entered into a lease agreement as lessee for financing the acquisition of shuttle buses. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date.

The assets acquired through the capital lease are as follows (in thousands):

Asset:	
Equipment	\$9,656
Less: Accumulated depreciation	(4,651)
Total	\$5,005

The future minimum lease obligation and the net present value of the minimum lease payment as of September 30, 2011 is as follows (in thousands):

Year Ending September 30	
2012	\$492
Total minimum lease payments	492
Less: amount representing interest	(13)
Present value of minimum lease payments	\$479

Pledged Revenues

The County issues bonds that are secured by a pledge of specific revenues. Total pledged revenues to repay the principal and interest of revenue bonds as of September 30, 2011 are as follows (in thousands):

Governmental Activities:

	Professional Sports Franchise Facilities Tax, Sales Tax Rebate, and the County Preferred Revenue Allocation	Tourist Development Tax Revenue and Net Revenues of the Convention Center	Half-Cent Sales Tax and Federal Direct Payments from Build America Bonds
Current revenue pledged	\$22,275	\$ 30,875	\$ 64,944
Current year debt service	\$13,997	\$ 2,476	\$ 8,893
Total future revenues pledged*	\$233,205	\$ 7,390	\$ 451,082
Description of debt	Professional Sports Facilities Tax and Revenue Refunding Bonds, Series 2006 A & B	Tourist Development Tax Special Revenue Refunding Bonds (Convention Center), Series 2004	Half-Cent Sales Tax Revenue Bonds, Series 2010 A, B, & C
Purpose of debt	To refund Civic Arena Bonds Series 1996	To refund Tourist Development Tax Bonds Series 1994	Financing the acquisition and construction of a new courthouse and related parking facility
Term of commitment	2007-2028	2005-2013	2011-2041
Percentage of debt service to pledged revenues (current year)	62.8%	8.0%	13.7%

Business Type Activities:

	Airport Net Revenues	Port Everglades Net Revenues	Water and Sewer Net Revenues
Current revenue pledged	\$ 88,768	\$ 66,913	\$52,530
Current year debt service	\$ 55,925	\$ 32,043	\$29,999
Total future revenues pledged*	\$1,007,349	\$421,870	\$710,001
Description of debt	Airport System Revenue Bonds, issued 1998 -2009	Port Facility Revenue Bonds, issued 1989 -2009	Water and Sewer Utility Revenue Bonds issued 2003-2009
Purpose of debt	Improvement and Refunding	Capital Improvement and Refunding	Construction and Refunding
Term of commitment	2013-2030	2012-2029	2025-2035
Percentage of debt service to pledged revenues (current year)	63.0%	47.9%	57.1%

*Total future principal and interest payments

NOTE 5 - SELF-INSURANCE

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 County's Self-Insurance Program, the Risk Management Fund provides coverage for up to a maximum of \$2,000,000 (Self-Insured Retention Limit) for each workers' compensation occurrence. In addition, the County has purchased excess coverage for losses above the self-insured retention limit. Transportation Department, 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 Risk Management 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 \$5,000,000 per occurrence is provided through commercial coverage. Settled claims have not exceeded this commercial coverage in the past three years.

Funds participating in the Self-Insurance Program make payments to the Risk Management 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 Program totaled \$98,535,000 at September 30, 2011 and are reported as a liability of the Internal Service Funds. 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, 2011 reflects management's loss estimates of \$54,674,000 for all reported claims and \$48,360,000 for claims incurred but not reported, net of a discount of \$4,499,000 computed based on varying interest rates that range from 0.31% to 1.01%. The net assets accumulated in the County's Self-Insurance Program 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 Program's claims liability amount in Fiscal Year 2010 and 2011 were (in thousands):

<i>Fiscal Year</i>	<i>Liability October 1</i>	<i>Current Year Claims and Changes in Estimates</i>	<i>Liability Claim Payments</i>	<i>Liability September 30</i>
2010	\$89,435	\$26,453	\$22,667	\$93,221
2011	\$93,221	\$30,244	\$24,930	\$98,535

NOTE 6 – INTERFUND BALANCES AND INTERFUND TRANSFERS

Interfund Balances

Interfund balances at September 30, 2011 are as follows (in thousands):

Due to	Due from						Nonmajor Governmental	Total
	General Fund	Sheriff Contractual Services	Aviation	Port Everglades	Water and Wastewater	Resource Recovery System		
General Fund		\$ 8,830					\$ 3,211	\$ 12,041
Sheriff Contractual Services			\$ 3,196	\$ 155				3,351
Transportation Capital Projects	\$ 40						9,847	9,887
Capital Outlay Reserve							20	20
Nonmajor Governmental	730							730
Enterprise						\$ 275		275
Internal Service	2				\$ 21,355			21,357
Total	\$ 772	\$ 8,830	\$ 3,196	\$ 155	\$ 21,355	\$ 275	\$ 13,078	\$ 47,661

The \$8,830,000 due from the Sheriff Contractual Services Fund to the General Fund is for a cash loan made to the Sheriff Contractual Services to cover negative cash. The \$9,847,000 due from Nonmajor Governmental to Transportation Capital Projects is for a cash loan to Transportation Capital Projects to cover negative cash. The \$21,355,000 due from Water and Wastewater to Internal Service is for a short term internal loan for a Water and Wastewater Neighborhood Improvement Project.

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

Interfund Transfers

Interfund transfers for the year ended September 30, 2011 are as follows (in thousands):

Transfer to	Transfer from						Nonmajor Enterprise	Total
	General Fund	Sheriff Contractual Services	Transportation Capital Projects	Capital Outlay Reserve	Resource Recovery	Nonmajor Governmental		
General Fund		\$ 9,663	\$ 55,881	\$ 7,811		\$ 980		\$ 74,335
Sheriff Contractual Services	\$ 3,026							3,026
Transportation Capital Projects						10,361		10,361
Capital Outlay Reserve	225					268		493
Resource Recovery							\$ 287	287
Nonmajor Governmental	22,372	414	4,901	564		14,919		43,170
Enterprise	1,303				\$ 550			1,853
Total	\$ 26,926	\$ 10,077	\$ 60,782	\$ 8,375	\$ 550	\$ 26,528	\$ 287	\$ 133,525

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

NOTE 7 -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, 2011, the County estimates that the cost of permanently capping and maintaining its landfills in accordance with existing regulations will be \$45,696,000. Of this amount, the County has accrued a liability of \$23,921,000 based on amortizing the total estimated cost over the operational life of the landfills. Of the total liability, \$295,000 is included in current liabilities payable from restricted assets and \$23,626,000 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 and is now Vista View Park, the Southwest Regional (interim contingency) landfill and the resource recovery landfill. A summary of the landfill accounts is as follows (Dollars in thousands):

	Davie Landfill	Southwest Regional (Interim Contingency) Landfill	Resource Recovery Landfill
Liability 9/30/11	\$ 1,182	\$ 9,144	\$ 13,595
Estimated obligation remaining to be recognized		\$ 10,677	\$ 11,098
Estimated remaining life of landfill (in years)	N/A-closed	34	10
Capacity used to date	100%	57%	64%

The \$45,696,000 cost estimate is considered sufficient by County management and the County's consulting engineers. However, existing regulations may change which may require the County to incur additional closure and postclosure costs. With the completion of the Ash Monofill cell expansion project in 2009, the estimated capacity of the landfill was recalculated and the remaining life of the landfill was increased by 10 years. Based on the recent consulting engineers' analysis, the estimated life of the Southwest Regional landfill was extended by 21 years and the estimated closure date is scheduled for year 2045.

The County is required by state laws and regulations to make annual deposits to finance closure and postclosure care. At September 30, 2011, cash and investments of \$28,681,000 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 8 -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 user's 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 9 -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 \$128,986,000 for the above-mentioned services were allocated between funds during the year ended September 30, 2011.

NOTE 10 -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. FRS offers a defined benefit plan (the "Pension Plan") or a defined contribution plan (the "Investment Plan").

Pension Plan benefits are computed on the basis of age, average final compensation and service credit. For employees enrolling in FRS for the first time after June 30, 2011, average final compensation is the average of the eight highest fiscal years of earnings compared with the average of the five highest years of earnings for those already enrolled. The Florida Retirement System provides vesting of benefits after eight years of creditable service for employees enrolling in the Pension Plan for the first time after June 30, 2011 compared with a vesting period of six years for those already enrolled. 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 the Division of Retirement, P.O. Box 9000 Tallahassee, FL 32315-9000 or by visiting their website at <http://dms.myflorida.com>.

The County's required contribution rate is established by State statute, and ranges from 4.91% to 14.10% of covered payroll, based on employee risk groups. In 2011 the State legislature mandated a 3% employee contribution effective July 1, 2011 for all FRS covered employees. Employees who were enrolled in the Deferred Retirement Option Program (DROP) before July 1, 2011 are not subject to the contribution. The combined employer/employees contribution rates range from 7.91% to 17.10% of covered payroll based on employee risk groups. A summary of the covered payroll, contributions and percentage of covered payroll are as follows (in thousands):

	2011	2010	2009
Covered Payroll	\$681,151	\$660,335	\$694,408
Employee Contributions	\$ 4,463	-	-
Employer Contributions	\$ 93,204	\$ 97,184	\$ 96,058
Employer Contributions % of Covered Payroll	13.7%	14.7%	13.8%

The County has met all contribution requirements for the current year and the two preceding years.

NOTE 11 -OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The County has two single employer defined benefit healthcare plans, the County plan and the Broward Sheriff's Office (BSO) plan. The County plan allows its employees and their beneficiaries to continue obtaining health, dental and other insurance benefits upon retirement. The BSO plan provides postemployment health insurance benefits for employees and sworn officers upon retirement and subsidizes a portion of the premiums. The benefits of the County's plan conform with Florida statutes, which are the legal authority for the plan. The provisions of the BSO plan may be amended through negotiations between BSO and its employee bargaining units. The plans have no assets and do not issue separate financial reports.

Funding Policy and Annual OPEB Cost

The County makes no direct contribution to the County plan. Retirees and their beneficiaries pay the same group rates as are charged to the County for active employees. The County's actuaries, in their actuarial valuation, calculate an offset to the cost of these benefits in the same manner as the BSO actuaries which is described below as the Employer Contribution.

BSO retirees and their beneficiaries pay the same blended rates as active employees. However, BSO provides a discount of 2% for each year of service with BSO up to 50% of the blended rates if retirees and their beneficiaries meet certain qualifications and if the retiree was hired prior to October 1, 2007. BSO also pays 100% of the premiums for line-of-duty disabled retirees.

BSO makes no advance funding contributions to the plan; rather, it pays the discounts for retirees and their beneficiaries when due. In addition, the actuaries calculate an offset to the cost of these benefits that it includes in the Employer Contributions. This offset equals the total age-adjusted costs paid by BSO or its active employees for coverage of the retirees and their dependents for the year, net of the retirees' own payments for the year. Cumulatively, the County has set aside a reserve for future plan costs of \$24.28 million, including \$3.31 million during fiscal year 2011. The reserve balance also includes accumulated interest of \$.7 million. The County intends to set aside additional funds for this purpose when available in the future. However, the County did not establish an irrevocable trust fund, so these amounts are not considered as plan "funding" under the definitions of GASB Statement No. 45.

Other postemployment benefit (OPEB) cost for each plan is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The annual OPEB cost for the County and BSO for the current year and related information for each plan are as follows (in thousands):

	<u>Broward County Employees</u>	<u>Broward Sheriff Employees</u>
Required contribution rates:		
Employer	Pay-as-you-go	Pay-as-you-go
Active Plan members	N/A	N/A
Annual required contribution	\$4,399	\$21,551
Interest on net OPEB obligation	386	1,831
Adjustment to annual required contribution	(357)	(1,556)
Annual OPEB cost	4,428	21,826
Contributions made	(1,435)	(8,414)
Increase in net OPEB obligation	2,993	13,412
Net OPEB obligation – beginning of year	9,646	45,766
Net OPEB obligation – end of year	\$12,639	\$59,178

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2011, 2010 and 2009 for each of the plans were as follows (Dollars in thousands):

	<u>Broward County Employees</u>			<u>Broward Sheriff Employees</u>		
Fiscal year ended	9/30/2011	9/30/2010	9/30/2009	9/30/2011	9/30/2010	9/30/2009
Annual OPEB cost	\$4,428	\$4,208	\$5,100	\$21,826	\$21,103	\$22,949
Percentage of OPEB cost contributed	32.4%	29.0%	32.1%	38.6%	36.4%	26.4%
Net OPEB obligation	\$12,639	\$9,646	\$6,657	\$59,178	\$45,766	\$33,670

Fund Status and Funding Progress

The funded status of the plans as of October 1, 2009, the date of the latest actuarial valuation, was as follows (Dollars in thousands):

	Broward County <u>Employees</u>	Broward Sheriff <u>Employees</u>
Actuarial accrued liability	\$43,582	\$251,707
Actuarial value of plan assets	-	-
Unfunded actuarial accrued liability	\$43,582	\$251,707
Funded Ratio	0.00%	0.00%
Covered payroll	\$270,612	\$306,099
Unfunded actuarial accrued liability as a percentage of covered payroll	16.10%	82.23%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information is designed to provide multi-year trend information to show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, the County has not contributed assets to the plans at this time.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows.

	Broward County <u>Employees</u>	Broward Sheriff <u>Employees</u>
Actuarial valuation date	10/1/2009	10/1/2009
Actuarial cost method	Entry age	Entry age
Amortization method	Level percent, closed	Level percent, open
Remaining amortization period	27 years	30 years
Asset valuation method	Unfunded	Unfunded
Actuarial assumptions:		
Investment rate of return*	4.0%	4.0%
Projected salary increases*	4.5%-9.5%	4.50-9.50%
Healthcare inflation rate	9.0% initial; 4.5% ultimate	9.0% initial; 4.5% ultimate
Healthcare cost trend rate	9%	9%

*Includes 3% general inflation rate

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.

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 grants 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, 2011 amounted to \$6,645,000. Future commitments under operating leases at September 30, 2011 are not material.

The County and twenty-six municipalities have entered into agreements requiring, among other things, the delivery of a minimum number of tons of processable waste to the two recovery plants. 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 current tipping fees less a credit for non-Broward tonnages delivered to the plant. In addition, the agreement with the operators of the plants provides for an annual adjustment to the base tipping fee. With expiration of the Wheelabrator South Broward's service agreement on August 4, 2011, the County negotiated a new contract for solid waste disposal charges. The new service agreement does not include any minimum annual tonnage requirements.

During fiscal year 2011, the County was obligated to deliver 998,255 tons of processable waste to the plants. Actual obligated deliveries were 850,674 tons. As a result, the County did not meet the minimum tonnage commitment and was below by 14.8%. The County also delivered an additional 76,553 tons under the newly negotiated Wheelabrator South Broward contract.

The County's encumbrance policy is for fiscal year end individual encumbrances exceeding \$500,000 to be considered significant encumbrances. All encumbrances are classified as Restricted, Committed or Assigned Fund Balance in the governmental fund balance sheet.

Significant encumbrances as of September 30, 2011 were (in thousands):

	<i>General Fund</i>	<i>Transportation Capital Projects</i>	<i>Capital Outlay Reserve</i>	<i>Other Funds</i>	<i>Total</i>
Buildings and Improvements					
General Governments	\$ 12,314				\$ 12,314
Main Court House				\$ 12,328	12,328
Libraries	6,782			10,515	17,297
Parks			\$ 641	7,559	8,200
Animal Care Facility			1,130		1,130
Young At Art Children's Museum and Reading Center			3,667		3,667
Integrated Water Resource Program			636		636
Engineering Road Projects					
Road Improvements		\$ 11,024			11,024
Traffic Signals		6,688			6,688
Green ways		1,885			1,885
Roadway Stormwater Management		515			515
Neighborhood Improvements Projects					
Central County				855	855
North County				12,654	12,654
North Central County				2,116	2,116
Broadview Estates				2,939	2,939
Beach Renourishment Projects				4,831	4,831
Mass Transit Projects					
Buses				18,560	18,560
Neighborhood Transit Center				669	669
Transit Facilities				5,588	5,588
Total	\$ 19,096	\$ 20,112	\$ 6,074	\$ 78,614	\$ 123,896

NOTE 13 – SUBSEQUENT EVENTS

In November 2011, the County issued Port Facilities Refunding Revenue Bonds, Series 2011A, Series 2011B, and Series 2011C (Series 2011 Bonds), in the amount of \$12,370,000, \$100,695,000, and \$54,195,000 respectively. The proceeds of the Series 2011 Bonds were used to (i) refund and defease all or a portion of the Series 1998B, Series 1998C, and Series 1989A Bonds, (ii) fund the cost of a municipal bond debt service reserve insurance policy, and (iii) pay certain costs of issuance and expenses relating to the Series 2011 Bonds, including the premium for a municipal bond insurance policy. The bonds were issued as fixed rate bonds, with an average life of 8.19 years and a true interest rate of 4.10%. The bonds are secured by a pledge of certain net revenues of the Port.

On February 28, 2012 The Broward County Board of County Commissioners approved the issuance of General Obligation Refunding Bonds (Parks and Land Preservation Project), Series 2012 in an amount not to exceed \$140,000,000, for the purpose of refunding all or a portion of its outstanding General Obligation Bonds (Parks and Land Preservation Project), Series 2004 and Series 2005; pledging revenues from an ad valorem tax levied on all taxable property in the County for the payment of the Bonds

On February 28, 2012 The Broward County Board of County Commissioners approved the issuance of Water and Sewer Utility Revenue Refunding Bonds Series A, B, and C in amounts not to exceed \$180,000,000, \$175,000,000, and \$50,000,000 respectively. Bond proceeds will be used for the purpose of refunding a portion of the County's Water and Sewer Utility bonds, paying the cost of improvements and prior improvements to the county's Water and Sewer Utility, providing for the payment of the costs of any credit facilities. The Bonds are payable from and secured by various liens on and a pledge of certain investment income and revenues derived from the operation of the Water and Wastewater Utility of the County.

Required Supplementary Information

Spotlight on: Customer Service

**Stevenson Monfiston
Transit Senior Operations Agent
Broward County Transit Division**

Broward County Transit's Customer Call Center receives over one million calls per year, many of them from individuals around the world who are interested in visiting Broward County. Whether a call is from Montreal, Canada or Bogota, Colombia, if the caller has a question posed in their native language, it will likely be answered by Stevenson Monfiston, the multi-lingual Transit agent. Stevenson's ability to respond in a familiar language projects a positive view of our County that says "welcome." Stevenson often helps "seal the deal" to visit Greater Fort Lauderdale with his pleasant and helpful attitude. He lets visitors know "we speak your language," by routinely answering questions on the County's transit system in Creole, French and Spanish.



Stevenson's outstanding customer service efforts were recognized with a 2011 SUNsational® Service Award.



GENERAL FUND AND MAJOR SPECIAL REVENUE FUND

GENERAL FUND

To account for all financial resources except those required to be accounted for in other funds.

SPECIAL REVENUE FUND

Sheriff Contractual Services Fund - To account for all financial resources of contractual services provided by the Sheriff's Office.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

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, certain Special Revenue and Debt Service Funds. The Constitutional Officers, except for the Clerk of the Courts, prepare annual operating budgets for their general funds which are reflected in the General Fund. No annual budgets are established for the Sheriff's Special Revenue Fund and the Capital Projects Funds. The Sheriff's Special Revenue Fund has no budget since all costs incurred are budgeted in the Sheriff's General Fund and are reimbursed by the Sheriff's Special Revenue Fund. The Capital Projects Funds are budgeted on a multi-year basis. 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 and conforms with GAAP. By local budget policy, transfers of appropriations between departments and overexpenditure of appropriations at the department level require the approval of the Board. The County legal level of budgetary control, which is the level at which expenditures may not legally exceed appropriations, is at the department level.

GENERAL FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
for the fiscal year ended September 30, 2011
(In Thousands)

	<i>Original Budgeted Amounts</i>	<i>Final Budgeted Amounts</i>	<i>Actual Amounts</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Taxes (Net of Discounts)	\$ 661,658	\$ 661,658	\$ 627,517	\$(34,141)
Special Assessment/Impact Fees			1	1
Licenses and Permits	17,609	17,609	16,067	(1,542)
Federal Grants	60,652	60,693	61,667	974
State Revenues:				
Revenue Sharing	33,289	33,975	35,503	1,528
Grants	24,806	24,757	27,602	2,845
Tourist Tax	34,700	34,700	40,630	5,930
One-Half Cent Sales Tax	46,651	46,651	48,474	1,823
Other	2,000	2,000	2,000	
Charges for Services	125,979	119,688	104,496	(15,192)
Fines and Forfeitures	4,645	15,203	14,143	(1,060)
Interest Income	8,154	8,173	8,159	(14)
Miscellaneous	20,951	22,536	20,858	(1,678)
Subtotal	1,041,094	1,047,643	1,007,117	(40,526)
Less 5% of Anticipated Revenue	(46,614)	(46,707)		46,707
Total Revenues	994,480	1,000,936	1,007,117	6,181
Expenditures:				
Current:				
General Government				
County Commission	12,134	12,215	11,606	609
Property Appraiser	14,261	19,549	17,503	2,046
Supervisor of Elections	11,744	11,922	11,319	603
Sheriff - Communications	5,973	11,133	5,614	5,519
County Administrator	4,445	10,535	10,016	519
Office of Management and Budget	43,398	45,462	38,219	7,243
Governmental Relations	3,760	3,863	3,757	106
Finance and Administrative Services	59,735	64,333	40,911	23,422
Boards and Other Agencies	2,734	3,121	2,939	182
Judicial	8,126	9,693	7,423	2,270
Environmental Protection and Growth Management	14,656	14,669	13,932	737
Public Works - Administration	39,272	46,489	29,670	16,819
Total General Government	220,238	252,984	192,909	60,075
Public Safety				
Sheriff	399,386	442,263	398,691	43,572
County Administration - Emergency Management Operations		105	164	(59)
Boards and Other Agencies - Medical Examiner and Trauma Services	5,857	5,860	5,663	197
Human Services - Mental Health	305	305	863	(558)
Human Services - Medical Examiner and Trauma Services		1,310	1,720	(410)
Environmental Protection and Growth Management - Emergency Management	6,479	6,398	7,004	(606)
Public Works - Detention and Correction Facilities	136	142	115	27
Public Works - Facilities Improvements	316	291	4,015	(3,724)
Public Works - School Guard	17	17	12	5
Total Public Safety	412,496	456,691	418,247	38,444
Transportation				
Public Works - Road and Street Facilities	161	161	1,276	(1,115)
Aviation			369	(369)
Transit	117,729	120,543	117,544	2,999
Total Transportation	\$ 117,890	\$ 120,704	\$ 119,189	\$ 1,515

(continued)

GENERAL FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual, Continued
for the fiscal year ended September 30, 2011
(In Thousands)

	<i>Original Budgeted Amounts</i>	<i>Final Budgeted Amounts</i>	<i>Actual Amounts</i>	<i>Variance with Final Budget Positive (Negative)</i>
Human Services				
Human Services - Children, Homeless and Health Care Services, Elderly and Veteran Services, Family Success	134,592	135,844	127,627	8,217
Community Services - Animal Care and Regulation	3	3	25	(22)
Environmental Protection and Growth Management - Animal Care	4,338	4,945	4,474	471
Judicial - Legal Aid	915	915	915	
Public Works - Mosquito Control	1,222	1,278	1,278	
Total Human Services	141,070	142,985	134,319	8,666
Culture and Recreation				
Libraries, Parks, and Cultural	99,828	102,325	99,597	2,728
Greater Fort Lauderdale Convention and Visitors	24,821	25,621	23,252	2,369
Boards and Other Agencies - Historical Commission		198	177	21
Public Works - Libraries, Parks and Recreation	388	391	391	
Total Culture and Recreation	125,037	128,535	123,417	5,118
Physical Environment				
Environmental Protection and Growth Management	15,073	17,198	13,091	4,107
Libraries, Parks and Recreation, Cultural	199	199	14	185
Public Works - Facilities Maintenance	301	301		301
Public Works - Waste and Recycling Services			63	(63)
Total Physical Environment	15,573	17,698	13,168	4,530
Economic Environment				
Environmental Protection and Growth Management - Housing Finance and Community Development	17,603	17,603	15,626	1,977
Office of Economic Development	2,392	3,828	2,218	1,610
Office of Equal Opportunity	2,144	2,298	2,164	134
Human Services - Community Development	1,072	1,072	919	153
Human Services - Veteran's Services	535	504	500	4
Total Economic Environment	23,746	25,305	21,427	3,878
Debt Service				
Interest and Fiscal Charges		2	2	
Total Debt Service		2	2	
Total Expenditures	1,056,050	1,144,904	1,022,678	122,226
Excess of Revenues Over (Under) Expenditures	(61,570)	(143,968)	(15,561)	128,407
Other Financing Sources (Uses):				
Transfers In:				
From Debt Service Funds	980	980	980	
From Other Funds	64,535	71,851	73,355	1,504
Total Transfers In	65,515	72,831	74,335	1,504
Transfers Out:				
To Debt Service Funds	(18,345)	(18,345)	(21,544)	(3,199)
To Other Funds	(7,399)	(10,123)	(5,382)	4,741
Total Transfers Out	(25,744)	(28,468)	(26,926)	1,542
Total Other Financing Sources (Uses)	39,771	44,363	47,409	3,046
Net Change in Fund Balance	(21,799)	(99,605)	31,848	131,453
Fund Balance, October 1, as Restated	166,716	285,032	325,289	40,257
Changes in Fund Balance for Inventory and Prepaids			(392)	(392)
Fund Balance, September 30	\$ 144,917	\$ 185,427	\$ 356,745	\$171,318

SHERIFF CONTRACTUAL SERVICES FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit)
Budget and Actual
for the fiscal year ended September 30, 2011
(In Thousands)

	<i>Original Budgeted Amounts</i>	<i>Final Budgeted Amounts</i>	<i>Actual Amounts</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:				
Taxes (Net of Discounts)	\$ 2,110	\$ 2,110	\$ 2,017	\$ (93)
Special Assessment/Impact Fees	1,151	1,151	1,090	(61)
One-Half Cent Sales Tax	467	467	484	17
Charges for Services	252,806	254,332	242,759	(11,573)
Interest Income	12	12		(12)
Miscellaneous	1,802	1,802	2,109	307
Subtotal	258,348	259,874	248,459	(11,415)
Less 5% of Anticipated Revenue	(234)	(234)		234
Total Revenues	258,114	259,640	248,459	(11,181)
Expenditures:				
Current:				
Public Safety				
Sheriff	247,005	248,642	242,597	6,045
Capital Outlay	2,973	3,368	2,850	518
Total Expenditures	249,978	252,010	245,447	6,563
Excess of Revenues Over (Under) Expenditures	8,136	7,630	3,012	(4,618)
Other Financing Sources (Uses):				
Transfers In	2,827	3,026	3,026	
Transfers Out	(8,640)	(10,077)	(10,077)	
Total Other Financing Sources (Uses)	(5,813)	(7,051)	(7,051)	
Net Change in Fund Balance	2,323	579	(4,039)	(4,618)
Fund Balance, October 1, as Restated	294	1,105	1,105	
Fund Balance (Deficit), September 30	\$ 2,617	\$ 1,684	\$(2,934)	\$(4,618)

OTHER POSTEMPLOYMENT BENEFITS

Schedule of Funding Progress

(In Thousands)

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
County Employees Plan	10/1/2007	\$0	\$48,755	\$48,755	0.00%	\$272,383	17.90%
	10/1/2009	\$0	\$43,582	\$43,582	0.00%	\$270,612	16.10%
Broward Sheriff's Office Plan	10/1/2007	\$0	\$256,540	\$256,540	0.00%	\$295,950	86.68%
	10/1/2009	\$0	\$251,707	\$251,707	0.00%	\$306,099	82.23%

The above amounts reflect data based on the latest actuarial valuation. GASB 45 was implemented in Fiscal 2008.

Supplemental Combining and Individual Fund Financial Statements and Schedules

Spotlight on: Energy Conservation

Energy and Building Automation Section Facilities Maintenance Division



*Barry Allen,
Chief Energy
and Building
Automation*

The Energy and Building Automation Section (EBAS) of Facilities Maintenance Division, has been quietly implementing energy efficiency projects resulting in over half a million dollars in utility cost savings. Two notable projects are resulting in savings of more than \$400,000 annually.

In the first project, a Facilities team reviewed more than 1,600 electric bills to evaluate how various agencies use energy.

The goal was to reduce utility costs by taking advantage of a Florida Power and Light (FPL) rate option called "time-of-use," where utility accounts are billed based on time of day usage. As a result, 25 percent of Broward's accounts with FPL are time-of-use accounts, up from five



*David Cabrera,
Energy Engineer II*

percent in 2008. There were 189 accounts converted in 2010 alone, for an annual savings of \$286,000.



*Jim Murcliffe,
Engineering Tech II*

The second project was a collaborative effort between EBAS and the Parks and Recreation Division to improve utility cost savings at four County aquatic facilities. The team determined that by installing Variable Frequency Drives (VFDs),

pump motors could operate at a precise speed required for water flow rather than inefficient full motor speed. The VFDs not only pay for themselves within one year, but provide an annual savings of \$180,000. As an added bonus, the pumps will experience less stress and, hence, have a longer lifespan.



*Albert Peterson,
Engineer III*

Our Best

Nothing Less.

OUR COMMITMENT
TO EXCELLENCE

NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

Local Housing Assistance Trust Fund - To account for funds received for the State Housing Initiatives Partnership Program.

Water Control Districts Fund - To account for funds received for the maintenance of water resource and drainage programs in special districts of the County.

Other Special Revenue Fund - To account for other special revenue activities.

Sheriff Special Revenue Fund - To account for funds received from the County Law Enforcement Trust Fund and grants for public safety and capital expenditures.

NONMAJOR DEBT SERVICE FUNDS

2001A/2007A General Obligation Bonds Debt Service Fund - To account for the payment of the current year's principal and interest requirements on the 2001A/2007A General Obligation Bonds.

2004/2005/2007B General Obligation Bonds Debt Service Fund - To account for the payment of the current year's principal and interest requirements on the 2004/2005/2007B General Obligation Bonds.

General Obligation Refunding Bonds Debt Service Fund - To account for the payment of the current year's principal and interest requirements on the General Obligation Refunding Bonds.

Tourist Tax Revenue Bonds Debt Service Fund - To account for the payment of the current year's principal and interest requirements on the Tourist Development Tax Revenue Bonds.

2006 Professional Sports Facilities and Civic Arena Bonds Debt Service Fund - To account for the payment of the current year's principal and interest requirements on the Professional Sports Facilities and Civic Arena Bonds.

Half-Cent Sales Tax Revenue Bonds Debt Service Fund - To account for the payment of the current year's principal and interest requirements on the Half-Cent Sales Tax Revenue Bonds.

1998 Gas Tax Revenue Refunding Bonds Debt Service Fund - To account for the payment of the current year's principal and interest requirements on the Gas Tax Revenue Refunding Bonds.

Florida Financing Loan Pool Debt Service Fund - To account for the payment of the current year's principal and interest requirements on the Florida Financing Loan Pool debt.

Certificates of Participation Fund - to account for the payment of the current year's principal and interest requirements on the Certificates of Participation.

NONMAJOR CAPITAL PROJECTS FUNDS

2010 Main Courthouse Revenue Bonds Fund - To account for the construction and replacement of the Main Courthouse.

Convention Center Capital Projects Fund - To account for the improvements to the Convention Center.

Beach Renourishment Fund - To account for the restoration of eroded beaches.

Unincorporated Area Capital Projects Fund - To account for the capital improvements program in the County unincorporated areas.

2001 General Obligation Bonds Fund - To account for the construction, expansion, and renovation of the County libraries.

2004/2005 General Obligation Bonds Fund - To account for the acquisition and preservation of land and the renovation and expansion of parks.

Transit Capital Grants Fund - To account for transit capital outlay and transit capital grants.

COMBINING BALANCE SHEET

Nonmajor Governmental Funds

September 30, 2011

(In Thousands)

	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>	<i>Total Nonmajor Governmental Funds</i>
ASSETS				
Cash and Cash Equivalents	\$ 26,392	\$ 35,309		\$307,946
Investments	11,804		133,583	145,387
Receivables (Net):				
Other	505		6,500	7,005
Delinquent Taxes Receivable (Net)	7	361		368
Due from Other County Funds		730		730
Due from Other Governments (Net)	1,665		16,121	17,786
Other Assets	12			12
Total Assets	\$ 40,385	\$ 36,400	\$ 402,449	\$ 479,234
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 115		\$ 3,477	\$ 3,592
Accrued Liabilities	470		3,589	4,059
Due to Other County Funds	3,211	\$ 20	9,847	13,078
Due to Other Governments	297			297
Escrow Deposits	12			12
Deferred Revenue	9,397	361	6,696	16,454
Total Liabilities	13,502	381	23,609	37,492
Fund Balances:				
Nonspendable	12			12
Restricted	7,559	26,127	335,224	368,910
Committed	19,312		43,616	62,928
Assigned		9,912		9,912
Unassigned		(20)		(20)
Total Fund Balances	26,883	36,019	378,840	441,742
Total Liabilities and Fund Balances	\$ 40,385	\$ 36,400	\$ 402,449	\$ 479,234

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

Nonmajor Governmental Funds
For the fiscal year ended September 30, 2011
(In Thousands)

	<i>Special Revenue</i>	<i>Debt Service</i>	<i>Capital Projects</i>	<i>Total Nonmajor Governmental Funds</i>
Revenues:				
Taxes (Net of Discounts)	\$ 1,217	\$ 55,767		\$ 56,984
Licenses and Permits	825			825
Federal Grants	22,514	2,910	\$ 33,642	59,066
State Revenues:				
Grants	161		3,543	3,704
Other	4,508			4,508
Charges for Services	1,928			1,928
Fines and Forfeitures	9,686			9,686
Interest Income	626	265	1,708	2,599
Miscellaneous	6,100	2,164	658	8,922
Total Revenues	47,565	61,106	39,551	148,222
Expenditures:				
Current:				
Public Safety	40,242			40,242
Physical Environment	3,023			3,023
Economic Environment	4,024			4,024
Capital Outlay	1,437		90,872	92,309
Debt Service:				
Principal Retirement		54,770		54,770
Interest and Fiscal Charges		37,473		37,473
Bond and Loan Issuance Costs			2	2
Total Expenditures	48,726	92,243	90,874	231,843
Excess of Revenues Over (Under) Expenditures	(1,161)	(31,137)	(51,323)	(83,621)
Other Financing Sources (Uses):				
Transfers In		31,039	12,131	43,170
Transfers Out		(13,842)	(12,686)	(26,528)
Total Other Financing Sources		17,197	(555)	16,642
Net Change in Fund Balances	(1,161)	(13,940)	(51,878)	(66,979)
Fund Balances, October 1, as Restated	28,044	49,959	430,718	508,721
Fund Balances, September 30	\$ 26,883	\$ 36,019	\$ 378,840	\$ 441,742

NONMAJOR SPECIAL REVENUE FUNDS

Combining Balance Sheet

September 30, 2011

(In Thousands)

	<i>Local Housing Assistance Trust</i>	<i>Water Control Districts</i>	<i>Other Special Revenue</i>	<i>Sheriff Special Revenue</i>	<i>Total</i>
ASSETS					
Cash and Cash Equivalents	\$5,287	\$3,379	\$1,560	\$16,166	\$26,392
Investments				11,804	11,804
Receivables (Net):					
Other	505				505
Delinquent Taxes Receivable (Net)		7			7
Due from Other Governments (Net)			85	1,580	1,665
Other Assets				12	12
Total Assets	\$5,792	\$3,386	\$1,645	\$29,562	\$40,385
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 20	\$ 23	\$ 8	\$ 64	\$ 115
Accrued Liabilities	6		45	419	470
Due to Other County Funds				3,211	3,211
Due to Other Governments				297	297
Escrow Deposits	6	6			12
Deferred Revenue	5,760	7		3,630	9,397
Total Liabilities	5,792	36	53	7,621	13,502
Fund Balances:					
Nonspendable				12	12
Restricted				7,559	7,559
Committed		3,350	1,592	14,370	19,312
Total Fund Balances		3,350	1,592	21,941	26,883
Total Liabilities and Fund Balances	\$5,792	\$3,386	\$1,645	\$29,562	\$40,385

NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
for the fiscal year ended September 30, 2011
(In Thousands)

	<i>Local Housing Assistance Trust</i>	<i>Water Control Districts</i>	<i>Other Special Revenue</i>	<i>Sheriff Special Revenue</i>	<i>Total</i>
Revenues:					
Taxes (Net of Discounts)		\$1,217			\$ 1,217
Licenses and Permits			\$ 825		825
Federal Grants				\$22,514	22,514
State Revenues:					
Grants				161	161
Other	\$3,324		1,184		4,508
Charges for Services	416			1,512	1,928
Fines and Forfeitures				9,686	9,686
Interest Income	284	66	24	252	626
Miscellaneous		7		6,093	6,100
Total Revenues	4,024	1,290	2,033	40,218	47,565
Expenditures:					
Current:					
Public Safety				40,242	40,242
Physical Environment		1,091	1,932		3,023
Economic Environment	4,024				4,024
Capital Outlay		16	69	1,352	1,437
Total Expenditures	4,024	1,107	2,001	41,594	48,726
Excess of Revenues Over (Under) Expenditures		183	32	(1,376)	(1,161)
Fund Balances, October 1, as Restated		3,167	1,560	23,317	28,044
Fund Balances, September 30	\$ -	\$3,350	\$1,592	\$21,941	\$26,883

LOCAL HOUSING ASSISTANCE TRUST FUND

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

for the fiscal year ended September 30, 2011
(In Thousands)

	<i>Final Budgeted Amounts</i>	<i>Actual Amounts</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:			
State Revenues:			
Other	\$5,848	\$3,324	\$(2,524)
Charges for Services	1,209	416	(793)
Interest Income	1,977	284	(1,693)
Total Revenues	9,034	4,024	(5,010)
Expenditures:			
Current:			
Economic Environment			
Environmental Protection and Growth Management - Housing Finance and Community Development	9,034	4,024	5,010
Total Expenditures	9,034	4,024	5,010
Excess of Revenues Over (Under) Expenditures			
Fund Balance, October 1			
Fund Balance, September 30	\$ -	\$ -	\$ -

WATER CONTROL DISTRICTS FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
for the fiscal year ended September 30, 2011
(In Thousands)

	<i>Final Budgeted Amounts</i>	<i>Actual Amounts</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:			
Taxes (Net of Discounts)	\$1,313	\$1,217	\$(96)
Interest Income	80	66	(14)
Miscellaneous		7	7
Subtotal	1,393	1,290	(103)
Less 5% of Anticipated Revenue	(70)		70
Total Revenues	1,323	1,290	(33)
Expenditures:			
Current:			
Physical Environment			
Public Works	1,739	1,091	648
Capital Outlay	120	16	104
Total Expenditures	1,859	1,107	752
Excess of Revenues Over (Under) Expenditures	(536)	183	719
Fund Balance, October 1	3,167	3,167	
Fund Balance, September 30	\$2,631	\$3,350	\$ 719

OTHER SPECIAL REVENUE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
for the fiscal year ended September 30, 2011
(In Thousands)

	<i>Final Budgeted Amounts</i>	<i>Actual Amounts</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:			
Licenses and Permits	\$ 780	\$ 825	\$ 45
State Revenues:			
Other	1,079	1,184	105
Interest Income	10	24	14
Subtotal	1,869	2,033	164
Less 5% of Anticipated Revenue	(93)		93
Total Revenues	1,776	2,033	257
Expenditures:			
Current:			
Physical Environment			
Environmental Protection and Growth Management	1,402	1,325	77
Parks and Recreation	975	607	368
Capital Outlay	135	69	66
Total Expenditures	2,512	2,001	511
Excess of Revenues Over (Under) Expenditures	(736)	32	768
Fund Balance, October 1	1,560	1,560	
Fund Balance, September 30	\$ 824	\$1,592	\$768

This page intentionally left blank

NONMAJOR DEBT SERVICE FUNDS

Combining Balance Sheet

September 30, 2011

(In Thousands)

	<i>2001A / 2007 A General Obligation Bonds</i>	<i>2004 / 2005 / 2007B General Obligation Bonds</i>	<i>General Obligation Refunding Bonds</i>	<i>Tourist Tax Revenue Bonds</i>	<i>2006 Professional Sports Facilities & Civic Arena Bonds</i>
ASSETS					
Cash and Cash Equivalents	\$ 62	\$258		\$2,651	\$3,446
Delinquent Taxes Receivable (Net)	75	158	\$128		
Due from Other County Funds					730
Total Assets	\$137	\$416	\$128	\$2,651	\$4,176
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to Other County Funds			\$ 20		
Deferred Revenue	\$ 75	\$158	128		
Total Liabilities	75	158	148		
Fund Balances:					
Restricted	62	258		\$2,463	\$4,176
Assigned				188	
Unassigned			(20)		
Total Fund Balances	62	258	(20)	2,651	4,176
Total Liabilities and Fund Balances	\$137	\$416	\$128	\$2,651	\$4,176

<i>Half-Cent Sales Tax Revenue Bonds</i>	<i>1998 Gas Tax Revenue Refunding Bonds</i>	<i>Florida Financing Loan Pool</i>	<i>Certificates of Participation</i>	<i>Total</i>
\$13,378		\$6,812	\$8,702	\$35,309 361 730
\$13,378	\$ -	\$6,812	\$8,702	\$36,400
				\$ 20 361 381
\$12,712 666		\$2,628 4,184	\$3,828 4,874	26,127 9,912 (20)
13,378		6,812	8,702	36,019
\$13,378	\$ -	\$6,812	\$8,702	\$36,400

NONMAJOR DEBT SERVICE FUNDS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
for the fiscal year ended September 30, 2011
(In Thousands)

	<i>2001A / 2007 A General Obligation Bonds</i>	<i>2004 / 2005 / 2007B General Obligation Bonds</i>	<i>General Obligation Refunding Bonds</i>	<i>Tourist Tax Revenue Bonds</i>	<i>2006 Professional Sports Facilities & Civic Arena Bonds</i>
Revenues:					
Taxes (Net of Discounts)	\$11,921	\$24,880	\$18,966		
Federal Grants					
Interest Income	18	112	44	\$ 39	\$ 9
Miscellaneous					1,423
Total Revenues	11,939	24,992	19,010	39	1,432
Expenditures:					
Debt Service:					
Principal Retirement	7,235	11,985	18,230	2,200	5,900
Interest and Fiscal Charges	4,730	12,937	836	276	8,101
Total Expenditures	11,965	24,922	19,066	2,476	14,001
Excess of Revenues Over (Under) Expenditures	(26)	70	(56)	(2,437)	(12,569)
Other Financing Sources (Uses):					
Transfers In				8,911	20,749
Transfers Out			(79)	(6,405)	(6,409)
Total Other Financing Sources (Uses)			(79)	2,506	14,340
Net Change in Fund Balances	(26)	70	(135)	69	1,771
Fund Balances, October 1	88	188	115	2,582	2,405
Fund Balances (Deficit), September 30	\$ 62	\$ 258	\$ (20)	\$ 2,651	\$ 4,176

<i>Half-Cent Sales Tax Revenue Bonds</i>	<i>1998 Gas Tax Revenue Refunding Bond</i>	<i>Florida Financing Loan Pool</i>	<i>Certificates of Participation</i>	<i>Total</i>
				\$ 55,767
\$ 2,910				2,910
	\$ 9	\$ 34		265
		741		2,164
2,910	9	775		61,106
		3,050	\$ 6,170	54,770
8,945		1,074	574	37,473
8,945		4,124	6,744	92,243
(6,035)	9	(3,349)	(6,744)	(31,137)
486		893		31,039
	(760)	(189)		(13,842)
486	(760)	704		17,197
(5,549)	(751)	(2,645)	(6,744)	(13,940)
18,927	751	9,457	15,446	49,959
\$13,378	\$ -	\$ 6,812	\$ 8,702	\$ 36,019

2001A / 2007 A GENERAL OBLIGATION BONDS DEBT SERVICE FUND**Schedule of Revenues, Expenditures and Changes in Fund Balance****Budget and Actual**

for the fiscal year ended September 30, 2011

(In Thousands)

	<i>Final Budgeted Amounts</i>	<i>Actual Amounts</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:			
Taxes (Net of Discounts)	\$12,536	\$11,921	\$(615)
Interest Income	35	18	(17)
Subtotal	12,571	11,939	(632)
Less 5% of Anticipated Revenue	(629)		629
Total Revenues	11,942	11,939	(3)
Expenditures:			
Debt Service:			
Principal Retirement	7,235	7,235	
Interest and Fiscal Charges	4,730	4,730	
Total Expenditures	11,965	11,965	
Excess of Revenues Over (Under) Expenditures	(23)	(26)	(3)
Fund Balance, October 1	88	88	
Fund Balance, September 30	\$ 65	\$ 62	\$ (3)

2004 / 2005 / 2007B GENERAL OBLIGATION BONDS DEBT SERVICE FUND**Schedule of Revenues, Expenditures and Changes in Fund Balance****Budget and Actual**

for the fiscal year ended September 30, 2011

(In Thousands)

	<i>Final Budgeted Amounts</i>	<i>Actual Amounts</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:			
Taxes (Net of Discounts)	\$26,028	\$24,880	\$(1,148)
Interest Income	116	112	(4)
Subtotal	26,144	24,992	(1,152)
Less 5% of Anticipated Revenue	(1,307)		1,307
Total Revenues	24,837	24,992	155
Expenditures:			
Debt Service:			
Principal Retirement	11,985	11,985	
Interest and Fiscal Charges	12,937	12,937	
Total Expenditures	24,922	24,922	
Excess of Revenues Over (Under) Expenditures	(85)	70	155
Fund Balance, October 1	188	188	
Fund Balance, September 30	\$ 103	\$ 258	\$ 155

GENERAL OBLIGATION REFUNDING BONDS DEBT SERVICE FUND

Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit)

Budget and Actual

for the fiscal year ended September 30, 2011

(In Thousands)

	<i>Final Budgeted Amounts</i>	<i>Actual Amounts</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:			
Taxes (Net of Discounts)	\$20,033	\$18,966	\$(1,067)
Interest Income	39	44	5
Subtotal	20,072	19,010	(1,062)
Less 5% of Anticipated Revenue	(1,004)		1,004
Total Revenues	19,068	19,010	(58)
Expenditures:			
Debt Service:			
Principal Retirement	18,230	18,230	
Interest and Fiscal Charges	837	836	1
Total Expenditures	19,067	19,066	1
Excess of Revenues Over (Under) Expenditures	1	(56)	(57)
Other Financing Sources (Uses):			
Transfers Out	(79)	(79)	
Total Other Financing Sources (Uses)	(79)	(79)	
Net Change in Fund Balance	(78)	(135)	(57)
Fund Balance, October 1	115	115	
Fund Balance (Deficit), September 30	\$ 37	\$ (20)	\$ (57)

TOURIST TAX REVENUE BONDS DEBT SERVICE FUND

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

for the fiscal year ended September 30, 2011

(In Thousands)

	<i>Final Budgeted Amounts</i>	<i>Actual Amounts</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:			
Interest Income	\$ 32	\$ 39	\$ 7
Total Revenues	32	39	7
Expenditures:			
Debt Service:			
Principal Retirement	2,200	2,200	
Interest and Fiscal Charges	360	276	84
Total Expenditures	2,560	2,476	84
Excess of Revenues Over (Under) Expenditures	(2,528)	(2,437)	91
Other Financing Sources (Uses):			
Transfers In	9,787	8,911	(876)
Transfers Out	(7,333)	(6,405)	928
Total Other Financing Sources (Uses)	2,454	2,506	52
Net Change in Fund Balance	(74)	69	143
Fund Balance, October 1	2,582	2,582	
Fund Balance, September 30	\$ 2,508	\$ 2,651	\$ 143

**2006 PROFESSIONAL SPORTS FACILITIES AND
CIVIC ARENA BONDS DEBT SERVICE FUND**
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
for the fiscal year ended September 30, 2011
(In Thousands)

	<i>Final Budgeted Amounts</i>	<i>Actual Amounts</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:			
Interest Income		\$ 9	\$ 9
Miscellaneous	\$ 1,402	1,423	21
Subtotal	1,402	1,432	30
Less 5% of Anticipated Revenue	(70)		70
Total Revenues	1,332	1,432	100
Expenditures:			
Debt Service:			
Principal Retirement	5,900	5,900	
Interest and Fiscal Charges	8,102	8,101	1
Total Expenditures	14,002	14,001	1
Excess of Revenues Over (Under) Expenditures	(12,670)	(12,569)	101
Other Financing Sources (Uses):			
Transfers In	17,551	20,749	3,198
Transfers Out	(7,286)	(6,409)	877
Total Other Financing Sources (Uses)	10,265	14,340	4,075
Net Change in Fund Balance	(2,405)	1,771	4,176
Fund Balance, October 1	2,405	2,405	
Fund Balance, September 30	\$ -	\$ 4,176	\$4,176

HALF-CENT SALES TAX REVENUE BONDS DEBT SERVICE FUND

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

for the fiscal year ended September 30, 2011

(In Thousands)

	<i>Final Budgeted Amounts</i>	<i>Actual Amounts</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:			
Federal Grants	\$ 2,910	\$ 2,910	
Total Revenues	2,910	2,910	
Expenditures:			
Debt Service:			
Interest and Fiscal Charges	8,903	8,945	\$ (42)
Total Expenditures	8,903	8,945	(42)
Excess of Revenues Over (Under) Expenditures	(5,993)	(6,035)	(42)
Other Financing Sources (Uses):			
Transfers In	2,080	486	(1,594)
Total Other Financing Sources (Uses)	2,080	486	(1,594)
Net Change in Fund Balance	(3,913)	(5,549)	(1,636)
Fund Balance, October 1	18,685	18,927	242
Fund Balance, September 30	\$14,772	\$13,378	\$(1,394)

1998 GAS TAX REVENUE REFUNDING BONDS DEBT SERVICE FUND

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

for the fiscal year ended September 30, 2011

(In Thousands)

	<i>Final Budgeted Amounts</i>	<i>Actual Amounts</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:			
Interest Income	\$ 15	\$ 9	\$(6)
Subtotal	15	9	(6)
Total Revenues	15	9	(6)
Expenditures:			
Debt Service:			
Interest and Fiscal Charges	2		2
Total Expenditures	2		2
Excess of Revenues Over (Under) Expenditures	13	9	4
Other Financing Sources (Uses):			
Transfers Out	(764)	(760)	4
Total Other Financing Sources (Uses)	(764)	(760)	4
Net Change in Fund Balance	(751)	(751)	
Fund Balance, October 1	751	751	
Fund Balance, September 30	\$ -	\$ -	\$ -

FLORIDA FINANCING LOAN POOL DEBT SERVICE FUND

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

for the fiscal year ended September 30, 2011

(In Thousands)

	<i>Final Budgeted Amounts</i>	<i>Actual Amounts</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:			
Interest Income	\$ 293	\$ 34	\$(259)
Miscellaneous	748	741	(7)
Subtotal	1,041	775	(266)
Less 5% of Anticipated Revenue	(14)		14
Total Revenues	1,027	775	(252)
Expenditures:			
Debt Service:			
Principal Retirement	3,050	3,050	
Interest and Fiscal Charges	1,080	1,074	6
Total Expenditures	4,130	4,124	6
Excess of Revenues Over (Under) Expenditures	(3,103)	(3,349)	(246)
Other Financing Sources (Uses):			
Transfers In	893	893	
Transfers Out	(191)	(189)	2
Total Other Financing Sources (Uses)	702	704	2
Net Change in Fund Balance	(2,401)	(2,645)	(244)
Fund Balance, October 1	9,315	9,457	142
Fund Balance, September 30	\$ 6,914	\$ 6,812	\$(102)

CERTIFICATES OF PARTICIPATION DEBT SERVICE FUND

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

for the fiscal year ended September 30, 2011

(In Thousands)

	<i>Final Budgeted Amounts</i>	<i>Actual Amounts</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues:			
Interest Income	\$ 420		\$(420)
Less 5% of Anticipated Revenue	(2)		2
Total Revenues	418		(418)
Expenditures:			
Debt Service:			
Principal Retirement	6,170	\$ 6,170	
Interest and Fiscal Charges	560	574	(14)
Total Expenditures	6,730	6,744	(14)
Excess of Revenues Over (Under) Expenditures	(6,312)	(6,744)	(432)
Fund Balance, October 1	15,214	15,446	232
Fund Balance, September 30	\$ 8,902	\$ 8,702	\$(200)

This page intentionally left blank

NONMAJOR CAPITAL PROJECTS FUNDS

Combining Balance Sheet

September 30, 2011

(In Thousands)

	<i>2010 Main Courthouse Revenue Bonds</i>	<i>Convention Center Capital Projects</i>	<i>Beach Renourishment</i>	<i>Unincorporated Area Capital Projects</i>	<i>2001 General Obligation Bonds</i>
ASSETS					
Cash and Cash Equivalents	\$202,312	\$7,244	\$ 8,695	\$13,377	\$ 3,869
Investments			15,233	61,855	15,006
Receivables (Net):					
Other			6,500		
Due from Other Governments (Net)			604		
Total Assets	\$202,312	\$7,244	\$31,032	\$75,232	\$18,875
LIABILITIES AND FUND BALANCES (DEFICIT)					
Liabilities:					
Accounts Payable	\$ 89		\$ 569	\$ 1,459	\$ 41
Accrued Liabilities	590	\$ 15	248	1,479	150
Due to Other County Funds					
Deferred Revenue			6,696		
Total Liabilities	679	15	7,513	2,938	191
Fund Balances:					
Restricted	201,633		23,519	35,907	18,684
Committed		7,229		36,387	
Total Fund Balances	201,633	7,229	23,519	72,294	18,684
Total Liabilities and Fund Balances	\$202,312	\$7,244	\$31,032	\$75,232	\$18,875

<i>2004 / 2005 General Obligation Bonds</i>	<i>Transit Capital Grants</i>	<i>Total</i>
\$10,748		\$246,245
41,489		133,583
		6,500
	\$15,517	16,121
\$52,237	\$15,517	\$402,449
<hr/>		
\$ 506	\$ 813	\$ 3,477
754	353	3,589
	9,847	9,847
		6,696
1,260	11,013	23,609
50,977	4,504	335,224
		43,616
50,977	4,504	378,840
\$52,237	\$15,517	\$402,449

NONMAJOR CAPITAL PROJECTS FUNDS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
for the fiscal year ended September 30, 2011
(In Thousands)

	<i>2010 Main Courthouse Revenue Bonds</i>	<i>Convention Center Capital Projects</i>	<i>Beach Renourishment</i>	<i>Unincorporated Area Capital Projects</i>	<i>2001 General Obligation Bonds</i>
Revenues:					
Federal Grants			\$ 236	\$ 2,015	
State Grants			475		\$ 300
Interest Income	\$ 344	\$ 112	191	733	133
Miscellaneous				484	
Total Revenues	344	112	902	3,232	433
Expenditures:					
Capital Outlay:					
Parks				50	
Beach Renourishment			2,786		
Libraries					1,335
Stormwater Drainage				22,305	
Transportation					
Convention Center		551			
Courthouse	10,028				
Other Projects				625	
Debt Service:					
Bond and Loan Issuance Costs	2				
Total Expenditures	10,030	551	2,786	22,980	1,335
Excess of Revenues Over (Under) Expenditures	(9,686)	(439)	(1,884)	(19,748)	(902)
Other Financing Sources (Uses):					
Transfers In	564	1,000	5,425		
Transfers Out	(486)		(2,600)	(9,600)	
Total Other Financing Sources (Uses)	78	1,000	2,825	(9,600)	
Net Change in Fund Balances	(9,608)	561	941	(29,348)	(902)
Fund Balances October 1	211,241	6,668	22,578	101,642	19,586
Fund Balances, September 30	\$201,633	\$7,229	\$23,519	\$ 72,294	\$18,684

<i>2004 / 2005 General Obligation Bonds</i>	<i>Transit Capital Grants</i>	<i>Total</i>
	\$ 31,391	\$ 33,642
	2,768	3,543
\$ 195		1,708
	174	658
195	34,333	39,551
8,123		8,173
		2,786
		1,335
		22,305
	45,069	45,069
		551
		10,028
		625
		2
8,123	45,069	90,874
(7,928)	(10,736)	(51,323)
	5,142	12,131
		(12,686)
	5,142	(555)
(7,928)	(5,594)	(51,878)
58,905	10,098	430,718
\$50,977	\$ 4,504	\$378,840

PROPRIETARY FUNDS

NONMAJOR ENTERPRISE FUNDS

Solid Waste Fund -To account for the closure of the County landfill, County recycling programs and other solid waste activities.

Unincorporated Area Waste Collection Fund - To account for solid waste services provided to the unincorporated areas of the County.

Water Management Fund - To account for water management services provided to the residents of the County in order to meet the County's needs for flood protection and an ample urban water supply.

INTERNAL SERVICE FUNDS

Self-Insurance Fund - To provide coverage against workers' compensation claims, public liability, medical malpractice and accidents involving County-owned motor vehicles.

Fleet Services Fund - To account for and consolidate vehicle management services to Governmental Fund Types and all Enterprise Funds.

Print Shop Fund - To account for printing services provided to other County offices.

NONMAJOR ENTERPRISE FUNDS

Combining Statement of Net Assets

September 30, 2011

(In Thousands)

	<i>Solid Waste</i>	<i>Unincorporated Area Waste Collection</i>	<i>Water Management</i>	<i>Total</i>
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$5,756	\$4,917	\$731	\$11,404
Investments	41	44		85
Receivables (Net):				
Accounts	2	17		19
Due from Other County Funds		275		275
Due from Other Governments (Net)			15	15
Inventory			128	128
Total Current Assets	5,799	5,253	874	11,926
Noncurrent Assets:				
Restricted Assets:				
Investments	1,182			1,182
Capital Assets:				
Land	1,620			1,620
Buildings (Net)	16			16
Improvements (Net)	286			286
Equipment (Net)	41	6	43	90
Total Noncurrent Assets	3,145	6	43	3,194
Total Assets	8,944	5,259	917	15,120
LIABILITIES				
Current Liabilities:				
Accounts Payable	166	8	3	177
Accrued Liabilities	41	26	62	129
Due to Other Governments	31			31
Total Current Liabilities	238	34	65	337
Noncurrent Liabilities:				
Liabilities Payable from Restricted Assets	295			295
Other Long-Term Liabilities	899	12	88	999
Total Noncurrent Liabilities	1,194	12	88	1,294
Total Liabilities	1,432	46	153	1,631
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	1,963	6	43	2,012
Restricted:				
Landfill Closure	1,182			1,182
Unrestricted	4,367	5,207	721	10,295
Total Net Assets	\$7,512	\$5,213	\$764	\$13,489

NONMAJOR ENTERPRISE FUNDS
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
for the fiscal year ended September 30, 2011
(In Thousands)

	<i>Solid Waste</i>	<i>Unincorporated Area Waste Collection</i>	<i>Water Management</i>	<i>Total</i>
Operating Revenues:				
Recycling	\$ 152	\$ 20		\$ 172
Assessments		1,207		1,207
Miscellaneous	563	274	\$ 495	1,332
Total Operating Revenues	715	1,501	495	2,711
Operating Expenses:				
Personal Services	515	315	1,373	2,203
General Operating	553	1,699	116	2,368
Depreciation	69	6	10	85
Total Operating Expenses	1,137	2,020	1,499	4,656
Operating Loss	(422)	(519)	(1,004)	(1,945)
Non-Operating Revenues (Expenses):				
Interest Income	49	56	5	110
Other	199			199
Total Non-Operating Revenues (Expenses)	248	56	5	309
Loss Before Transfers	(174)	(463)	(999)	(1,636)
Transfers In	363	275	1,215	1,853
Transfers Out	(287)			(287)
Change in Net Assets	(98)	(188)	216	(70)
Total Net Assets, October 1	7,610	5,401	548	13,559
Total Net Assets, September 30	\$7,512	\$5,213	\$ 764	\$13,489

NONMAJOR ENTERPRISE FUNDS

Combining Statement of Cash Flows

for the fiscal year ended September 30, 2011

(In Thousands)

	Solid Waste	Unincorporated Area Waste Collection	Water Management	Total
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 722	\$ 1,505	\$ 495	2,722
Cash Payments to Suppliers for Goods and Services	(1,240)	(1,991)	(140)	(3,371)
Cash Payments to Employees for Services	(555)	(320)	(1,223)	(2,098)
Other Cash Received	199			199
Net Cash Used for Operating Activities	(874)	(806)	(868)	(2,548)
Cash Flows from Noncapital Financing Activities:				
Transfers In	363	275	1,215	1,853
Transfers Out	(287)			(287)
Net Cash Provided by Noncapital Financing Activities	76	275	1,215	1,566
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(2)		(5)	(7)
Net Cash Used for Capital and Related Financing Activities	(2)		(5)	(7)
Cash Flows from Investing Activities:				
Purchase of Investment Securities	(245)	37		(208)
Proceeds from Sales and Maturities of Investment Securities	396			396
Interest and Dividends on Investments	49	56	5	110
Net Cash Provided by Investing Activities	200	93	5	298
Net (Increase) Decrease in Cash and Cash Equivalents	(600)	(438)	347	(691)
Cash and Cash Equivalents, October 1	6,356	5,355	384	12,095
Cash and Cash Equivalents, September 30	\$ 5,756	\$ 4,917	\$ 731	\$ 11,404
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:				
Operating Loss	(422)	(519)	(1,004)	(1,945)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:				
Depreciation Expense	69	6	10	85
Miscellaneous Non-Operating Revenue	199			199
Decrease (Increase) in Assets:				
Accounts Receivable (Net)	7	4		11
Due from Other County Funds		(275)		(275)
Inventory			(27)	(27)
Increase (Decrease) in Liabilities:				
Accounts Payable	(258)	(17)	3	(272)
Accrued Liabilities	(56)	(3)	62	3
Due to Other Government	31			31
Noncurrent liabilities	(444)	(2)	88	(358)
Total Adjustments	(452)	(287)	136	(603)
Net Cash Used For Operating Activities	\$ (874)	\$ (806)	\$ (868)	\$ (2,548)
Noncash Investing, Capital and Financing Activities:				
Change in Fair Value of Investments	\$ 46	\$ 44	\$	90

INTERNAL SERVICE FUNDS

Combining Statement of Net Assets

September 30, 2011

(In Thousands)

	<i>Self- Insurance</i>	<i>Fleet Services</i>	<i>Print Shop</i>	<i>Total</i>
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 18,458	\$1,051	\$1,170	\$ 20,679
Investments	90,259			90,259
Receivables (Net):				
Accounts	56			56
Due from Other County Funds	21,355		2	21,357
Due from Other Governments (Net)		50	18	68
Inventories		927	26	953
Other Current Assets	67			67
Total Current Assets	130,195	2,028	1,216	133,439
Noncurrent Assets:				
Capital Assets:				
Equipment (Net)	46	700	330	1,076
Total Noncurrent Assets	46	700	330	1,076
Total Assets	130,241	2,728	1,546	134,515
LIABILITIES				
Current Liabilities:				
Accounts Payable	952	59	6	1,017
Accrued Liabilities	7,007	290	27	7,324
Unearned Revenue	8,219			8,219
Other Current Liabilities	27,360			27,360
Total Current Liabilities	43,538	349	33	43,920
Noncurrent Liabilities:				
Other Long-Term Liabilities	71,366	413	29	71,808
Total Noncurrent Liabilities	71,366	413	29	71,808
Total Liabilities	114,904	762	62	115,728
NET ASSETS				
Invested in Capital Assets,				
Net of Related Debt	46	700	330	1,076
Unrestricted	15,291	1,266	1,154	17,711
Total Net Assets	\$ 15,337	\$1,966	\$1,484	\$ 18,787

INTERNAL SERVICE FUNDS

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

for the fiscal year ended September 30, 2011

(In Thousands)

	<i>Self- Insurance</i>	<i>Fleet Services</i>	<i>Print Shop</i>	<i>Total</i>
Operating Revenues:				
Charges for Services	\$106,395	\$9,094	\$ 632	\$116,121
Operating Expenses:				
Personal Services	3,847	2,844	351	7,042
General Operating	102,620	5,896	247	108,763
Depreciation	19	553	80	652
Total Operating Expenses	106,486	9,293	678	116,457
Operating Loss	(91)	(199)	(46)	(336)
Non-Operating Revenues (Expenses):				
Interest Income	1,204	7	19	1,230
Gain (Loss) on Sale of Assets		45		45
Other	1,092	31		1,123
Total Non-Operating Revenues (Expenses)	2,296	83	19	2,398
Change in Net Assets	2,205	(116)	(27)	2,062
Total Net Assets, October 1	13,132	2,082	1,511	16,725
Total Net Assets, September 30	\$ 15,337	\$1,966	\$1,484	\$ 18,787

INTERNAL SERVICE FUNDS

Combining Statement of Cash Flows for the fiscal year ended September 30, 2011 (In Thousands)

	<i>Self-Insurance</i>	<i>Fleet Services</i>	<i>Print Shop</i>	<i>Total</i>
Cash Flows From Operating Activities:				
Cash Received from Customers		\$9,109	\$625	\$9,734
Cash Received for Premiums	\$94,558			94,558
Cash Payments to Suppliers for Goods and Services	(72,425)	(6,144)	(270)	(78,839)
Cash Payments to Employees for Services	(3,876)	(2,878)	(351)	(7,105)
Cash Payments for Claims	(24,930)			(24,930)
Other Cash Received	1,092	31		1,123
Net Cash Provided by (Used for) Operating Activities	(5,581)	118	4	(5,459)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(6)	(132)		(138)
Proceeds from Sale of Capital Assets		45		45
Net Cash Used for Capital and Related Financing Activities	(6)	(87)		(93)
Cash Flows from Investing Activities:				
Purchase of Investment Securities	(96,251)			(96,251)
Proceeds from Sale and Maturities of Investment Securities	105,037			105,037
Interest and Dividends on Investments	1,203	7	20	1,230
Net Cash Provided by Investing Activities	9,989	7	20	10,016
Net Increase in Cash and Cash Equivalents	4,402	38	24	4,464
Cash and Cash Equivalents, October 1	14,056	1,013	1,146	16,215
Cash and Cash Equivalents, September 30	\$18,458	\$1,051	\$1,170	\$20,679
Reconciliation of Operating Loss to Net Cash				
 Provided by (Used for) Operating Activities:				
Operating Loss	\$(91)	\$(199)	\$(46)	\$(336)
Adjustments to Reconcile Operating Loss to Net Cash				
Provided by (Used for) Operating Activities:				
Depreciation Expense	19	553	80	652
Miscellaneous Non-Operating Revenue	1,092	31		1,123
Decrease (Increase) in Assets:				
Accounts Receivable (Net)	68			68
Due from Other County Funds	(21,355)	10	(2)	(21,347)
Due from Other Governments (Net)		5	(5)	
Inventories		(168)	(3)	(171)
Increase (Decrease) in Liabilities:				
Accounts Payable	(100)	(80)	(20)	(200)
Accrued Liabilities	9,494	(43)	2	9,453
Other Current Liabilities	1,096			1,096
Noncurrent Liabilities	4,196	9	(2)	4,203
Total Adjustments	(5,490)	317	50	(5,123)
Net Cash Provided by (Used for) Operating Activities	\$(5,581)	\$118	\$4	\$(5,459)
Noncash Investing, Capital, and Financing Activities:				
Change in Fair Value of Investments	\$788			\$788

FIDUCIARY FUNDS

Agency Funds

Revenue Collection Fund - To account for the collection and distribution of taxes and licenses for the County and other taxing bodies.

Other Agency Fund - To account for the collection and distribution of fees for Trustees, Hunting and Fishing Licenses, School Impact, Recording, Tax Certificates, Tags and Other Licenses and Building Permit Surcharges.

Sheriff Agency Fund - To account for the collection and distribution of fees for the Sheriff's Office in a fiduciary capacity.

FIDUCIARY FUNDS

Combining Statement of Fiduciary Assets and Liabilities - Agency Funds

September 30, 2011

(In Thousands)

	<i>Revenue Collection</i>	<i>Other Agency</i>	<i>Sheriff Agency</i>	<i>Total</i>
ASSETS				
Cash and Cash Equivalents		\$ 5,567	\$6,650	\$ 12,217
Investments	\$ 23,199	11,448		34,647
Accounts Receivable (Net)	180	328	753	1,261
Delinquent Taxes Receivable (Net)	116,995			116,995
Due from Other Governments (Net)		40	278	318
Total Assets	\$140,374	\$17,383	\$7,681	\$165,438
LIABILITIES				
Accounts Payable	\$ 8	\$ 75	\$ 263	\$ 346
Due to Other Governments	3,971	6,973	922	11,866
Due to Individuals			4,885	4,885
Escrow Deposits	136,395	10,335	197	146,927
Evidence Seizures			1,414	1,414
Total Liabilities	\$140,374	\$17,383	\$7,681	\$165,438

FIDUCIARY FUNDS

Combining Statement of Changes in Assets and Liabilities - Agency Funds for the fiscal year ended September 30, 2011 (In Thousands)

	Balance October 1, 2010		Additions		Deductions		Balance September 30, 2011	
<u>REVENUE COLLECTION</u>								
ASSETS								
Cash and Cash Equivalents	\$	-	\$	5,847,911	\$	5,847,911	\$	-
Investments		25,128		570,699		572,628		23,199
Accounts Receivable (Net)		223		50,637		50,680		180
Delinquent Taxes Receivable (Net)		110,975		6,020				116,995
Total Assets	\$	136,326	\$	6,475,267	\$	6,471,219	\$	140,374
LIABILITIES								
Accounts Payable	\$	7	\$	947	\$	946	\$	8
Due to Other Governments		9,296		2,299,332		2,304,657		3,971
Escrow Deposits		127,023		4,286,626		4,277,254		136,395
Total Liabilities	\$	136,326	\$	6,586,905	\$	6,582,857	\$	140,374
<u>OTHER AGENCY</u>								
ASSETS								
Cash and Cash Equivalents	\$	7,168	\$	600,720	\$	602,321	\$	5,567
Investments				11,448				11,448
Accounts Receivable (Net)				1,501		1,173		328
Due from Other Governments (Net)		36		100		96		40
Total Assets	\$	7,204	\$	613,769	\$	603,590	\$	17,383
LIABILITIES								
Accounts Payable	\$	8	\$	1,289	\$	1,222	\$	75
Due to Other Governments		3,093		181,823		177,943		6,973
Escrow Deposits		4,103		199,356		193,124		10,335
Total Liabilities	\$	7,204	\$	382,468	\$	372,289	\$	17,383
<u>SHERIFF AGENCY</u>								
ASSETS								
Cash and Cash Equivalents	\$	1,146	\$	295,036	\$	289,532	\$	6,650
Accounts Receivable (Net)		1,044		13,255		13,546		753
Due from Other Governments (Net)		7,692		278,338		285,752		278
Total Assets	\$	9,882	\$	586,629	\$	588,830	\$	7,681
LIABILITIES								
Accounts Payable	\$	893	\$	8	\$	638	\$	263
Due to Other Governments		1,645		33,127		33,850		922
Due to Individuals		5,200		1,167		1,482		4,885
Escrow Deposits		139		71		13		197
Evidence Seizures		2,005		2,122		2,713		1,414
Total Liabilities	\$	9,882	\$	36,495	\$	38,696	\$	7,681

continued

FIDUCIARY FUNDS

Combining Statement of Changes in Assets and Liabilities - Agency Funds, continued for the fiscal year ended September 30, 2011 (In Thousands)

	<i>Balance October 1, 2010</i>		<i>Additions</i>		<i>Deductions</i>		<i>Balance September 30, 2011</i>
<u>TOTAL - ALL AGENCY FUNDS</u>							
ASSETS							
Cash and Cash Equivalents	\$ 8,314	\$	6,743,667	\$	6,739,764	\$	12,217
Investments	25,128		582,147		572,628		34,647
Accounts Receivable (Net)	1,267		65,393		65,399		1,261
Delinquent Taxes Receivable (Net)	110,975		6,020				116,995
Due from Other Governments (Net)	7,728		278,438		285,848		318
Total Assets	\$ 153,412	\$	7,675,665	\$	7,663,639	\$	165,438
LIABILITIES							
Accounts Payable	\$ 908	\$	2,244	\$	2,806	\$	346
Due to Other Governments	14,034		2,514,282		2,516,450		11,866
Due to Individuals	5,200		1,167		1,482		4,885
Escrow Deposits	131,265		4,486,053		4,470,391		146,927
Evidence Seizures	2,005		2,122		2,713		1,414
Total Liabilities	\$ 153,412	\$	7,005,868	\$	6,993,842	\$	165,438

SUPPLEMENTAL FINANCIAL SCHEDULES

WATER AND WASTEWATER

Schedule of Net Revenue and Debt Coverage Calculation

AVIATION

Schedule of Deposits to and Withdrawals from Special Funds and Accounts Created by Bond Resolutions

Schedule of Bonds Issued, Paid, Purchased, Redeemed, Cancelled and Defeased

Schedule of Revenues and Current Expenses and Calculation of Debt Coverage in Accordance with Bond Resolution Section 704 (a)

Schedule of Lien Bond Sufficiency Test

PORT EVERGLADES

Schedule of Revenues, Expenses and Debt Service Coverage

Professional Sports Facilities Bonds and First Florida Loan Agreements

Annual Disclosure Information and Debt Service Capacity Calculation

WATER AND WASTEWATER FUND
Schedule of Net Revenue and Debt Coverage Calculation
for the fiscal year ended September 30, 2011
(Dollars In Thousands)

	<i>Net Revenue Calculation</i>
Revenue:	
Water	\$ 45,114
Wastewater	64,843
Other (1)	4,946
Interest Income	1,570
Total Revenue	\$ 116,473
Current Expenses:	
Water Transmission and Distribution	\$ 8,770
Water Source of Supply, Treatment and Pumping	9,231
Wastewater Collection and Transmission	9,866
Wastewater Treatment	14,729
Customer Service	5,400
Administrative and General	15,947
Total Current Expenses (2)	\$63,943

		<i>Actual Coverage</i>	<i>Coverage Required</i>
Net Revenue Available for Principal and Interest Requirements	\$ 52,530		
Principal and Interest Requirements on Series 2003 A Bonds	\$ 5,868		
Principal and Interest Requirements on Series 2003 B Bonds	\$ 9,970		
Principal and Interest Requirements on Series 2005 Bonds	\$ 3,837		
Principal and Interest Requirements on Series 2009A Bonds	\$ 10,324		
Coverage of Debt Service by Net Revenue	\$ 29,999	1.75	1.20
Balance Available for Renewal, Replacement and Capital Expenditures	\$ 22,531		

- (1) Includes gross amounts of non-operating revenues allowable
(2) Expenses which can be charged directly as part of the cost of the product or service

AVIATION FUND
Schedule of Deposits to and Withdrawals from
Special Funds and Accounts Created by Bond Resolutions
for the fiscal year ended September 30, 2011
(in Thousands)

	<i>Balances October 1, 2010</i>	<i>Deposits</i>	<i>Withdrawals</i>	<i>Balances September 30, 2011</i>
Revenue-Operating	\$ 75,267	\$ 5,551	\$ 28,353	\$52,465
Renewal and Replacement	27,688	12,322	11,634	28,376
Improvements	1,362	137	295	1,204
Facilities Improvements	18,092	2,960	14,417	6,635
Discretionary	2,651	45		2,696
Airline Fees and Charges	9,643	7,551		17,194
Restricted Sub-Account	1,347	335	366	1,316
Passenger Facilities Charges	111,000	16,572	27,159	100,413
Bond Reserves	47,759		289	47,470
Series E Principal and Interest	19,358	19,822	19,358	19,822
Series G & H Principal and Interest	12,202	12,427	12,202	12,427
Series I & J Principal and Interest	18,420	18,728	18,420	18,728
Series L Principal and Interest	7,641	7,730	7,641	7,730
Series O Principal and Interest	4,361	4,778	4,361	4,778
Construction Funds	122,600	27,937	41,639	108,898

Note: All ending balances include accrued interest.

AVIATION FUND
Schedule of Bonds Issued, Paid, Purchased,
Redeemed, Cancelled and Defeased
for the fiscal year ended September 30, 2011
(In Thousands)

	<i>Total</i>
Balance Outstanding at September 30, 2010	\$ 724,680
Bonds Issued	-
Bond Defeased	-
Bonds Paid	42,480
Balance Outstanding at September 30, 2011	\$ 682,200

AVIATION FUND
Schedule of Revenues and Current Expenses and Calculation of Debt Coverage
in Accordance with Bond Resolution Section 704 (a)
for the fiscal year ended September 30, 2011
(Dollars in Thousands)

Revenues	\$179,358
Current Expenses	115,341
Net Revenues	64,017
Carryover Amount Available from Airline Fees and Charges Sub-Account	24,751
Amount Available for Debt Services	\$ 88,768
Debt Service:	
Deposit to Principal Account	\$ 38,850
Deposit to Interest Account	30,901
Transfer from Passenger Facility Charge Capital Improvement Fund	(13,826)
Total Debt Service	\$ 55,925
Debt Service Coverage by Account Available for Debt Service	159%
Required Debt Service Coverage	125%

AVIATION FUND
Schedule of Lien Bond Sufficiency Test
for the fiscal year ended September 30, 2011
(Dollars in Thousands)

Existing Passenger Facility Charge Authority	\$1,876,458
Amount Spent on Pay-As-You-Go Projects	34,949
Series 1998H Convertible Lien Bond Debt Service	9,124
Series 2001I Convertible Lien Bond Debt Service	2,971
Series 2004L Airport System Revenue Bonds	10,528
Series 2009O Airport System Revenue Bonds	3,298
Total for the Current Year	60,870
Total for Previous Years	370,059
Total Spent and Committed to Date	430,929
Total Available	\$ 1,445,529
Projected Aggregate Principal and Interest Requirement	\$ 166,271
Sufficiency Test	869%
Sufficiency Covenant Requirement	105%

PORT EVERGLADES FUND
Schedule of Revenues, Expenses and Debt Service Coverage
for the fiscal year ended September 30, 2011
(Dollars In Thousands)

Operating Revenues:	
Petroleum	\$ 25,772
Container	31,669
Cruise	56,754
Bulk	1,379
Breakbulk/Neobulk	1,283
Real Estate	10,409
Other	11,911
Subtotal	139,177
Non-Operating-Investment	1,009
Total Revenues	\$ 140,186
Operating Expenses	\$ 74,182
Non-Operating Expenses	(909)
Total Expenses	\$ 73,273
Net Income Available for Debt Service- Senior Lien Bonds and Subordinate Bonds	\$ 66,913

		<i>Actual Coverage</i>	<i>Required Coverage</i>
Debt Service Requirements - Senior Lien Bonds	\$ 28,757	2.33	1.25
Debt Service Requirements - Senior Lien Bonds	\$ 28,757		
Principal and interest on Subordinate Bonds	3,286		
Debt Service Requirements - Senior Lien Bonds	\$ 32,043	2.09	1.10

PROFESSIONAL SPORTS FACILITIES BONDS AND FIRST FLORIDA LOAN AGREEMENTS

**Annual Disclosure Information and Debt Service Capacity Calculation for Covenant to Budget
and Appropriate Debt Associated with the Broward County Professional Sports Facilities Tax
and Revenue Bonds, Series 2006 A& B Loan and Agreements between the County and the First
Florida Governmental Financing Commission**
for the fiscal year ended September 30, 2011
(Dollars In Thousands)

Revenues Pledged for Repayment of the 2006 Professional Sports Facilities Bonds:

Professional Sports Franchise Facilities Tax Revenue	\$	16,278
Professional Sports Franchise State Sales Tax Rebate Receipts		2,000
County Preferred Revenue Allocation Receipts		3,997
Total of Pledged Revenues	\$	22,275
Fiscal Year 2011 Debt Service		13,997
Debt Service Coverage		1.59

Net Available Non-Ad Valorem Revenues for the Fiscal Year Ending September 30, 2011:

License and Permit Fees	\$	16,067
State Revenue Sharing		35,503
Local Government Half Cent Sales Tax		48,958
Tourist Tax		40,630
Utility Services Taxes and Fire Rescue Tax		4,948
Fine and Forfeitures		14,143
Interest Earnings		8,159
Charges for Services		347,255
Miscellaneous Revenue		22,967
Other State Revenues		2,000
Non-Revenue Sources/Fund Balance		276,827
Federal/State Grants		89,269
Special Assessments		1,091
Total Gross Non-Ad Valorem Revenues		907,817
Less: Operations Costs to the extent not paid by Ad Valorem Taxes		(643,539)
Total Net Available Non-Ad Valorem Revenues	\$	264,278

Total Outstanding Debt Secured by and Payable from Non-Ad Valorem Revenues for the Fiscal Year Ending September 30, 2011:

*2006 Professional Sports Facilities Bonds	\$	153,270
2007 First Florida		4,625
2006 First Florida		4,480
2005 First Florida		6,825
2002 First Florida		4,070
Total Non-Ad Valorem General Revenue Debt Outstanding	\$	173,270

(continued)

PROFESSIONAL SPORTS FACILITIES BONDS AND FIRST FLORIDA LOAN AGREEMENTS, *Continued*

<i>Debt Service Capacity:</i>	<i>Maximum Annual Debt Service</i>	<i>Coverage Ratio</i>	<i>Coverage Required</i>
2007 First Florida	\$ 934	2	\$ 1,868
2006 First Florida	413	2	826
2005 First Florida	624	2	1,248
2002 First Florida	2,151	2	4,302
Total Debt Service Capacity			\$ 8,244

Total Net Available Non-Ad Valorem Revenues	\$ 264,278
Less Current Coverage Requirements	(8,244)
Subtotal	256,034
Less Coverage Factor (2 x Debt Service)	128,017
Total Remaining Debt Service Capacity	\$ 128,017

* The 2006 Professional Sports Facilities Bonds are primarily secured by the three revenue sources listed at the beginning of this schedule. Because non-ad valorem revenues represent a secondary source of repayment for the 2006 Professional Sports Facilities Bonds, debt service for these bonds is not included in the debt service capacity calculations. Non-ad valorem revenues were not used as a source of repayment for those bonds in fiscal year 2011 and are not anticipated to be used as a source of repayment in fiscal year 2012.

**SPECIAL PURPOSE FINANCIAL STATEMENTS OF THE COUNTY'S WATER AND
WASTEWATER FUND FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

[THIS PAGE INTENTIONALLY LEFT BLANK]

**BROWARD COUNTY, FLORIDA
WATER AND WASTEWATER FUND**

Special Purpose Financial Statements
Years Ended September 30, 2011 and 2010

BROWARD COUNTY, FLORIDA WATER AND WASTEWATER FUND
SPECIAL PURPOSE FINANCIAL STATEMENTS
TABLE OF CONTENTS

Fiscal Years Ended September 30, 2011 and 2010

	PAGES
Independent Auditor's Report	1
Special Purpose Financial Statements:	
Statements of Net Assets	2
Statements of Revenues, Expenses and Changes In Net Assets	3
Statements of Cash Flows	4
Notes to Special Purpose Financial Statements	5-13
Supplementary Information (Unaudited):	
Schedule of Net Revenue and Debt Coverage Calculation	14
Other Reports	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Special-Purpose Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15-16
Independent Auditor's Management letter	17-18



**MOORE STEPHENS
LOVELACE, P.A.**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Honorable Board of County Commissioners
Broward County Water and Wastewater Fund
Broward County, Florida

We have audited the accompanying special purpose financial statements of the Broward County Water and Wastewater Fund (the "Water and Wastewater Fund"), an enterprise fund of Broward County, as of and for the years ended September 30, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Water and Wastewater Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As described in Note 1 to the financial statements, the financial statements present only the Water and Wastewater Fund and do not purport to, and do not, present the financial position of Broward County, Florida (the "County"), as of September 30, 2011 and 2010, and the changes in its financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the Water and Wastewater Fund, as of September 30, 2011 and 2010, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the special purpose financial statements referred to above. The supplementary information listed in the table of contents is presented for additional analysis and is not a required part of the financial statements. The supplementary information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2012, on our consideration of the Water and Wastewater Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Moore Stephens Lovelace, P.A.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
February 8, 2012

**BROWARD COUNTY, FLORIDA
WATER AND WASTEWATER FUND
STATEMENTS OF NET ASSETS
SEPTEMBER 30, 2011 AND 2010**

	2011	2010
ASSETS		
Current Assets:		
Cash & Cash Equivalents	\$ 41,846,326	\$ 19,153,888
Accounts Receivable (Net)	12,764,481	14,778,576
Inventory	7,121,114	7,242,284
Other Current Assets	703,014	1,262,565
Total Current Assets	<u>62,434,935</u>	<u>42,437,313</u>
Restricted Assets:		
Cash & Cash Equivalents	12,719,316	63,470,062
Investments	51,314,031	36,008,673
Total Restricted Assets	<u>64,033,347</u>	<u>99,478,735</u>
Property, Plant and Equipment:		
Land	4,900,960	4,896,059
Buildings	209,769,182	209,769,182
Equipment	761,712,512	739,769,678
Utility Plant In Service before Depreciation	976,382,654	954,434,919
Less Accumulated Depreciation	<u>(388,540,864)</u>	<u>(358,281,688)</u>
Utility Plant In Service (Net)	587,841,790	596,153,231
Construction in Progress	108,117,265	65,978,177
Property Plant and Equipment (Net)	<u>695,959,055</u>	<u>662,131,408</u>
Deferred Charges	2,466,204	2,750,043
Total Assets	<u>\$ 824,893,541</u>	<u>\$ 806,797,499</u>
LIABILITIES		
Current Liabilities:		
Vouchers Payable and Accrued Liabilities	\$ 11,260,932	\$ 12,375,750
Due to Other County Funds	21,355,489	-
Due to Other Governments	2,176,809	1,949,153
Total Current Liabilities	<u>34,793,230</u>	<u>14,324,903</u>
Current Liabilities Payable from Restricted Assets:		
Accrued Interest Payable	9,984,191	10,116,680
Current Portion Long-Term Debt	10,110,000	9,765,000
Customer Deposits	8,378,517	8,173,542
Total Current Liabilities Payable from Restricted Assets	<u>28,472,708</u>	<u>28,055,222</u>
Long-Term Liabilities:		
Revenue Bonds Payable	402,623,397	412,674,304
Long-Term OPEB Obligation	470,182	346,202
Other Long-Term Liabilities	2,487,000	2,963,000
Total Long-Term Liabilities	<u>405,580,579</u>	<u>415,983,506</u>
Total Liabilities	<u>468,846,517</u>	<u>458,363,631</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	276,709,290	275,515,952
Restricted For:		
Debt Service	40,110,292	39,764,667
Renewal, Replacement and Improvement	5,600,000	5,600,000
Unrestricted	33,627,442	27,553,249
Total Net Assets	<u>356,047,024</u>	<u>348,433,868</u>
Total Liabilities and Net Assets	<u>\$ 824,893,541</u>	<u>\$ 806,797,499</u>

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

BROWARD COUNTY, FLORIDA
WATER AND WASTEWATER FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010

	2011	2010
Operating Revenue:		
Retail Services:		
Water	\$ 44,293,830	\$ 41,938,529
Wastewater	32,664,066	29,925,893
Septic Charges	1,518,932	1,659,400
Other Services	4,094,224	3,889,586
	<u>82,571,052</u>	<u>77,413,408</u>
Wholesale Services:		
Water	820,138	832,617
Wastewater	30,659,726	31,360,994
Total Operating Revenue	<u>114,050,916</u>	<u>109,607,019</u>
Operating Expense:		
Personal Services	24,664,054	26,881,760
Utilities Services	14,273,462	14,016,533
Chemicals	2,802,623	2,555,622
County Services	3,389,650	3,583,190
Material and Supplies	5,656,117	4,837,310
Motor Pool	1,387,081	1,279,250
Contractual Services	6,196,391	7,412,282
Other	5,573,925	4,921,007
Total Operating Expense (Excluding Depreciation)	<u>63,943,303</u>	<u>65,486,954</u>
Operating Income Before Depreciation	<u>50,107,613</u>	<u>44,120,065</u>
Depreciation Expense	<u>30,974,831</u>	<u>28,924,359</u>
Operating Income	<u>19,132,782</u>	<u>15,195,706</u>
Non-Operating Income (Expense):		
Interest Income	1,569,706	1,757,549
Interest Expense	(17,608,307)	(18,014,253)
Other Expense	-	(4,314,509)
Other Income	852,739	269,204
Other Debt Service	(294,788)	(33,534)
Gain / (Loss) On Disposal Of Assets	25,060	37,628
Total Non-Operating Income (Expense)	<u>(15,455,590)</u>	<u>(20,297,915)</u>
Income Before Contributions	<u>3,677,192</u>	<u>(5,102,209)</u>
Capital Contributions:		
Capital Recovery Fees	661,661	274,641
Capital Contributed From Other Governments	1,721,245	1,742,223
Assets Contributed by Developers	1,553,058	5,564,491
Total Capital Contributions	<u>3,935,964</u>	<u>7,581,355</u>
Change in Net Assets	<u>7,613,156</u>	<u>2,479,146</u>
Total Net Assets - Beginning	<u>348,433,868</u>	<u>345,954,722</u>
Total Net Assets - Ending	\$ <u>356,047,024</u>	\$ <u>348,433,868</u>

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

**BROWARD COUNTY, FLORIDA
WATER AND WASTEWATER FUND
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010**

	2011	2010
Cash Flows From Operating Activities:		
Cash Received From Customers	\$ 116,497,642	\$ 109,969,634
Cash Payments To Suppliers For Goods And Services	(38,845,785)	(39,030,655)
Cash Payments To Employees For Services	(24,888,480)	(26,136,688)
Other Cash Received	853,031	(4,045,179)
Net Cash Provided By Operating Activities	<u>53,616,408</u>	<u>40,757,112</u>
Cash Flows From Capital And Related Financing Activities:		
Acquisition And Construction Of Capital Assets	(64,244,575)	(52,408,654)
Proceeds From Internal Loan	21,355,489	-
Proceeds From Sale Of Capital Assets	25,060	37,628
Capital Recovery Fees	687,586	421,632
Capital Recovery Fees Refunded	(25,925)	(146,991)
Capital Surcharges Contributed From Other Governments	1,721,245	1,742,223
Principal Paid On Revenue Bonds	(9,705,907)	(7,789,345)
Interest Paid On Revenue Bonds	(17,456,957)	(18,155,253)
Debt Service Cost Paid	(294,788)	(33,534)
Net Cash Provided By (Used For) Capital And Related Financing Activities	<u>(67,938,772)</u>	<u>(76,332,294)</u>
Cash Flows From Investing Activities:		
Purchase Of Investment Securities	(102,645,993)	(51,448,753)
Proceeds From Sale And Maturities Of Investment Securities	87,340,635	53,937,125
Interest On Investments	1,569,414	1,757,423
Net Cash Provided By (Used For) Investing Activities	<u>(13,735,944)</u>	<u>4,245,795</u>
Net Increase (Decrease) In Cash & Cash Equivalents	(28,058,308)	(31,329,387)
Cash & Cash Equivalents, Beginning Of Year	<u>82,623,950</u>	<u>113,953,337</u>
Cash & Cash Equivalents, End Of Year	\$ <u>54,565,642</u>	\$ <u>82,623,950</u>
Current Assets	\$ 41,846,326	\$ 19,153,888
Restricted Assets	<u>12,719,316</u>	<u>63,470,062</u>
Total Cash & Cash Equivalents	\$ <u>54,565,642</u>	\$ <u>82,623,950</u>
Reconciliation Of Operating Income To Net Cash Provided By Operating Activities:		
Operating Income	\$ <u>19,132,782</u>	\$ <u>15,195,706</u>
Depreciation	30,974,831	28,924,359
Miscellaneous Non-Operating Income (Expense)	853,031	(4,045,179)
Changes In Assets And Liabilities:		
(Increase) Decrease In Accounts Receivable	2,014,095	124,757
(Increase) Decrease In Inventory	121,170	(651,719)
(Increase) Decrease In Other Current Assets	559,551	107,615
Increase (Decrease) In Vouchers Payable	(471,683)	863,715
Increase (Decrease) In Due to Other Governments	227,656	(54,015)
Increase (Decrease) In Customer Deposits	204,975	291,873
Total Adjustments	<u>34,483,626</u>	<u>25,561,406</u>
Net Cash Provided By Operating Activities	\$ <u>53,616,408</u>	\$ <u>40,757,112</u>
Non-Cash Capital and Related Financing Activities:		
Contributions of Capital Assets	<u>\$ 1,553,058</u>	<u>\$ 5,564,491</u>

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

BROWARD COUNTY, FLORIDA WATER AND WASTEWATER FUND

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

Years Ended September 30, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting policies used in preparation of the special purpose financial statements.

Reporting Requirement – The Broward County, Florida Water and Wastewater Fund (the “Fund”) is a “business-type” enterprise fund of Broward County, Florida (the “County”), and as such the Fund’s financial statements do not purport to reflect the financial position, results of operations, or cash flows of the County, taken as a whole. These special purpose financial statements are presented at the request of the County’s management. The financial position, results of operations, and cash flows of the Fund are presented in the basic financial statements of the County’s Comprehensive Annual Financial Report (“CAFR”) as a major enterprise fund and consolidated into the business-type activities of the entity-wide financial statements.

Basis of Accounting and Presentation – The Fund is accounted for on a “flow of economic resources” measurement focus using the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operation of the Fund are included on the statements of net assets. Revenues are recognized when earned and expenses are recognized when incurred.

The County has elected not to apply the Financial Accounting Standards Board (“FASB”) Statements and Interpretations issued after November 30, 1989, as permitted by SGAS No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, for its proprietary funds and entity-wide financial statements.

Cash and Investments – The County’s Board of County Commissioners (the “Board”), for accounting and investment purposes, maintains a pooled cash and investment account for funds within the County. All of the Fund’s cash and investments are maintained in this pooled account. Investments, including restricted investments, consist of repurchase agreements, U.S. Government obligations, and funds on deposit with the State Board of Administration (“SBA”). All investments are carried at approximate fair value.

The Fund considers all highly liquid investments, including restricted assets, with maturities of three months or less, when purchased, to be cash equivalents. Investments in the County’s investment pool are considered cash equivalents since the Fund may withdraw such investments at any time, except for certain investments included in restricted cash, which are required to be separately maintained in accordance with bond covenants.

Accounts Receivable – The Fund’s operating revenues are generally recognized on the basis of cycle billings rendered monthly. Unbilled revenues for services delivered during the last month of the fiscal year are accrued based on meter readings for September consumption. Accrued unbilled receivables at September 30, 2011 and 2010 were \$3,693,356 and \$3,489,789, respectively. Accounts receivable are presented on the statements of net assets at estimated net realizable value utilizing historical aging and trend analysis.

Inventories – Inventories held for use in maintaining the system are stated at average cost.

BROWARD COUNTY, FLORIDA WATER AND WASTEWATER FUND

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

Years Ended September 30, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets – Capital Assets includes property, plant and equipment. The capitalization levels are \$1,000 for equipment and \$5,000 for land and buildings. Property, plant and equipment are capitalized at cost when purchased, except for donated assets, which are capitalized at their estimated fair market value when received. Depreciation is provided using the straight-line method of depreciation, with estimated useful lives of the various depreciable assets of 10-45 years for buildings, improvements and infrastructure, and 3-15 years for machinery and equipment.

Capitalization of Interest – In accordance with FASB Statement 34, *Capitalization of Interest Cost*, the Fund capitalizes net interest costs on funds borrowed to finance the construction of property and equipment. During the years ended September 30, 2011 and 2010, interest paid was \$19,987,819 and \$20,496,334, of which \$2,379,512 and \$2,482,081 was capitalized, respectively.

Unamortized Bond Issue Costs – At September 30, 2011 and 2010, bond insurance, legal fees and other costs associated with the issuance of the revenue bonds are presented net of accumulated amortization and adjustments of \$3,982,086 and \$4,490,525, respectively, and are amortized over the term of the bonds using the effective interest method.

Unamortized Bond Discount – Bond discount, at September 30, 2011 and 2010, associated with the issue of revenue bonds, is reported net of accumulated amortization and adjustments of \$1,159,273 and \$1,210,924, respectively, and is amortized over the term of the bonds using the effective interest method.

Unamortized Bond Premium – Bond premium at September 30, 2011 and 2010, associated with the issue of revenue bonds, is reported net of accumulated amortization and adjustments of \$2,939,756 and \$3,440,753, respectively, and is amortized over the term of the bonds using the effective interest method.

Compensated Absences – The Fund accrues a liability for employees' rights to receive compensation for future absences when certain conditions are met.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

Deposits and Investments – The Fund's portion of the County's cash and investment pool is presented on the statements of net assets as "Equity in pooled cash and investments." Interest earned from investments purchased with pooled cash is allocated to the Fund based on its percentage of the total average cash balance.

Federal Depository Insurance or the State of Florida collateral pool covered all deposits at September 30, 2011 and 2010. This collateral pool is a multiple financial institution pool with the ability to assess its members for collateral shortfalls, if a member institution fails.

The County is legally authorized under Florida Statutes to invest excess funds in securities backed by the United States Government, the Florida State Board of Administration Local Government Surplus

BROWARD COUNTY, FLORIDA WATER AND WASTEWATER FUND

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

Years Ended September 30, 2011 and 2010

2. CASH AND INVESTMENTS – CONTINUED

Funds Trust Fund, collateralized interest-bearing deposits and repurchase agreements. The Fund's investments consist of participation in the County Investment Pool and direct investments in U.S. Government Agency Obligations. A summary of the County's Investment Pool, including descriptions of credit risk at September 30, 2011 and 2010, can be found in the County's CAFR.

3. CAPITAL ASSETS

The Fund's capital assets consist of land, buildings and improvements, containment equipment and facilities, machinery and equipment, and intangible assets. Following is a summary of changes related to capital assets during the years ended September 30, 2011 and 2010:

September 30, 2011	Balance 10/1/2010	Increases	Decreases	Balance 10/1/2011
Capital Assets, Not Being Depreciated:				
Land	\$ 4,896,059	\$ 4,901	\$ -	\$ 4,900,960
Construction In Progress	65,978,177	64,797,767	(22,658,679)	108,117,265
Total Capital Assets , Not Being Depreciated	70,874,236	64,802,668	(22,658,679)	113,018,225
Capital Assets, Being Depreciated:				
Buildings and Improvements	209,769,182	-	-	209,769,182
Machinery and Equipment	739,769,678	22,661,409	(718,575)	761,712,512
Total Capital Assets Being Depreciated	949,538,860	22,661,409	(718,575)	971,481,694
Less Accumulated Depreciation For:				
Buildings and Improvements	(118,152,468)	(7,709,509)	-	(125,861,977)
Machinery and Equipment	(240,129,220)	(23,265,209)	715,542	(262,678,887)
Total Accumulated Depreciation	(358,281,688)	(30,974,718)	715,542	(388,540,864)
Total Capital Assets Being Depreciated, Net	591,257,172	(8,313,309)	(3,033)	582,940,830
Capital Assets, Net	\$ 662,131,408	\$ 56,489,359	\$ (22,661,712)	\$ 695,959,055
September 30, 2010	Balance 10/1/2009 (unaudited)	Increases	Decreases	Balance 10/1/2010
Capital Assets, Not Being Depreciated:				
Land	\$ 4,896,059	\$ -	\$ -	\$ 4,896,059
Construction In Progress	115,108,702	59,063,391	(108,193,916)	65,978,177
Total Capital Assets , Not Being Depreciated	120,004,761	59,063,391	(108,193,916)	70,874,236
Capital Assets, Being Depreciated:				
Buildings and Improvements	199,109,808	10,659,374	-	209,769,182
Machinery and Equipment	641,410,769	105,791,675	(7,432,766)	739,769,678
Total Capital Assets Being Depreciated	840,520,577	116,451,049	(7,432,766)	949,538,860
Less Accumulated Depreciation For:				
Buildings and Improvements	(118,632,988)	(3,768,829)	4,249,349	(118,152,468)
Machinery and Equipment	(210,774,422)	(25,155,530)	(4,199,268)	(240,129,220)
Total Accumulated Depreciation	(329,407,410)	(28,924,359)	50,081	(358,281,688)
Total Capital Assets Being Depreciated, Net	511,113,167	87,526,690	(7,382,685)	591,257,172
Capital Assets, Net	\$ 631,117,928	\$ 146,590,081	\$ (115,576,601)	\$ 662,131,408

BROWARD COUNTY, FLORIDA WATER AND WASTEWATER FUND

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

Years Ended September 30, 2011 and 2010

3. CAPITAL ASSETS – CONTINUED

For the fiscal years ended September 30, 2011 and 2010, depreciation expense reflected in the Fund's statements of revenues, expenses and changes in net assets, is \$30,974,831 and \$28,924,359, respectively.

4. DUE TO OTHER COUNTY FUNDS

On April 12, 2011, the Fund entered into a loan agreement with the Risk Management Fund. This loan is for the funding of capital projects and serves as interim financing to be repaid with a future bond issuance. Total internal loan proceeds are not to exceed \$35,000,000 and for the fiscal year ended September 30, 2011, the Fund has drawn down \$21,355,489.

5. LONG-TERM DEBT

2003 Series A – In 2003, the County issued \$104,375,000 in Water and Sewer Utility Revenue Bonds. These Bonds are comprised of \$84,160,000 in Serial Bonds due October 1, 2008 to October 1, 2025 with interest rates ranging from 2.0% to 5.0%, and \$20,215,000 in Term Bonds due on October 1, 2027 with an interest rate of 4.625%. These Bonds were issued for utility improvements and to refund a portion of the Series 1998A Water and Sewer Utility Revenue Refunding Bonds and all the Series 1991 Water and Sewer Utility Revenue Bonds.

2003 Series B – In 2003, the County issued \$76,015,000 in Water and Sewer Utility Revenue Bonds. These Bonds are comprised of Serial Bonds due October 1, 2008 to October 1, 2018 with interest rates ranging from 2.5% to 5.0%. These Bonds were issued to refund a portion of the Series 1993 Water and Sewer Utility Revenue Refunding Bonds.

2005 Series – In April 2005, the County issued \$76,740,000 in Water and Sewer Utility Revenue Bonds. These Bonds are comprised of \$23,065,000 in Serial Bonds due October 1, 2006 to October 1, 2026 with an interest rate of 5.0%, and \$53,675,000 in Term Bonds due on October 1, 2030 with an interest rate of 5.0%. These Bonds were issued for utility improvements.

2009 Series – In February 2006, the County issued \$175,380,000 in Water and Sewer Utility Revenue Bonds. These Bonds are comprised of \$45,555,000 in Serial Bonds due October 1, 2010 to October 1, 2029 with an interest rate ranging from 2.1% to 5.2%, \$102,120,000 in Term Bonds due October 1, 2034 with an interest rate of 5.25%, and \$9,705,000 in Term Bonds due October 1, 2034 with an interest rate of 5.3%. These Bonds were issued for utility improvements.

BROWARD COUNTY, FLORIDA WATER AND WASTEWATER FUND
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

Years Ended September 30, 2011 and 2010

5. LONG TERM DEBT- CONTINUED

The Fund's long-term liabilities consist of bonds payable, compensated absences and other post employment benefits. The following is a summary of changes during the years ended September 30, 2011 and 2010:

<u>Year Ended 9/30/2011</u>	Balance 10/1/2010	Additions	Reductions	Balance 9/30/2011
Bonds Payable:				
Revenue Bonds	\$ 424,700,000	\$ -	\$ (9,765,000)	\$ 414,935,000
Add Premium	3,440,753	-	(500,997)	2,939,756
Less Deferred Amounts	(5,701,449)	-	560,090	(5,141,359)
Total Bonds Payable	422,439,304	-	(9,705,907)	412,733,397
Compensated Absences	2,963,000		(476,000)	2,487,000
Other Post Employment Benefits	346,202	123,980	-	470,182
Long-Term Liabilities	\$ 425,748,506	\$ 123,980	\$ (10,181,907)	\$ 415,690,579

<u>Year Ended 9/30/2010</u>	Balance 10/1/2009 (unaudited)	Additions	Reductions	Balance 9/30/2010
Bonds Payable:				
Revenue Bonds	\$ 432,510,000	\$ -	\$ (7,810,000)	\$ 424,700,000
Add Premium	4,037,571	-	(596,818)	3,440,753
Less Deferred Amounts	(6,318,927)	-	617,478	(5,701,449)
Total Bonds Payable	430,228,644	-	(7,789,340)	422,439,304
Compensated Absences	2,501,000	462,000	-	2,963,000
Other Post Employment Benefits	220,187	126,015	-	346,202
Long-Term Liabilities	\$ 432,949,831	\$ 588,015	\$ (7,789,340)	\$ 425,748,506

At September 30, 2011 and 2010, revenue bonds payable were as follows:

	2011	2010
2003 Series A Water & Sewer Utility Revenue Bonds at interest rates of 2.0% to 5.0%, due April 1 and October 1, maturing on October 1, 2027	\$ 102,600,000	\$ 103,505,000
2003 Series B Water & Sewer Utility Revenue Bonds at interest rates of 2.5% to 5.0%, due April 1 and October 1, maturing on October 1, 2018	61,885,000	69,075,000
2005 Water & Sewer Utility Revenue Bonds at an interest rate of 5.0%, due April 1 and October 1, maturing on October 1, 2030	76,740,000	76,740,000
2009 Water & Sewer Utility Revenue Bonds at interest rates of 2.1% to 5.3%, due April 1 and October 1, maturing on October 1, 2034	173,710,000	175,380,000
	414,935,000	424,700,000
Add: Unamortized bond premium	2,939,756	3,440,753
Less: Current portion	(10,110,000)	(9,765,000)
Less: Unamortized bond issue costs	(3,982,086)	(4,490,525)
Less: Unamortized bond discount	(1,159,273)	(1,210,924)
Long-Term Portion	\$ 402,623,397	\$ 412,674,304

BROWARD COUNTY, FLORIDA WATER AND WASTEWATER SERVICES**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED**

Years Ended September 30, 2011 and 2010

5. LONG-TERM DEBT- CONTINUED

The annual debt service requirements for the bonds payable at September 30, 2011, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 10,110,000	\$ 19,723,806	\$ 29,833,806
2013	10,440,000	19,390,692	29,830,692
2014	10,775,000	19,060,937	29,835,937
2015	11,100,000	18,652,334	29,752,334
2016	11,590,000	18,145,154	29,735,154
2017-2021	66,035,000	82,467,096	148,502,096
2022-2026	83,340,000	64,596,613	147,936,613
2027-2031	105,805,000	41,561,775	147,366,775
2032-2035	105,740,000	11,467,360	117,207,360

6. NET ASSETS

The amount reported on the statements of net assets as "Investment in Capital Assets, Net of Related Debt" consists of the following for the years ended September 30, 2011 and 2010:

Net Assets

	<u>2011</u>	<u>2010</u>
Net Capital Assets	\$ 695,959,055	\$ 662,131,408
Debt Related to Acquisition of Capital Assets	(419,249,765)	(422,439,304)
Unspent Bond Proceeds	-	35,823,848
	<u>\$ 276,709,290</u>	<u>\$ 275,515,952</u>

The financial presentation herein does not include the Water Management Division. The Water Management Division is presented separately as a Non-major Enterprise Fund.

7. PENSION PLAN

Plan Description – The Fund's employees participate in the Florida Retirement System ("FRS"), a multiple-employer, cost-sharing, defined-benefit retirement system, administered by the Florida Department of Administration. As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or participating city or special district within the State of Florida. For a detailed plan description, see the County's CAFR for the fiscal year ended September 30, 2011.

Funding Policy – The Fund's contributions to the FRS for the fiscal years ended September 30, 2009 through 2011 were \$2,048,722, \$2,140,215 and \$1,922,081, respectively, which equal the required contribution for each fiscal year.

8. INSURANCE COVERAGE

The County has established an internal service fund to account for insurance claims against the County. All claim reserves and expenses are recorded on the books and records of the County's internal service fund, which is sustained through charges to various County funds. During the years

BROWARD COUNTY, FLORIDA WATER AND WASTEWATER FUND

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

Years Ended September 30, 2011 and 2010

8. INSURANCE COVERAGE- CONTINUED

ended September 30, 2011 and 2010, the Fund was charged \$3,104,475 and \$2,943,270, respectively, by the County for insurance.

9. RELATED-PARTY TRANSACTIONS

The County charges the Fund for administrative costs incurred on behalf of the Fund. Total charges for the years ended September 30, 2011 and 2010, amounted to \$3,389,650 and \$3,583,190, respectively, which is included in county services expense in the Fund's statements of revenues, expenses and changes in net assets.

10. OTHER POST EMPLOYMENT BENEFITS

The County allows its employees and their beneficiaries to continue obtaining health, dental and other insurance benefits upon retirement but does not directly contribute to the cost of such benefits. Retirees and their beneficiaries pay the same group rates as are charged to the County for active employees. This constitutes a single-employer, defined-benefit healthcare plan, and the benefits conform to Florida Statutes, which are the legal authority for the plan. The plan has no assets and does not issue a financial report.

The County makes no direct contribution to the plan. However, the County's actuaries in their actuarial valuation calculate an offset to the cost of these benefits that is called the Employer Contribution. The Employer Contribution equals the total age-adjusted costs paid by the County or its active employees for coverage of the retirees and their dependents for the year, net of the retiree's own payments for the year.

	Broward County (in '000s)
Required contribution rates:	
Employer	Pay-as-you-go
Active plan members	N/A
Annual required contribution	\$4,399
Interest on net OPEB obligation	386
Adjustment to annual required contribution	(357)
Annual OPEB cost	4,428
Contributions made	(1,435)
Increase in net OPEB obligation	2,993
Net OPEB obligation – beginning of year	9,646
Net OPEB obligation – end of year	\$12,639

The Fund's share of the net other post employment benefits liability for the years ended September 30, 2011 and 2010, was \$470,182 and \$346,202, respectively.

BROWARD COUNTY, FLORIDA WATER AND WASTEWATER FUND**NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED**

Years Ended September 30, 2011 and 2010

10. OTHER POST EMPLOYMENT BENEFITS – CONTINUED

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2011 and 2010 for each of the plans, were as follows (in thousands):

Fiscal year ended	Broward County	
	9/30/2011 (in '000s)	9/30/2010 (in '000s)
Annual OPEB cost	\$4,248	\$4,208
Percentage of OPEB cost contributed	32.41%	28.97%
Net OPEB obligation	\$12,639	\$9,646

Funded Status and Funding Progress

The funded status of the plan as of October 1, 2009, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liability	\$43,581,820
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	\$43,581,820
Funded ratio	0.00%
Covered payroll	\$270,611,701
Unfunded actuarial accrued liability as a percentage of covered payroll	16.10%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision, as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information is designed to provide multi-year trend information to show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, the County has not contributed assets to the plan at this time.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

BROWARD COUNTY, FLORIDA WATER AND WASTEWATER FUND

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

Years Ended September 30, 2011 and 2010

10. OTHER POST EMPLOYMENT BENEFITS – CONTINUED

Significant methods and assumptions were as follows:

	Broward County
Actuarial valuation date	10/1/2009
Actuarial cost method	Entry age
Amortization method	Level percent, closed
Remaining amortization period	27 years
Asset valuation method	Unfunded
Actuarial assumptions:	
Investment rate of return	4%
Projected salary increases	4.5%-9.5%
Healthcare inflation rate	9% initial 4.5% ultimate

11. COMMITMENTS

At September 30, 2011, the Fund had in process various uncompleted construction projects, with remaining balances totaling approximately \$12.2 million. The following is a summary of the major commitments:

PROJECT	SPENT TO DATE	REMAINING COMMITMENT
36 inch Plug Valve Installation	\$ 178,526	\$ -
Air Relief Valve Sample Rd	158,808	123,318
Construction of 2MG water storage tank in District 3C	4,500,154	-
Construction services for water storage tank at District 3C	2,311,444	-
Consulting services for water storage tank at District 3C	524,475	74,407
Expansion to Regional Wastewater Plant	39,231,578	146,079
Expansion to Water Treatment Plant 1A	364,231	331,951
Fuel Tank Leak Monitoring	2,435,430	-
Generator replacement at the Regional Wastewater Treatment Plant	5,944,034	7,215
Improvements in Motor Control Room of Regional Wastewater Plant	6,151,266	4,698,423
Improvements to Water Treatment Plant 3C	170,877	-
Installation of new sewer mains	2,959,321	-
Installation of new water transmission mains at Water Treatment Plant 1A	1,636,802	-
Installation of transmission mains in District 1A	3,511,793	-
Neighborhood improvements in Broward Gardens	1,717,022	10,013
Neighborhood improvements in Central County	1,632,068	168,296
Sewer main replacement	11,487,599	4,318,515
Upgrade of Anion Exchange Treatment facility at Water Treatment Plant 1A	3,863,558	230,472
Upgrade to Maximo system	962,072	370,684
Water main replacement	13,489,953	1,714,189
	<u>\$ 103,231,011</u>	<u>\$ 12,193,562</u>

SUPPLEMENTARY INFORMATION (Unaudited)

BROWARD COUNTY, FLORIDA
WATER AND WASTEWATER FUND
SCHEDULE OF NET REVENUE AND DEBT COVERAGE CALCULATION
FOR THE YEARS ENDED SEPTEMBER 30, 2011 AND 2010

	2011	2010
Revenue:		
Water	\$ 45,113,968	\$ 42,771,146
Wastewater	64,842,724	62,946,287
Other	4,946,963	4,158,790
Interest Income	1,569,706	1,757,549
Total Revenue	<u>116,473,361</u>	<u>111,633,772</u>
Expense:		
Personal Services	24,664,054	26,881,760
Utilities Services	14,273,462	14,016,533
Chemicals	2,802,623	2,555,622
County Services	3,389,650	3,583,190
Material and Supplies	5,656,117	4,837,310
Motor Pool	1,387,081	1,279,250
Contractual Services	6,196,391	7,412,282
Other	5,573,925	4,921,007
Total Expense	<u>63,943,303</u>	<u>65,486,954</u>
Net Revenue Available for Principal and Interest Requirements	<u>52,530,058</u>	<u>46,146,818</u>
Principal and Interest Requirements on Series 2003 A Bonds	<u>5,868,264</u>	<u>5,867,224</u>
Principal and Interest Requirements on Series 2003 B Bonds	<u>9,970,003</u>	<u>9,970,228</u>
Principal and Interest Requirements on Series 2005 Bonds	<u>3,837,000</u>	<u>3,837,000</u>
Principal and Interest Requirements on Series 2009A Bonds	<u>10,323,808</u>	<u>10,323,908</u>
Debt Coverage Required	<u>1.20</u>	<u>1.20</u>
Actual Debt Coverage All Debt Service By Net Revenue	<u>1.75</u>	<u>1.54</u>
Balance Available For Renewal, Replacement and Capital Expenditures	<u>\$ 22,530,983</u>	<u>\$ 16,148,458</u>

Revenue recorded on this schedule is based on bond debt agreement.

OTHER REPORTS



INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF SPECIAL-PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Honorable Board of County Commissioners
Broward County Water and Wastewater Fund
Broward County, Florida

We have audited the special purpose financial statements of the Broward County, Florida Water and Wastewater Fund (the "Water and Wastewater Fund"), an enterprise fund of Broward County, Florida, as of and for the year ended September 30, 2011, and have issued our report thereon dated February 8, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Water and Wastewater Fund is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Water and Wastewater Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Water and Wastewater Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Water and Wastewater Fund's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

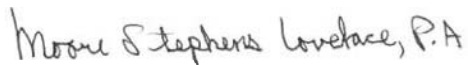
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Honorable Board of County Commissioners
Broward County Water and Wastewater Fund
Broward County, Florida

Compliance and Other Matters

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

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

A handwritten signature in dark ink that reads "Moore Stephens Lovelace, P.A." The signature is written in a cursive, flowing style.

MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
February 8, 2012



INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Honorable Board of County Commissioners
Broward County Water and Wastewater Fund
Broward County, Florida

We have audited the special purpose financial statements of the Broward County, Florida Water and Wastewater Fund (the "Water and Wastewater Fund"), an enterprise fund of Broward County, Florida, as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated February 8, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosures in that report, which is dated February 8, 2012, should be considered in conjunction with this management letter.

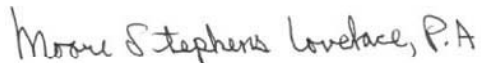
Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Water and Wastewater Fund complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but not more than inconsequential. In connection with our audit, we did not have any such findings.

Honorable Board of County Commissioners
Broward County Water and Wastewater Fund
Broward County, Florida

- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. Observation, as reported in the accompanying Schedule of Current Year Audit Observation, should be considered in conjunction with this management letter.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority is disclosed in the notes to the financial statements.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Water and Wastewater Fund's management and the State of Florida Auditor General and is not intended to be, and should not be, used by anyone other than these specified parties.



MOORE STEPHENS LOVELACE, P.A.
Certified Public Accountants

Orlando, Florida
February 8, 2012

BROWARD COUNTY WATER AND WASTEWATER FUND

SCHEDULE OF CURRENT YEAR AUDIT OBSERVATION

Fiscal Year Ended September 30, 2011

MLO 2011-01 Information Technology

Criteria

In order to keep the Broward County Water and Wastewater Fund's ("Fund") IT environment safe and secure, security must remain a key concern and function of a properly operating IT Department. As with any control, management must make the ultimate cost-benefit analysis to determine what risks to security the organization is willing to accept.

Condition

During our evaluation of the IT processes, we noted several areas which we believe could improve the Fund's data integrity, system security and business continuity. Our findings were related to the following IT issues: shared administrative access accounts, password policies, software vendor agreement, administrator activity log review, and formal documentation of access level review. Specifics of these issues were discussed in detail with the responsible personnel and management of the Fund.

Effect

The Fund's data integrity, system security and business continuity could be compromised.

Recommendation

We recommend that the IT Department and management evaluate each of the issues noted under our findings and consider the most efficient and effective way to address them.

Management's Response

Management concurs with the findings from the report and addressed each area as follows:

The shared administrative access accounts for the Kronos system were changed so that the two administrators now have their own separate accounts for logging into the system. Users of the Kronos system are now required to change their passwords every 30 days. An email is also sent to users, when it is time to change their password, requesting them to use a minimum of eight characters, including alpha and numeric characters. Management will ensure that future upgrades to the system include complex password requirements.

Management is currently working with the Purchasing Division and the County Attorney's office to negotiate a new software vendor agreement for the Energy system. The review of the administrator activity log for the Energy system has been reassigned from the system administrator to an Information Systems Manager, in order to segregate the duties. Users of the Energy system are sent an email every 45 days requesting them to change their password. Management will ensure that future upgrades to the system include password expiration and complex password requirements. Management has enhanced the process of the user access review meetings to include the formal documentation of the reviews.

APPENDIX C

ENGINEER'S REPORT

[THIS PAGE INTENTIONALLY LEFT BLANK]



Water and Sewer Utility Revenue Bonds,
Series 2012A

Water and Sewer Utility Revenue Refunding Bonds,
Series 2012B

Water and Sewer Utility Revenue Refunding Bonds,
Series 2012C (Taxable)

Final Engineer's Report

March 9, 2012

Prepared by
Hazen and Sawyer, P.C.

Table of Contents

Section 1.0	Introduction	1
1.1	Purpose.....	1
Section 2.0	Overview of Water and Wastewater Services	1
2.1	Organization.....	1
2.2	Mission.....	3
Section 3.0	Retail Water and Wastewater Utilities System	3
3.1	General Description	3
3.2	Water System Regulatory Requirements.....	10
3.3	Water Supply Description	11
3.4	Water Supply Regulatory Requirements.....	11
3.5	Overview of the Water System Facilities	15
3.6	Overview of the Retail Wastewater System Facilities.....	19
Section 4.0	Regional Wastewater System.....	24
4.1	General Description	24
4.2	Service Area and Customer Base.....	25
4.3	Wastewater System Regulatory Requirements	29
4.4	Wastewater Effluent Management.....	30
4.5	Biosolids Management.....	32
4.6	Wastewater Large User Agreements.....	32
4.7	Overview of the Regional Wastewater System.....	36
Section 5.0	Regional Raw Water Supply.....	39
5.1	General Description	39
5.2	North Regional Wellfield	40
5.3	South Regional Wellfield.....	41
5.4	Contractual Agreements	42
5.5	Regional Raw Water Supply Regulations	42
5.6	Overview of Regional Raw Water System	43
Section 6.0	Capital Improvement Program.....	47

6.1	Description of the Capital Improvement Program	47
6.2	Retail Water and Wastewater System Improvements	50
6.3	Water Treatment	50
6.4	Neighborhood Improvement Program.....	50
6.5	Local Utility Program.....	51
6.6	Other Including Mains, Lift Station Improvements and Potable Storage	51
6.7	Regional Wastewater Treatment	52
6.8	Regional Wastewater Transmission	52
Section 7.0	Financial Operations.....	52
7.1	Overview... ..	53
7.2	Water and Wastewater Rates and Charges	56
7.3	Revenue Projections.....	59
7.4	Comparison of Utilities Service Costs for Municipalities and the Unincorporated Area in Broward County	62
7.5	Insurance Coverage.....	63
Section 8.0	Summary	63

Figures

Figure 2-1	Organizational Chart.....	2
Figure 3-1	WWS Retail Water Service Areas	5
Figure 3-2	WWS Retail Wastewater Service Areas	8
Figure 4-1	WWS Wastewater Large User Service Areas	26
Figure 5-1	Regional Raw Water Service Area	40

Tables

Table 3.1	Summary of Retail Water System and Retail Wastewater System	4
Table 3.2	Summary of Water System Facilities and Capabilities as of September 30, 2011	6
Table 3.3	Summary of Treated Water Sold as of September 30, 2011.....	7
Table 3.4	Retail Wastewater System Characteristics as of September 30, 2011	8
Table 3.5	Summary of Billed Wastewater – Retail as of September 30, 2011	9

Table 3.6	Water Usage - Five Year History (1,000 gallons) Through September 2011	9
Table 3.7	Summary of SFWMD Wellfield Permits as of September 30, 2011.....	13
Table 4.1	Summary of Historical Large User Wastewater Average Monthly Flow for Treatment and Disposal (1,000 Gallons)	27
Table 4.2	North Regional Wastewater System Reserve Capacity as of September 30, 2011 (MGD)	28
Table 4.3	Summary of Large User Wastewater Treatment Annual Flows Five-Year History as of September 2011 (1,000 Gallons).....	29
Table 5.1	LARGE USER ACTUAL FLOW North Regional Raw Water Flow Distribution (1,000 Gallons)	41
Table 5.2	LARGE USER ACTUAL FLOW South Regional Raw Water Flow Distribution (1,000 Gallons)	42
Table 5.3	NRW WELLFIELD INSPECTIONS	44
Table 5.4	SRW WELLFIELD INSPECTIONS	45
Table 6.1	Capital Improvement Program as of September 30, 2011	48
Table 6.2	Capital Projects Budgets by Type Through Fiscal Year 2016	49
Table 6.3	Summary of Neighborhood Improvement Program as of September 30, 2011	51
Table 7.1	Broward County Water and Sewer Monthly Service Costs for a Residential Customer Using 5,000 Gallons per Month.....	53
Table 7.2	Broward County Schedule of Retail Rates Minimum Monthly Charges by Customer Class and Meter Size Effective October 1, 2011.....	54
Table 7.3	Broward County Schedule of Retail Rates Volume Charge (per 1,000 Gals) by Customer Class and Meter Size Effective October 1, 2011	55
Table 7.4	Retail Water and Wastewater Billing Volumes as of September 30, 2011 (1,000 Gallons).....	57
Table 7.5	Automatic Rate Adjustments for Periods of Mandated Water Restrictions	58
Table 7.6	Historical and Projected Ratios of Large Users' Revenue to Total Revenues and Wastewater Revenues (in 1,000s)	60
Table 7.7	Schedule of Historical and Projected Net Revenues, Debt Service and Debt Service Coverage (\$1,000)	61
Table 7.8	Comparative Rate Survey as of 12/31/2011 (Based on Usage of 5,000 gallons per month)	62

March 9, 2012

Honorable Members of the
Board of County Commissioners
BROWARD COUNTY COMMISSION
115 S. Andrews Avenue, Room 421
Fort Lauderdale, Florida 33301

Final Engineer's Report
Broward County, Florida
Water and Sewer Utility Revenue Bonds, Series 2012A
Water and Sewer Utility Revenue Refunding Bonds, Series 2012B and
Water and Sewer Utility Revenue Refunding Bonds, Series 2012C (Taxable)

Honorable Board of County Commissioners:

Presented herein is an Engineer's Report, prepared by Hazen and Sawyer, P.C., in support of the issuance by Broward County, Florida (the County) of the Water and Sewer Utility Revenue Bonds, Series 2012A Water and Sewer Utility Revenue Bonds, Series 2012B and Water and Sewer Utility Revenue Bonds, Series 2012C (Taxable), in the aggregate amount of \$299,200,000. A summary of findings and conclusions is presented first, followed by the body of the report.

SUMMARY OF FINDINGS AND CONCLUSIONS

Summarized below are the highlights of this Engineer's Report, including findings and conclusions.

- Water and Wastewater Services (WWS) is well organized and staffed to accomplish its mission of providing cost-effective water and wastewater services.
- The County's water treatment plants are in compliance with current regulatory requirements.
- During May 2011, Milian, Swain & Associates, Inc., as a sub-contractor to Hazen and Sawyer, P.C., visually inspected facilities of the Retail Water System and the Retail Wastewater System and found them well operated and maintained.
- The North Regional Wastewater Treatment Plan has sufficient capacity to meet the projected demands of the County and all large users to at least the year 2035.

- Each large user agreement is for a term that exceeds by one year the last payment of any wastewater system debt obligation applicable to the North Regional Service area (including the Series 2012 Bonds).
- The North Regional Wastewater Treatment Plant has no permit violations, and is in compliance with effluent quality standards. Milian, Swain & Associates, Inc. performed a visual inspection of the plant on May 3, 2011, and the facility appears to be well maintained and operating properly.
- There are currently two regional wellfields operated by the County, the North Regional Wellfield and South Regional Wellfield. Milian, Swain & Associates, Inc. visually inspected the County's regional wellfields on May 4 and May 9, 2011. Overall, both wellfields were observed to be in good operating condition and well maintained.
- The County has in place all required operating permits, or has made application for permit renewals to the appropriate regulatory agencies.
- The County has funded the Renewal, Replacement and Improvement Fund to the level recommended by the Consulting Engineer.
- The planned capital improvements are sufficient to meet projected future demands of the Broward County water and wastewater system (collectively, the Utility).
- The County has developed estimates of cost ranges for capital improvements to meet anticipated future regulatory requirements, the scope of which is not yet fully defined.
- The projected net revenues of the Utility are expected to provide debt service coverage that meets or exceeds the minimum requirements of 120 percent of total annual debt service requirements with or without anticipated rate increases.
- The projected revenues of the water and wastewater systems, incorporating anticipated rate increases of approximately four percent annually, are sufficient to meet projected revenue requirements of the Utility.
- The approved rates for water and wastewater service are considered comparable to charges for similar service provided by other publicly-owned utilities located in Southeast Florida.
- The County maintains property insurance on the fixed assets of the Utility at a level reasonably expected to provide an appropriate level of protection against peril.

Section 1.0

Introduction

1.1 Purpose

The purpose of this Engineer's Report for Water and Wastewater Services (WWS) of Broward County, Florida is to provide the following:

- A review of the management and organization of WWS which operates the County water and wastewater systems (collectively, the Utility);
- A description of the Utility;
- A financial review of the Utility regarding historical and prospective debt service coverage, insurance requirements, and future system funding needs;
- A summary of projections of future impacts on the Utility, projections of revenues and expenses, and a review of the planned capital improvements of the Utility.

This report provides descriptions and observations of the organization; the primary operating activities including the retail water and wastewater system which provides water and/or sewer service to approximately 59,000 customers, the North Regional Wastewater System which provides transmission, treatment and disposal services to other utilities on a wholesale basis and the Regional Raw Water System which provides raw water to other utilities; the water and wastewater capital improvement program (CIP); and the financial operations of the Utility.

Section 2.0

Overview of Water and Wastewater Services

2.1 Organization

The Broward County Utilities Division was created on January 31, 1962, with the County's purchase of a small, investor-owned water and wastewater utility. Between 1962 and 1975, the County acquired a number of private utilities. In 1972, the Utility commenced construction of its North Regional Wastewater Treatment Plant (NRWWTP) and, in 1975, began providing wholesale wastewater treatment service to large users. In 1976,

to achieve fiscal consolidation, the County established uniform rates throughout its service areas. The water utility service area is divided into separate geographic areas (districts), where District 1 is served by Water Treatment Plant (WTP) 1A, District 2 by WTP 2A and District 3 by purchased water from the City of Hollywood.

Subsequent reorganizations created Water and Wastewater Services (WWS). WWS, consisting of five divisions within the Public Works Department, is responsible for planning, construction, operation, maintenance, customer service, water management, and financial management of the Utility. These divisions are Water and Wastewater Operations, Water and Wastewater Engineering, Water Management, Water and Wastewater Information and Instrumentation Technology, and Fiscal Operations. In addition, within WWS Administration are two sections which support the Divisions. They are Human Resources and Project & Community Coordination. As of September 30, 2011, WWS employed 376 people, including 25 certified water operators, 18 certified wastewater operators, 15 registered professional engineers, and 4 certified public accountants. Included are 2 employees who are dual certified as both water and wastewater operators. In addition, numerous employees hold recognized industry specific certifications. An organizational chart, Figure 2-1, is provided below.

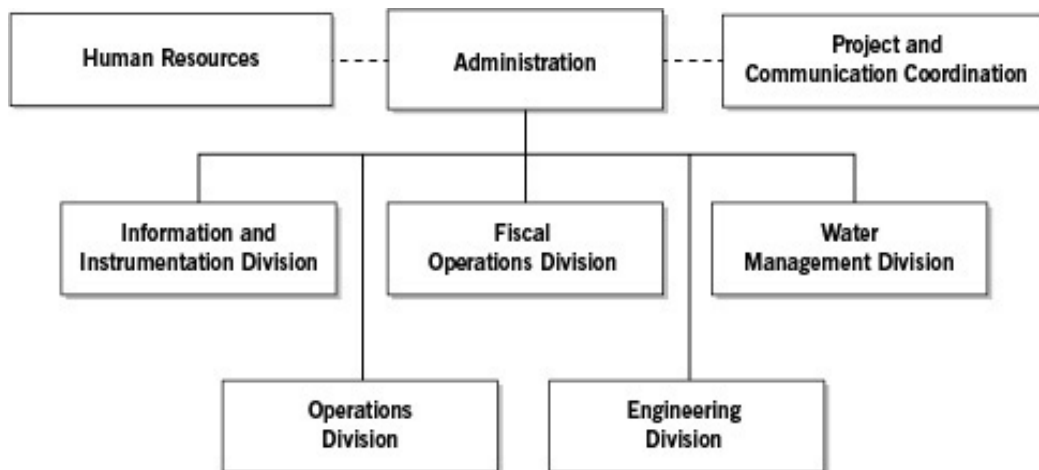


Figure 2-1: Water and Wastewater Services Organizational Chart

Under the County Code of Ordinances, the County exercises exclusive jurisdiction, control and supervision over the utility system or any part of a utility system owned, operated or maintained by the County. The Board of County Commissioners of Broward County, Florida (the Board) has the specific legal authority to fix, charge and collect from its customers, rates, fees and charges, and to acquire, construct, finance and operate the Utility without supervision or regulation by any other political subdivision of the State (provided that environmental impacts are regulated as described herein).

2.2 Mission

WWS has adopted a mission statement expressing commitment to performing as a benchmark comprehensive utility providing exceptional retail and regional water and wastewater management services and programs to its customers; and supporting continuous improvement while maintaining the quality of life in Broward County through sound environmental practices.

Section 3.0

Retail Water and Wastewater Utilities System

This section describes the water and wastewater retail system including the service area, results of the physical inspection and review of the renewal and replacement program.

3.1 General Description

The retail water system supplies potable water to retail customers in several sections of the County and to one significant bulk water user. Over the past ten years, the County's retail water system has grown from 50,709 customers (connections) to its present retail base of 58,773. This represents a population of approximately 184,000. The City of Coconut Creek, a sale for resale customer, has approximately 56,000 residents. Including the City of Coconut Creek, the retail water system serves approximately 13 percent of Broward County's total population.

The retail wastewater system provides wastewater collection service to approximately 76 percent of the County's retail water customers. The County's wastewater retail customer base has grown from 34,847 customers (connections) to its present base of 44,856 customers in the past ten years and will continue to grow through the County's extension of sanitary sewers into currently un-sewered areas. Treatment and effluent management is provided by the County-operated North Regional Wastewater System (the "Regional Wastewater System" discussed in Section 4 and collectively with the retail wastewater system the "Wastewater System") and by the Southern Regional Wastewater System operated by the City of Hollywood. A summary of the Retail Water and Wastewater systems is presented in Table 3.1.

Notably, finished water production has decreased in recent years. This is primarily attributable to drought effects, as well as the County's water conservation efforts, including year round lawn irrigation restrictions. Water conservation was amplified following a drought in 2007.

Table 3.1
Summary of Retail Water System and Retail Wastewater System

System Component	Units	Fiscal Year 2002	Fiscal Year 2011	Change	Percent Change
Water System					
Customer Base	Customers	50,709	58,773	8,064	15.90%
Water Service Area	Square Miles	40.10	40.99	0.89	2.22%
Water Lines	Miles	660.00	699.44	39.44	5.98%
Water Plant Capacity:					
Plant Capacity	MGD ²	46.00	46.00	0.00	0.00%
Avg. Daily Production ¹	MGD ²	26.39	19.76	-6.63	-25.12%
Max. Daily Production ¹	MGD ²	32.17	22.43	-9.74	-30.28%
Purchased Water	MGD ²	5.60	6.04	0.44	7.86%
Wastewater System					
Customer Base	Customers	34,847	44,856	10,009	28.72%
Wastewater Service Area	Square Miles	39.95	40.63	0.68	1.70%

¹ Reductions reflect demand management efforts including low flow plumbing retrofits, lawn irrigation restrictions, etc.

² MGD = Million Gallons Per Day.

Source: Broward County Water and Wastewater Services

Service Area and Customer Base

The retail water system is divided into three (3) service districts - Districts 1, 2 and 3 which collectively cover approximately 41 square miles. Additionally, District 2 sells water to the City of Coconut Creek which re-sells it to its customers. Two (2) water treatment plants, one each in District 1 and District 2, have a combined permitted water treatment capacity of 46 MGD (million gallons per day). However, potable water production is constrained by consumptive use permits from the South Florida Water Management District. Based on the current 20-year permit, Biscayne Aquifer allocations are 30.7 MGD through the year 2013, and 26.7 MGD through 2028. After 2013 a Floridan Aquifer allocation of 9.3 MGD is included in the 20-year consumptive use permitted withdrawal. . The Utility's five year Capital Improvements Program (CIP) is predicated upon these allocations. Water for District 3 is provided by the City of Hollywood through a water-for-resale agreement.

The distribution systems in the three Districts contain approximately 699 miles of water distribution and transmission mains with 2-inch or greater diameters. Figure 3-1 shows the geographic location of each service district as well as the large user (the City of Coconut Creek). Table 3.2 summarizes information on the production wells, treatment plants, and water system storage capacity in each district.

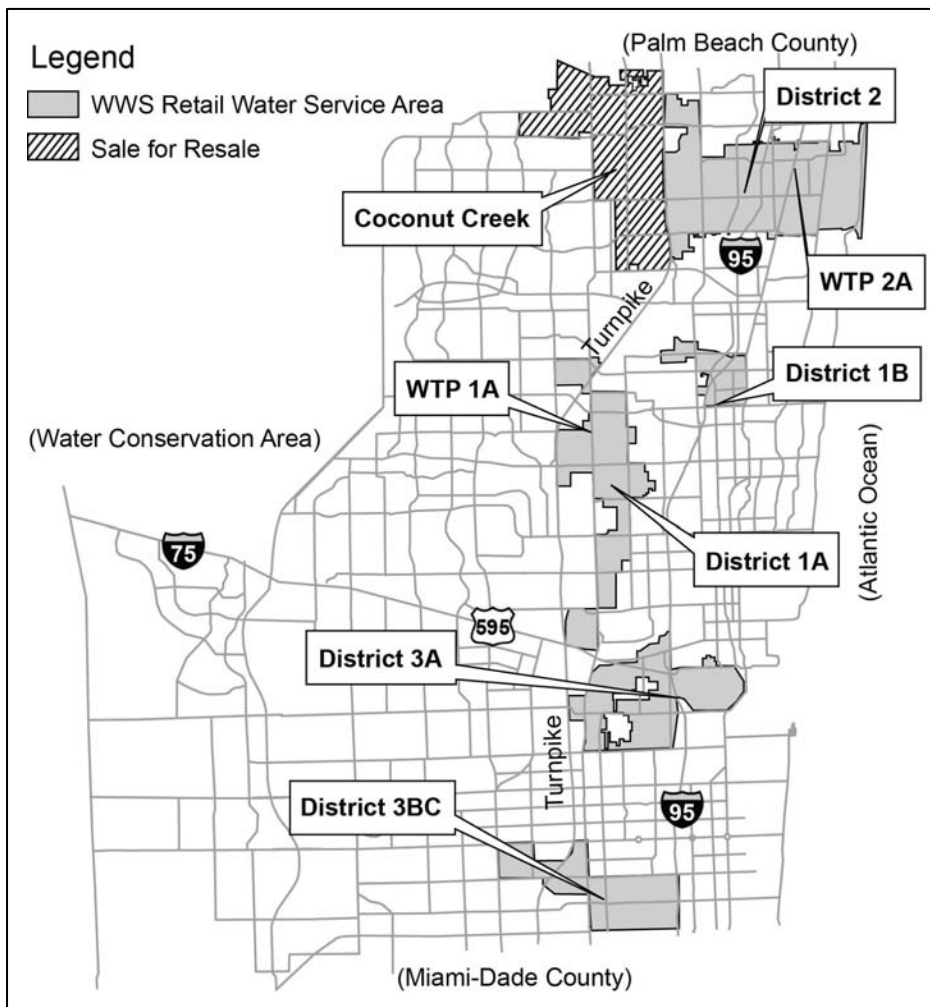


Figure 3-1: WWS Retail Water Service Areas

Table 3.2
Summary of Water System Facilities and Capabilities as of September 30, 2011

	District 1	District 2	District 3	Total
Production Wells	9	11	0	20
Wellfield Firm Capacity, (MGD) ^{1,2}	19.6	28.9	0	48.5
Treatment Plants ⁴	1	1	0	2
Permitted Plant Capacity (MGD) ^{2,3}	16	30	0	46
Current Permitted Allocation (MGD) ^{2,3}	10.7 ⁵	20.0 ⁶	0	30.7
Storage Capacity (Million Gallons) ⁴	6.2	8.5	6	20.7
Distribution Mains (Miles)	241.71	244.47	213.26	699.44
Service Area (Square Miles)	11.99	14.79	14.21	40.99
Purchased Water (MGD) ²	0.188	0	5.851	6.039
Produced Water (MGD) ²	7.219	12.526	0	19.745

¹ Firm Capacity refers to the available flow with the largest well in each district out of service.

² MGD = Million Gallons Per Day

³ Permit allocations are less than permitted treatment plant capacity.

⁴ Includes clearwells, on site and distribution storage facilities.

⁵ Does not include purchased water from the Cities of Plantation.

⁶ Includes finished water sold to Coconut Creek.

Source: Broward County Water & Wastewater Services

The Water System supplies water primarily to retail customers but also serves the City of Coconut Creek under a resale agreement which expires as described in Section 3.5. Without prior approval by the County, the City of Coconut Creek is prohibited from buying or otherwise providing water within its service area from any source other than the County during the term of the resale agreement, and cannot provide more than 100,000 gallons per day of water to any customer unless approved by the County. Presently, there appears to be no practical or economic incentive for the City of Coconut Creek to pursue development of its own facility or to develop alternative sources of supply. The County cannot charge rates to Coconut Creek greater than those charged to other customers in the same class. Billing based upon water meter readings is provided monthly. A summary of historical treated water sold and consumption data, including service to the City of Coconut Creek, is shown in Table 3.3. Values for annual average daily consumption will differ from the sum of production plus purchased water due to system losses.

Table 3.3
Summary of Treated Water Sold as of September 30, 2011

Fiscal Year	Average Number of Units¹	Average Number of Metered Customers	Total Billed Treated Water (1,000 GAL)	Total Billed Water for Resale (1,000 GAL)²	Annual Average Daily Consumption (MGD)
2002	81,058	50,709	9,916,497	2,126,774	27.17
2003	81,658	51,044	9,962,676	2,104,272	27.30
2004	82,171	51,525	10,574,616	2,190,845	28.97
2005 ³	84,203	53,705	11,383,041	2,178,609	31.19
2006	83,725	52,938	10,362,713	2,005,205	28.39
2007 ⁴	87,539	55,596	9,725,151	1,958,720	26.64
2008 ⁴	89,452	57,003	9,063,644	1,868,562	24.83
2009 ⁴	92,870	58,287	9,001,466	1,872,821	24.66
2010 ⁴	93,183	58,323	8,628,876	1,754,856	23.64
2011 ⁴	92,208	58,773	8,616,736	1,731,297	23.61

¹ The term "unit" means individual living unit for residential (single family), multifamily, hotel/motel and mobile home categories. Several units may be served through one connection. For commercial, the term means the number of connections.

² Included in the total water billed; primarily represents service to the City of Coconut Creek.

³ Several hurricanes resulted in significant water losses from line breaks and leaks throughout the system.

⁴ Droughts which began in April 2007 have resulted in reduced water use due to demand management efforts comprising water conservation initiatives, including year round lawn irrigation restrictions.

Source: Broward County Water and Wastewater Services

The retail wastewater system service area covers approximately 41 square miles with approximately 396 miles of gravity sewers, 224 lift stations, 5 master pump stations, and 104 miles of force mains. Figure 3-2 shows the service districts for the retail wastewater system. Table 3.4 presents retail wastewater system characteristics. A 10-year summary of the Retail Wastewater System customers and billed wastewater flows is presented in Table 3.5. Table 3.6 presents a five-year history of water usage by customer type.

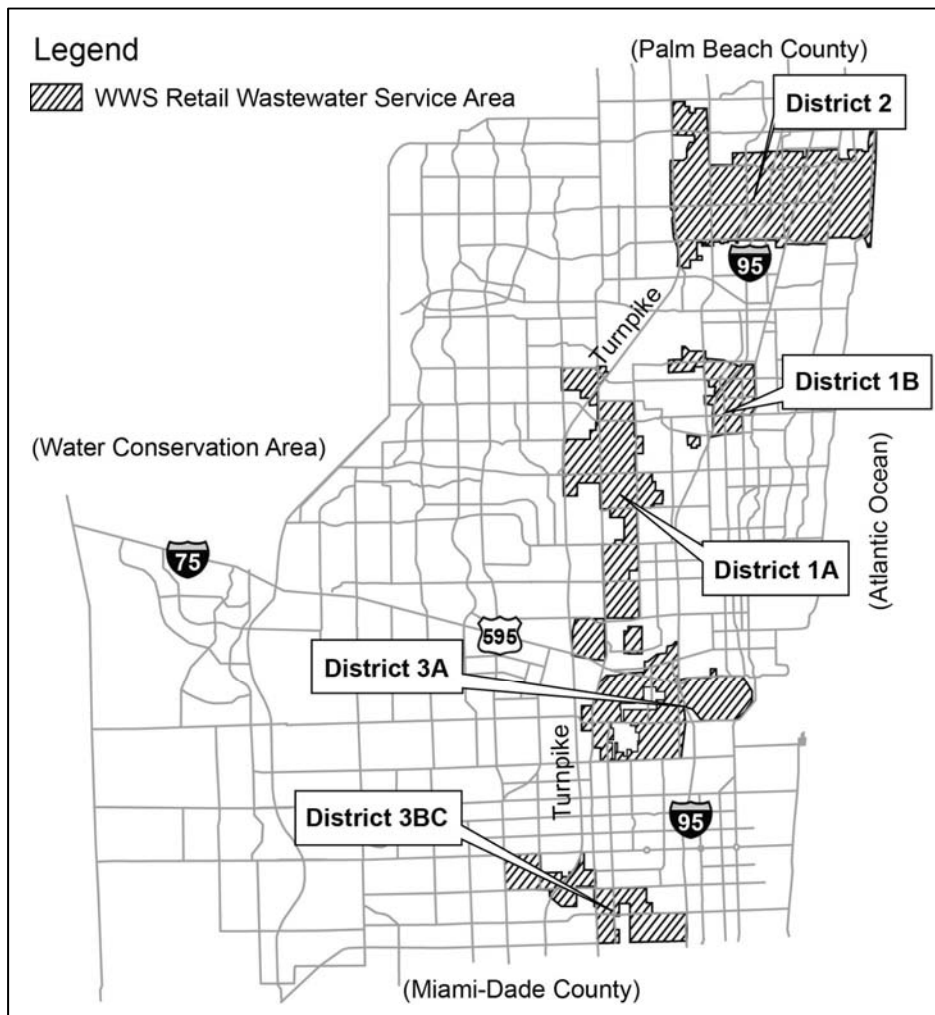


Figure 3-2: WWS Retail Wastewater Service Areas

Table 3.4
Retail Wastewater System Characteristics as of September 30, 2011

	District 1	District 2	District 3	Total
Service Area (Square Miles)	12.98	15.58	12.07	40.63
Gravity Sewer (Miles)	164.05	154.59	76.94	395.58
Lift Stations	69	94	61	224
Force Mains (Miles)	37.00	33.71	33.65	104.36
Master Pump Stations	-	4	1	5

Source: Broward County Water and Wastewater Services

Table 3.5
Summary of Billed Wastewater – Retail as of September 30, 2011

Fiscal Year	Average Number of Units¹	Average Number of Metered Customers	Total Billed Treated Wastewater³ (1,000 GAL)	Annual Average Daily Flow (MGD)
2002	63,050	34,847	5,077,785	13.91
2003	64,377	35,704	5,121,649	14.03
2004	65,029	36,654	5,310,427	14.55
2005	67,116	38,257	5,130,824	14.06
2006	67,736	40,021	5,077,759	13.91
2007	70,361	41,297	4,915,383 ²	13.47
2008	71,718	42,163	4,830,155 ²	13.23
2009	74,146	43,591	4,828,210 ²	13.23
2010	74,547	44,953	4,744,985 ²	13.00
2011	74,691	44,856	4,891,742 ²	13.40

¹ The term "unit" means individual living unit for residential (single family), multifamily, hotel / motel, and mobile home categories. Several units may be served through one connection. For commercial, the term means the number of connections and does not include the large user.

² Droughts which began in April 2007 have resulted in reduced water use due to demand management efforts comprising water conservation initiatives, including year round lawn irrigation restrictions. Reduced water use translates to reduced billed wastewater.

³ Billed wastewater is primarily based upon water sold.

Source: Broward County Water and Wastewater Services

Table 3.6
Water Usage – Five Year History (1,000 gallons)
Through September 2011

Customer Class	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Residential	5,062,677	4,811,170	4,788,005	4,608,329	4,659,677
Commercial	2,260,552	2,032,324	1,924,704	1,848,557	1,785,623
Irrigation	443,202	351,588	415,936	417,134	440,139
Sale For Resale	1,958,720	1,868,562	1,872,821	1,754,856	1,731,297
Total¹	9,725,151	9,063,644	9,001,466	8,628,876	8,616,736

¹ Droughts which began in April 2007 have resulted in reduced water use due to demand management efforts comprising water conservation initiatives, including year round lawn irrigation restrictions.

Source: Broward County Water and Wastewater Services

3.2 Water System Regulatory Requirements

Current Water Quality Regulations

The Safe Drinking Water Act (SDWA, 1974) and the Safe Drinking Water Act Amendments (SDWAA, 1986) authorized the United States Environmental Protection Agency (EPA) to establish national primary and secondary drinking water regulations to regulate maximum permissible levels of contaminants in finished drinking water. These standards were incorporated into the State of Florida Water Quality Regulations in 1993, making all regulated parameters enforceable within the State.

The Water and Wastewater Operations Division (WWOD) annually performs a complete analysis for all primary and secondary drinking water standards on raw and finished water supplies to meet the State of Florida Water Quality Regulations (Chapter 62-550.300, Florida Administrative Code). No maximum contaminant levels (MCLs) have been exceeded by WWOD's finished water. WWS tests raw water quality only for the development of baseline data; MCL limitations do not apply. The annual report presenting the results of the analysis is available at

<http://www.broward.org/WaterServices/Documents/2010WaterQualityReport.pdf>.

The Stage I Disinfectant/Disinfection By-Products Rule (D/DBP) was promulgated in 1998 and required all groundwater treatment plants, which include the WWS water treatment plants, to comply with MCL's for trihalomethanes (THMs), five haloacetic acids (HAAs), chlorite, and bromate and maximum residual disinfectant levels (MRDLs) for a number of common disinfectants including chlorine, chloramines, and chlorine dioxide. The Stage I limits for THMs and HAAs were 80 mg/l and 60 mg/l respectively, with measurements based upon a distribution system wide average.

WWS water treatment plants (WTP) currently meet all regulations and comply with current Stage I disinfection by-products regulations.

The Stage II D/DBPR was promulgated on January 4, 2006, and the regulation became effective March 6, 2006. The purpose of the Stage II D/DBPR is to reduce DBP occurrence peaks in the distribution system by using a new method to determine MCL compliance, defining operational evaluation levels, and regulating consecutive systems. No problems have been detected since the regulation became effective.

The County has completed the Stage II By-product Rule Standard Monitoring for all water distribution systems and in accordance with the rule submitted the Initial Distribution System Evaluation (IDSE) Report on December 8, 2008 to meet the January 2009 deadline. By April 2012, the County is required to develop and implement a Compliance Monitoring Plan and to begin compliance monitoring; Compliance Calculation Proce-

dures were included in the IDSE Reports, as provided by the U.S. EPA-IDSE Guidance document (EPAQ 815-B-06-002) to meet the Compliance Monitoring Plan requirement.

3.3 Water Supply Description

The primary source of water supply for WWS is the Biscayne Aquifer. Presently, WWS operates wellfields for Water Treatment Plants 1A and 2A with firm capacities of 19.6 and 28.9 MGD, respectively. Additional water is provided to District 2 by the North Regional Wellfield with a firm capacity of 18.1 MGD. A physical description of the regional system and wellfields is provided in Section 5. Water for District 3 is provided by the City of Hollywood.

In 1979, the Biscayne Aquifer was designated as a “sole source” drinking water supply by the EPA. The water in the aquifer is primarily replenished by rainfall but also is recharged by water flowing from Lake Okeechobee and conservation areas through an extensive canal system. Presently, in addition to the Utility, the Biscayne Aquifer is also used for most of the municipal raw water supplies in Broward County, Miami-Dade County and the southern portion of Palm Beach County.

Section 3.0 of the South Florida Water Management District Basis of Review for Water Use Permit Allocations generally limits raw water usage from the Biscayne Aquifer for public water supply to the maximum quantity of water withdrawn during any consecutive twelve month period during the five years preceding April 1, 2006. Water supplies necessary to satisfy any demand which exceeds that maximum quantity must come from an alternative water supply source, such as the Floridan Aquifer, harvested stormwater or reclaimed wastewater.

Due to its cost-effectiveness, the relatively shallow Biscayne Aquifer is, and is likely to remain, the County’s primary source of raw water supply. Alternative, future supply is currently expected to be provided through a Floridan Aquifer supply. The CIP for the Utility includes provisions to construct reverse osmosis treatment to effect utilization of Floridan Aquifer waters. It is noted, however, that Broward County, Palm Beach County, several municipalities, and the South Florida Water Management District (SFWMD) are also currently evaluating a regional harvested stormwater reservoir project in Palm Beach County known as the C-51 Reservoir that could expand the supply of Biscayne Aquifer raw water. Should the C-51 Reservoir prove to be a lower cost alternative water supply option, the County maintains the flexibility to reduce or eliminate proposed use of the Floridan Aquifer.

3.4 Water Supply Regulatory Requirements

The volume of raw water withdrawal from the Utility’s wellfields is regulated by the SFWMD. Each wellfield is governed by a water use permit that stipulates the maximum

allowable annual and monthly withdrawal. These permits are reissued for periods of five to twenty years. The Utility's current annual permitted rate of raw water allocations is 18.3 billion gallons from all wellfields combined, including the Regional Raw Water Wellfields. The Utility holds three permits from the SFWMD for the wellfields 1A, 2A/North Regional Wellfield (NRW), and the South Regional Wellfield (SRW). The permits for 2A/NRW were consolidated into one 20-year permit in March 2008. The 1A Wellfield was also granted a 20-year permit in April 2008.

The permit for the SRW expired in October 2007, and the submitted application for SRW permit renewal is currently under review by the SFWMD. The permit is administratively extended while under review. The County has held several review meetings with the SFWMD. Based upon the reported results of these meetings, review is expected to be favorable, but will be delayed as the SFWMD resolves sub-regional water supply solutions for Hallandale Beach and Dania Beach. Regardless of issues associated with the cities of Hallandale Beach and Dania Beach, it is expected that the SRW permit will be reissued in the ordinary course of events. Table 3.7 highlights information from the 20-year permit renewals for the 1A Wellfield and the 2A/NRW. Beginning in 2013, the SFWMD is requiring transitioning of water supply above the baseline allocation from the Biscayne Aquifer to the Floridan Aquifer or to another alternative water supply such as the C-51 reservoir project. This requirement for shifting of additional water supply to an alternative source will have implications for future treatment technology and capital investment, as well as operating costs. As additional water supplies are needed, the Utility will evaluate the available water treatment technologies and their associated fiscal and environmental factors in making treatment decisions. The Utility's current CIP includes use of the Floridan Aquifer for future alternative water supply. Should a lower cost alternative become feasible, the Utility retains the flexibility to reduce or eliminate use of the Floridan Aquifer.

Table 3.7
Summary of SFWMD Wellfield Permits as of September 30, 2011

Description	Wellfield		
	1A	2A/NRW	SRW
Permit Period:			
Issuance	4/10/2008	3/13/2008	10/10/2002
Expiration	4/10/2028	3/13/2028	10/10/2007 ¹
Total Allocations:			
Annual Average Daily (MGD)	13.9	22.1	14.2
Maximum Monthly (MGD)	15.2	24.3	-
Maximum Day (MG)	-	-	22.4
BISCAYNE AQUIFER WITHDRAWALS			
Initial Period:			
Thru	4/1/2013	3/1/2013	1
Annual Average Daily (MGD)			1
Maximum Monthly (MGD)			1
Subsequent Period:			
Thru	4/10/2028	3/13/2028	1
Annual Average Daily (MGD)	9.2	17.5	1
Maximum Monthly (MGD)	9.9	19.2	1
FLORIDAN AQUIFER WELLS			
Annual Average Daily (MGD)	4.7	4.6	1
Maximum Monthly (MGD)	5.3	5	1
Number of Wells	4	4	-
Diameter (Inches)	16	16	-
Depth (Feet)	1200	1200	-
To Be Implemented By ²	2013	2013	-
Proposed Implementation Date Modification	2017	2017	-

Permit for SRW expired October 2007. An application was submitted for permit renewal and is under review by SFWMD while sub-regional solutions for Hallandale Beach and Dania Beach are determined. Regardless of the SFWMD's ultimate resolution of the sub-regional issues, it is expected that the SRW permit will be renewed in the ordinary course of events.

² *Due to demand management efforts and lower growth, the implementation dates for alternative water supply will be extended.*

Source: Broward County Water and Wastewater Services

Long term water supply in South Florida will also be affected by the Everglades Restoration Project and by regional water supply planning undertaken by the SFWMD and the

U. S. Army Corps of Engineers (ACOE). The effect of these plans will be a reallocation of historical water supplies to secure additional fresh water for restoration of the Florida Everglades. Current planning documents known as the Lower East Coast Water Supply Plan (LECWSP), and the Comprehensive Everglades Restoration Plan (CERP) account for future needs of water utilities by utilization of new surface water reservoirs, and by implementation of Aquifer Storage and Recovery (ASR) wells. A decision by the State to endeavor to acquire the property owned and farmed by US Sugar as part of the CERP may limit the option of utilities to store and use excess stormwater as an alternative to water supply.

It is possible that the new water supply technologies could be delayed, or could be less effective than SFWMD and ACOE expect. Recognizing this, the Utility has taken multiple steps to assure that a continuous adequate raw water supply is available:

- The County has been actively participating in the LECWSP, the CERP and the SFWMD regulatory revision process.
- A new surface water pump station is being designed to improve the effectiveness of the existing raw water recharged by three existing pump stations through the canal system.
- The County has constructed and operates a 10 MGD wastewater reuse facility to support potable water demand reduction.
- The County continues to implement the Integrated Water Resources Plan (IWRP) in order to maximize the utilization of available water. Current projects include the design of interconnects between the C-1 and C-2 Canals and between the C-12 and C-13 Canals.
- The County is planning an alternative technology in case an alternate source of water may be necessary. As previously noted, it is currently expected that the Floridan Aquifer is the most likely alternative raw water supply source. The Floridan Aquifer is an artesian water supply located approximately 700 feet below the land surface in the County. Waters within the Floridan Aquifer contain higher total dissolved solids than the waters of the Biscayne Aquifer. Reverse osmosis membrane technology will readily treat Floridan Aquifer water to meet all applicable regulatory requirements. The Floridan Aquifer is presently used by a number of utilities, primarily by the Town of Jupiter, Palm Beach County Utilities, and the City of Hollywood. Costs for future use of the Floridan Aquifer are shown in Table 6.2 under "Water Treatment".

3.5 Overview of the Water System Facilities

District 1 has a combined service area of 11.99 square miles, permitted plant capacity of 16.0 MGD, and 241.71 miles of water distribution and transmission mains. WWS maintains District 1 water system interconnections with the systems of the City of Fort Lauderdale, the City of Tamarac, and the City of Lauderhill to provide for emergency water supply.

District 2, includes the Utility's largest wholesale water customer, the City of Coconut Creek. The District, not including the City of Coconut Creek, has a service area of 14.79 square miles, a permitted plant capacity of 30 MGD, and contains 244.47 miles of water distribution and transmission mains. The facilities of District 2 are interconnected with the City of Deerfield Beach, the Town of Hillsboro Beach, the City of Pompano Beach and Palm Beach County to provide for emergency water supply.

The County has an agreement with the City of Coconut Creek under which the County has agreed to provide the City of Coconut Creek with potable water for a term that exceeds by one year the last payment of any potable water system debt obligation of the County or 2040, whichever is less. The City of Coconut Creek constitutes approximately 20% of the total potable water consumption by customers of the Utility, and pays compensation amounting to 4.6% of the Utility's gross revenues. The agreement provides that, except by written consent of the County, the City of Coconut Creek will not purchase water other than from the County or pump water into its water distribution system from its own facilities. The County has agreed not to sell water to anyone else within the defined service area and the City of Coconut Creek is not permitted to increase its water service area without the written consent of the County.

District 3 is the southernmost service area of the County and is geographically separated into subdistricts referred to as 3A, 3B, and 3C. Subdistricts 3B and 3C are interconnected. 3A, 3B and 3C receive potable water through connections principally with the City of Hollywood. District 3 has a combined service area of approximately 14.21 square miles and contains 213.26 miles of transmission and distribution mains. Subdistrict 3A has interconnects with the City of Fort Lauderdale, the City of Hollywood, and the City of Dania Beach to provide for emergency water supply. Subdistrict 3B has interconnects with the City of Hollywood. Subdistrict 3C has interconnects with the City of Hollywood, the City of Pembroke Pines and the City of Miramar to provide for emergency water supply.

Visual inspections of the District 1 water treatment plant, District 2 water treatment plant and District 3 water treatment plant were performed on May 4 and 9, 2011. These inspections were performed by Milian, Swain & Associates, Inc. under contract to Hazen and Sawyer, P.C.

Water Treatment Plant 1A

WTP 1A was originally constructed in 1960 with a treatment capacity of 3.0 MGD, which was expanded to 10.5 MGD in 1979, and finally to 16.0 MGD in 1994. Overall, the plant is in very good condition as a result of the 1994 expansion and improvement project.

During the visual inspection of the plant, all equipment was operating in a satisfactory manner. The plant was clean and well maintained. The following summarizes the observations resulting from the inspection:

Plant modifications performed through December 2010:

- Installation of two (2) ammonia tanks.
- Construction of an open cover structure for High Service Pumps No. 1, No. 3 and No. 5 from east clear room located next to the 2.0 MG storage tank.
- Installation of new Variable Frequency Drive (VFD) units for the High Service Pumps across from Pumps No. 1, No. 3 and No. 5.
- Installation of 24-inch DIP discharge pipe from the high service pump (1, 3, & 5) building to the distribution system.
- Backwash Pump No. 2 was eliminated from the clear well and a new connection made to the 2.0 MG storage tank.

The plant modifications scheduled for FY 2011 are provided below with current status:

- Installation of two (2) new constant speed transfer pumps (No. 2 & No. 3) from the east clear well (completed).
- Modification of piping from the transfer pump room to the storage tank (completed).
- Installation of baffling to increase contact time at east clear well (completed).
- Dismantling of the 3.0 MG steel tank (ongoing).
- Construction of a new 1.0 MG concrete storage tank (ongoing).
- Installation of 24-inch and 36-inch piping from the east transfer pump room to existing and proposed storage tanks (completed).

- Structural repairs to Treatment Unit no. 1 (ongoing).
- Continue to work towards achieving the 4-log virus credit for compliance with the Groundwater Rule (ongoing).

Water Treatment Plant 2A

The WTP 2A was originally constructed in 1975 with a treatment capacity of 20 MGD. In FY 1994, the treatment capacity was expanded to 40 MGD with permitted capacity of 30 MGD.

During the visual inspection of the plant, all mechanical and electrical equipment were operating in satisfactory condition and well maintained.

Plant modifications performed through December 2010:

- Replacement of two (2) 10,000 gallon diesel fuel tanks to replace the existing underground tanks.
- Replacement of A/C unit at transfer pump building.
- Transfer Pump No. 2 motor and drive were rebuilt.

Plant modifications scheduled for FY 2011:

- Correction of surface cracks on filter exterior walls (ongoing).
- Recoating of flume filter No. 6 wall to stop leaks (completed).
- Installation of lighting improvements for the plant (ongoing).
- Rehabilitation of wells No. 7, No. 8 and No. 9 and relocation of well No. 4 (ongoing).
- Replacement of chemical feed pumps (ongoing).
- Implementations of flume filter wall pipe penetration (ongoing).
- Replacement of backwash tanks (ongoing).
- Rehabilitation of switch gear at high service pump room at building No.1 (ongoing).

- Replacement of lime slaker No. 1 (ongoing).
- Plans to construct a new 5MG storage tank (ongoing).
- Installation of a recarbonation system for the water treatment process (ongoing).
- Replacement of weirs and louvers at Treatment Unit No.1 (ongoing).
- Continue to work towards achieving 4-log virus credit for compliance with the Groundwater Rule (ongoing).
- Replace the VFD for High Service Pump No. 6 at building No. 9 (completed).
- Construction of concrete pad for the carbon dioxide tanks (completed).
- Construction of an open concrete roof structure to house the sodium hypochlorite tanks (completed).
- Construction of day tank containment and metering room for the hypochlorite tanks (completed).

Water Distribution System 3A

In December 2001 the City of Hollywood began providing water for resale to the County in System 3A. Then re-pumping facilities consisting of a 2.0 MG storage tank and high service pumps supplying the 3A distribution system which includes the Fort Lauderdale / Hollywood International Airport were constructed at the site of the former WTP 3A.

Two (2) new Ammoniators and a new VFD for Pump No. 2 were installed in FY-2010.

Planned modifications to the facilities for FY-2011 include the replacement of a diesel engine driving a high service pump. This work is ongoing.

The chlorine equipment appears in fair condition and in good working order.

The overall distribution facility is well maintained and operating properly.

Water Distribution System 3B and 3C

The 3B distribution system water supply is fed primarily by the City of Hollywood through two (2) 12-inch potable water interconnect treatment stations located at the City's south system perimeter (on Pembroke Road at Park Road and at S.W. 57th Avenue). Another connection from the City of Pembroke Pines supplies water to the North Perry Airport

perimeter. The County maintains a 2.5 MG storage tank and high service pumps and an emergency generator, all in very good condition. These facilities are remotely monitored and controlled via SCADA equipment/instrumentation.

During the visual inspection of plant 3B it was observed that the wall of the 2.5 MG storage tank had surface structural cracks. Repair of these surface cracks is currently ongoing. The discharge pipes on the exterior wall of the high service pump building have been re-grouted and painted. The motor for Pump No.1 was replaced; also the impellers were replaced on pumps No.1 and No.2. Pump No.4 was not in service at the time. The pump room, electrical controls and generator equipment were in good condition and operating properly. Overall the facility was very well maintained.

The 3C repump facility currently consists of a 1.5 MG concrete tank and three (3) high service pumps, VFD controls, sodium hypochlorite disinfection system and emergency standby diesel engine with generator housed in a brand new concrete building structure. The facility is equipped with a SCADA system to allow staff to monitor and control the facility operation remotely.

During the visual inspection of plant 3C it was reported that high service pump No.2 was replaced in FY-2010. Also, the ammonia system was not in service due to minor problems with the connecting fittings to the ammonia cylinders. This minor issue has since been resolved.

The remaining existing re-pump facility reported in FY-2009 was dismantled and removed from site in FY-2010.

3.6 Overview of the Retail Wastewater System Facilities

District 1 has a service area of 12.98 square miles and includes 164.05 miles of gravity collection sewers and 69 lift stations. There are 37.00 miles of force mains.

The size of the District 2 service area is 15.58 square miles. The collection system consists of 154.59 miles of gravity sewer, 94 lift stations, 4 master pump stations, and 33.71 miles of force mains.

District 3 serves an area of 12.07 square miles. The gravity collection system has 76.94 miles of gravity sewer and 61 lift stations. The force main network contains 33.65 miles of pipe that delivers the wastewater from this area to the Southern Regional Wastewater Treatment Facilities operated by the City of Hollywood. District 3A and District 3B wastewater is treated by the City of Hollywood under a large user wastewater agreement with the County. The County has 5.3 MGD of reserved capacity in the Southern Region-

al Wastewater Treatment Plant. The City of Hollywood has 48.75 MGD of plant capacity. One (1) of the master pump stations is located within District 3.

The agreement between the County and the City of Hollywood contains a number of major provisions including: identification of the service area; requirements for the use of metering devices; reserve capacity requirements; restrictions on excessive flows; and charges for damages to the system. Debt service and operation and maintenance costs are paid on an actual flow basis. The agreement can be terminated by either party with a 365-day notice, if all financial requirements have been met. The City of Hollywood may not terminate the agreement, unless there shall be a readily available alternative means of treating and disposing of County wastewater.

Visual inspections of representative portions of the retail wastewater system were conducted by Milian, Swain & Associates, Inc. on April 26 and April 27, 2011. Twenty lift stations were inspected which included facilities from all three Districts. The following summarizes the condition of inspected facilities:

Overall, the lift stations inspected appeared to be efficiently operated and well maintained, and the mechanical and electrical components (control panels, variable frequency drives, motor control centers, generators, telemetry units, pumps, pipes, and accessories) appeared to be in good condition unless noted. The Utility's CIP includes \$20M for renewal and replacement of lift station facilities.

LS 10C Lift station appeared in good condition. The wet well and interior piping were seal coated and in good condition. The valve vault walls and piping were also seal coated and in good condition. The electro-mechanical equipment appeared in good condition. This station is equipped with SCADA system.

LS 21A Lift station appeared in fair condition. The wet well interior walls are rectangular in shape and were seal coated, but in some areas the coating was peeling from the walls. The interior piping showed signs of light corrosion. The valve vault interior walls and piping were seal coated but the coating was peeling from the walls and the piping shows signs of heavy corrosion and should be painted. The electro-mechanical equipment appeared in fair condition. The station is equipped with SCADA system and the station is fenced for security.

LS 21D Lift station appeared in fair condition. The wet well is rectangular in shape and the walls were losing the seal coating, the interior piping was showing signs of light corrosion. The valve vault interior walls and bottom were seal coated and in good condition. The valve vault piping also shows signs of corrosion and requires a coat of paint. The check valves have been replaced. The 4-inch wet well vent shows signs of light corrosion and should be re-painted. The electro-

mechanical equipment is in good condition. The station is equipped with SCADA system and is fenced for security.

- LS 22A Lift station appeared in fair condition. This station has a rectangular shape wet well. The interior wet well and piping was seal coated, but the seal coat was peeling from the walls and should be re-sealed. The valve vault interior walls was sealed coated and in good condition. The piping is showing signs of heavy corrosion and should be re-painted. The electro-mechanical equipment is in fair condition. This station is equipped with SCADA system.
- LS 23B Lift station appeared in fair condition. The wet well is square in shape and the interior walls and piping were seal coated and in good condition. The interior wet well piping shows signs of corrosion and should be seal coated. The valve vault interior walls and piping were also seal coated and were in fair condition. The emergency pump out valve in the vault should be painted and the missing cam lock should be replaced. The electro-mechanical equipment and structure were in fair condition. This station is equipped with SCADA system.
- LS 23C Lift station appeared in good condition. The wet well interior wall was seal coated and appeared in good condition. The interior piping had been replaced but should be seal coated. The valve vault walls and piping were seal coated and were in good condition. The electro-mechanical equipment appeared in good condition. The station is equipped with SCADA system.
- LS 24A Lift station was in fair condition. The wet well interior wall and piping were seal coated, but the piping was showing signs of light corrosion and should be seal coated. The discharge pipes have been replaced and should be seal coated. The valve vault interior walls and piping are seal coated and in good condition. The cam lock is missing and should be replaced. The electro-mechanical equipment was in fair condition. This station is equipped with SCADA system.
- LS 24G Lift station was in good condition. The wet well interior wall and piping were seal coated and in good condition. The valve vault was seal coated but the coating was peeling. The valve piping was also seal coated and showed signs of corrosion. The electro-mechanical equipment was in good condition. The station is equipped with SCADA system.
- LS 29A Lift station appeared in good condition. The wet well interior wall was losing the seal coating and should be re-coated. The interior piping was showing signs of light corrosion and should be repainted. This station is equipped with above ground Gorman-Rupp pumps that appeared to be in good working condition. The motor had been replaced in one of the pumps. The suction pipes at

the top slab should be re-grouted to stop rain water from infiltrating into the wet well. The valve vault interior walls were seal coated and in good condition. The interior piping was showing signs of light corrosion and should be resealed. The electro-mechanical equipment appeared in good condition. This station is equipped with SCADA system and is fenced for security.

- LS 30A Lift station appeared in good condition. The interior wet well wall was seal coated and in good condition. The interior pipes have been replaced, but should be seal coated. The valve vault interior walls are seal coated and in good condition, but the vault had approximately one foot of ground water standing in the bottom. The piping should be painted due to light interior corrosion. The Electro-mechanical system appeared in good condition. This station is equipped with SCADA system.
- LS 30B Lift station appeared in fair condition. The wet well interior wall appeared in good condition, but sections of the wet well joints were seeping and should be sealed. The interior wet well piping was showing signs of heavy corrosion and should be seal coated. The seal coat on the valve vault interior walls was peeling and should be recoated. The valve vault piping is showing signs of light corrosion and should be repainted. The electro-mechanical system appeared in fair condition. This station is equipped with SCADA system and is fenced for security.
- LS 30GI Lift station appeared in good condition. The wet well interior wall was seal coated and in good condition. The interior piping was also seal coated, but was showing signs of corrosion. The valve vault interior wall was also seal coated and in good condition. The valve vault piping was showing signs of corrosion and should be re-painted. This station does not have a wet well vent and should have one installed. The electro-mechanical equipment appeared in good condition. This station is equipped with SCADA system and is fenced for security.
- LS 31B Lift station was in good condition. The wet well interior wall was seal coated and in good condition. The interior piping was also seal coated and showed no signs of corrosion. The valve vault interior walls and piping were seal coated and in good condition. The valve vault had about one foot of water standing in the bottom possibly the sump pump was not working; the electro-mechanical equipment is in good condition. This station is equipped with SCADA system and is fenced for security.
- LS 31D Lift station was in fair condition. The interior wet well wall seal coating was peeling off the wall. The interior piping is showing signs of heavy corrosion and

should be recoated. This station was converted from above ground Gorman-Rupp pump to submersible pumps. The valve vault was eliminated and the valves and fittings were installed above ground. The electro-mechanical equipment was in fair condition. This station is equipped with SCADA system and is fenced for security.

LS 31F1 Lift station appeared in good condition. The wet well interior wall was seal coated and in good condition. The interior piping was showing signs of corrosion and should be re-coated. The valve vault and interior piping were also seal coated and in good condition. The cam lock was missing from the emergency pump out, and should be replaced. The electro-mechanical equipment was in good condition. This station is equipped with SCADA system and is fenced for security.

LS 31G Lift station was in good condition. The wet well and interior suction pipes were seal coated and in good condition. The valve vault and piping were also seal coated, but the coating was peeling from the pipes and should be re-coated. The Electro-mechanical system was in good condition. This station is equipped with SCADA system and is fenced for security.

LS 50B1 Lift station appeared in good condition. The wet well wall was in good condition and was seal coated. The interior piping was showing signs of corrosion. The 4-inch wet well vent needs a coat of paint due to signs of corrosion. The valve vault walls appeared in good condition, but the discharge piping and valves were showing signs of light corrosion and should be painted. The electro-mechanical equipment is in good condition. This station is equipped with SCADA system and is fenced for security.

LS 50J1 Lift station appeared in good condition. Interior wet well wall was seal coated and in good condition. The interior piping were also seal coated and showed no sign of corrosion. The valve vault and interior piping appeared in good condition with signs of light corrosion on the piping. The electro-mechanical equipment appeared in good condition. The 4-inch wet well vent should be repainted. This station is equipped with SCADA system that is incorporated into the control panel.

LS 50M Lift station appeared in good condition. The wet well is rectangular in shape and the interior walls appeared in good condition. The interior wet well piping appeared in good condition, but was showing signs of light corrosion and should be seal coated. The valve vault was seal coated and in good condition. The valve vault piping was also showing signs of light corrosion. The electro-

mechanical equipment appeared in good condition. This station is equipped with a SCADA system and is fenced for security.

LS 56B Lift station was in good condition. The wet well interior walls were seal coated and piping was in good condition with no signs of corrosion. The valve vault was also seal coated and piping was in good condition with no sign of corrosion on the discharge pipes. The electro-mechanical equipment and structure were in good condition. This station is equipped with a SCADA system.

Section 4.0

Regional Wastewater System

This section describes the North Regional Wastewater System (NRWWS) including the service area, visual inspection and review of the renewal and replacement program.

4.1 General Description

The Utility owns and operates the North Regional Wastewater Treatment Plant (NRWWTP), which has provided contract wholesale wastewater services to 11 large users plus the County since 1974. The large users include the Cities of Coconut Creek, Coral Springs, Deerfield Beach, Lauderhill, North Lauderdale, Oakland Park, Pompano Beach, Tamarac; and, North Springs Improvement District (NSID), Parkland Utilities, and Royal Utilities. Service is also provided to WWS Districts 1 and 2 retail wastewater systems. The NRWWS includes 15 master pumping stations and approximately 98 miles of force mains. All of the wastewater collected from retail Districts 1 and 2 and large user customers is treated at the NRWWTP located in Pompano Beach, Florida. The plant has a permitted treatment capacity of 84 MGD. The recent expansion project increased plant treatment capacity to 95 MGD, of which 87.015 MGD has been reserved by the large users and the County. During Fiscal Year 2011, the annual average daily flow rate at the NRWWTP was approximately 59.6 MGD, and the plant currently has sufficient capacity to meet the projected demands of all large users and the County to at least the year 2035.

The large user agreements are substantially similar. Each is for a term that exceeds by one year the last payment of any wastewater system debt obligation applicable to the NRWWS. In addition to stipulating points of connection and establishing minimum quality limitations on all wastewater, the agreements designate reserve capacity in the plant for each user and provide for the method to charge each user for the availability and provision of service. The agreements also require the large users to deliver all wastewater

collected to the County. On a monthly basis, each user is billed a fixed charge depending upon the user's reserve capacity in the plant. This fixed charge is designated to recover each large user's equitable share of debt service including coverage (1.2x principal and interest). The operation and maintenance costs associated with provision of treatment and transmission service, also billed monthly to each large user, are based upon the large user's pro rata usage of the NRWWS. Additionally, the contracts provide restrictions on excessive and peak flows, limitations on types of waste allowed to be discharged and requirements to pay for damages caused by a large user.

The NRWTP was designed and constructed in accordance with a master plan approved by regulatory authorities specifically to encourage the use of regional, technologically advanced wastewater treatment processes and to discourage development and use of smaller, less efficient systems. A difficult permitting process, outstanding contractual obligations with the County, and high capital costs of constructing and operating a new facility should discourage any large users from abandoning the NRWWS. The agreements as executed by the large users are binding and can only be terminated upon mutual consent of the County and the large user.

The NRWTP utilizes an activated sludge treatment process for liquid treatment and an anaerobic digestion system for handling the biosolids produced from the liquid treatment process. After digestion, the sludge is dewatered and disposed of by landfilling and landspreading. The effluent from the liquid treatment process is chlorinated and either pumped through the outfall pipe into the Atlantic Ocean, disposed of in on-site deep injection wells, or filtered via the County's 10 MGD reclaimed water system. The reclaimed water is used for irrigation and industrial process water at the North Resource Recovery Plant (Solid Waste Incinerator), the Septage Receiving Facility, and the NRWTP, and for landscape irrigation at a nearby commerce center.

4.2 Service Area and Customer Base

Figure 4-1 shows the NRWWS service area. All of the wastewater collected from retail Districts 1 and 2, and all large user customers, are treated at the NRWTP located in Pompano Beach, Florida.

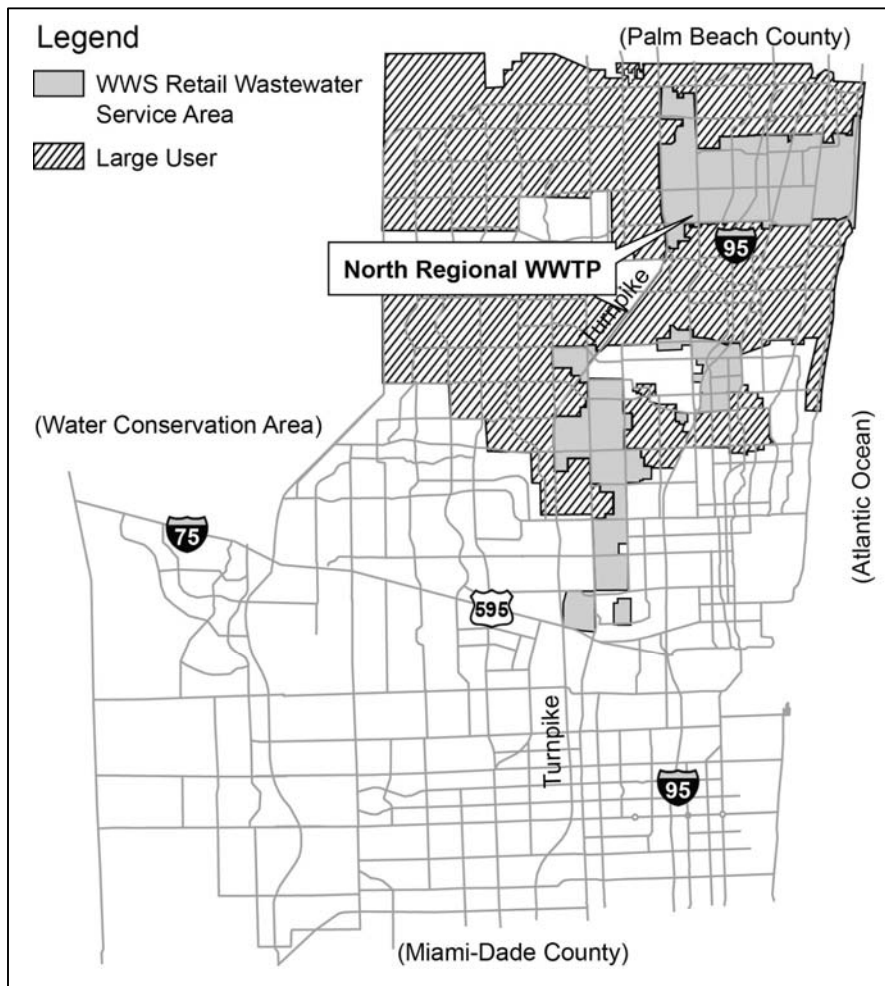


Figure 4-1: WWS Wastewater Large User Service Areas

The NRWWS service area provides service to 40 percent of the population in the County. In addition to providing treatment service to the County's retail customers in Districts 1 and 2 (District 3 treatment is provided by contract with the City of Hollywood at the South Regional Wastewater System), the NRWWTTP provides treatment to 11 large users plus the County. Service is provided pursuant to individual, contractual agreements between the County and each large user. Generally, such agreements specify each large user's reserve capacity in the plant and provisions for billing and payment for service. As noted, the large users and WWS have currently subscribed to 87.015 MGD of the 95 MGD of treatment and disposal capacity.

Table 4.1 provides a summary of historical large user wastewater flow rates for treatment and disposal. The reserve capacity for each large user of the NRWWS is shown in Table 4.2. Table 4.3 provides information on the wastewater annual flows for the past

five years. While some of the large users individually may be utilizing high percentages of their reserve capacity, collectively the large users will not exceed permitted plant capacity. Hence, such individual wastewater flows do not constitute a liability issue from the standpoint of plant capacity.

Table 4.1
Summary of Historical Large User Wastewater
Average Monthly Flow for Treatment and Disposal (1,000 Gallons)

Large User	FY 2009¹	FY 2010¹	FY 2011¹	Change From Prior Year	% of Change
Coconut Creek	102,452	109,675	106,383	(3,292)	-3.00%
Coral Springs	255,782	261,008	209,733	(51,275)	-19.65%
Deerfield Beach	213,446	213,438	168,219	(45,219)	-21.19%
Lauderhill	184,215	181,413	166,710	(14,703)	-8.10%
North Lauderdale	99,543	82,375	89,867	7,492	9.10%
NSID	81,508	80,336	82,665	2,329	2.90%
Oakland Park	53,526	61,731	44,097	(17,634)	-28.57%
Parkland Utilities	5,601	6,651	6,220	(431)	-6.48%
Pompano Beach	367,407	385,597	374,685	(10,912)	-2.83%
Royal Utilities	9,831	8,980	7,500	(1,480)	-16.48%
Tamarac	195,063	201,687	220,223	18,536	9.19%
Subtotal	1,568,374	1,592,891	1,476,302	(116,589)	-7.32%
Broward County	414,413	394,804	337,189	(57,615)	-14.59%
Total	1,982,787	1,987,695	1,813,491	(174,204)	-8.76%

¹ The infiltration and inflow programs, water conservation efforts and water restrictions have reduced water sales and the amount of water returned to the wastewater system.

Source: Broward County Water and Wastewater Services

Table 4.2
North Regional Wastewater System
Reserve Capacity as of September 30, 2011
(MGD)

Large User	Capacity	
	Treatment	Transmission
Broward County	19.42	19.42
Coconut Creek ¹	6.54	4.41
Coral Springs	9.79	9.79
Deerfield Beach	8.50	8.50
Lauderhill	7.10	7.10
NSID	3.53	3.53
North Lauderdale	4.40	4.40
Oakland Park	1.52	1.52
Parkland Utilities	0.27	0.27
Pompano Beach ¹	17.00	N/A
Royal Utilities	0.45	0.45
Tamarac	8.50	8.50
Total	87.02	67.89

¹ All of Pompano Beach and portions of Coconut Creek do not use the North Regional Wastewater System transmission facilities.

Source: Broward County Water and Wastewater Services

Table 4.3
Summary of Large User Wastewater Treatment Annual Flows
Five-Year History as of September 2011 (1,000 Gallons)

Large User (LU)	Fiscal Year 2007¹	Fiscal Year 2008¹	Fiscal Year 2009¹	Fiscal Year 2010¹	Fiscal Year 2011¹
Coconut Creek	1,336,757	1,259,011	1,229,427	1,316,095	1,276,592
Coral Springs	2,762,105	3,096,615	3,069,385	3,132,096	2,516,794
Deerfield Beach	2,145,876	2,680,185	2,561,348	2,561,252	2,018,628
Lauderhill	2,107,495	2,219,783	2,210,581	2,176,961	2,000,517
North Lauderdale	1,218,069	1,169,616	1,194,511	988,496	1,078,407
NSID	927,497	1,003,282	978,100	964,037	991,983
Oakland Park	439,333	449,973	642,310	740,767	529,162
Parkland	87,728	93,272	67,215	79,808	74,642
Pompano Beach	4,944,777	4,918,370	4,408,880	4,627,160	4,496,220
Royal Utilities	75,659	102,307	117,969	107,764	90,004
Tamarac	2,298,144	2,307,154	2,340,756	2,420,243	2,642,672
Total LU	18,343,440	19,299,568	18,820,482	19,114,679	17,715,621
Broward County	5,913,178	5,856,469	4,972,950	4,737,647	4,046,268
Total LU and County	24,256,618	25,156,037	23,793,432	23,852,326	21,761,889

¹ The infiltration and inflow programs, water conservation efforts and water restrictions have reduced water sales and the amount of water returned to the wastewater system.

Source: Broward County Water and Wastewater Services

4.3 Wastewater System Regulatory Requirements

Operations of the NRWWTTP are regulated by the EPA, the Florida Department of Environmental Protection (FDEP), and the Broward County Environmental Protection and Growth Management Department. Regulatory requirements are focused on effluent management, sludge disposal, reclaimed water, and an industrial pretreatment program.

In Fiscal Year 2011, the North Regional Wastewater Treatment Plant (NRWWTP) had no permit violations. The NRWWTTP is in compliance with effluent quality standards; fifty-one (51) parameters are checked daily to assess conformance with these standards, amounting to 21,922 parameter checks in the year. During Fiscal Year 2011, there was one (1) limit excursion, or only 0.004 percent of the total checks at the NRWWTTP. This excursion was the result of the automatic system feed loop that did not adjust quickly enough to maintain the permitted residual range in the effluent.

4.4 Wastewater Effluent Management

The NRWTP currently disposes of treated effluent via an open ocean outfall pipeline, a reclaimed water system and deep injection wells. The open ocean outfall is regulated through the Federal National Pollutant Discharge Elimination System (NPDES) permit program, and is administered by the FDEP. Injection to the deep wells is permitted by the FDEP Underground Injection Control Section.

Open ocean outfalls are utilized by several south Florida utilities. Concerns over possible environmental impacts exist and have been the subject of extensive study such as the Southeast Florida Ocean Outfall Experiments (SEFLOE) I and II conducted by the National Oceanic and Atmospheric Administration (NOAA). The SEFLOE studies indicated that there has been no unreasonable degradation or irreparable harm of the ocean environment. WWS is currently participating in a joint study with NOAA titled the Florida Atlantic Coastal Environment (FACE) study. The County has executed a memorandum of understanding with NOAA for a Coastal Water Quality Monitoring Plan, which will involve monthly monitoring of water quality associated with the ocean outfall discharges. Work began in June, 2010.

The County's facility permit from the FDEP rates the NRWTP at 84 MGD and acknowledges 66 MGD of effluent disposal capacity through the ocean outfall. Broward County submitted an application to the FDEP on August 2, 2007 for the renewal of the NPDES/Facility Permit for the NRWTP, which expired on February 2, 2008. The NRWTP is currently operating under an administratively extended NPDES/Facility Permit until the FDEP issues the new permit accompanied by an order establishing a compliance schedule consistent with recently enacted legislation. The application has been preliminarily reviewed by the FDEP and issuance of the facility permit is anticipated in the next calendar year. The range of estimated capital improvement costs associated with complying with the as-yet-uncertain regulations is described in Section 6.7.

The FDEP continues to promote a reduction of nutrients in the face of opposition to ocean discharges from interested groups, but they have worked with the wastewater utilities with ocean outfalls (including Broward County) to reduce the economic impact of the Leah Schad Memorial Ocean Outfall Program, which became the law effective July 1, 2008. Subsequent legislation has been proposed each year to amend the law. Proposed legislation reflects agreements reached between the FDEP and affected outfall utilities. It is noted that there is no assurance the legislation will be adopted or that additional legislation relating to outfall utilities will not be introduced or adopted. Proposed revisions would include the following changes to the current law:

- Extends the date for discharges of domestic wastewater through an ocean outfall to meet advanced wastewater treatment and management (AWTM) requirements from December 31, 2018 to December 31, 2020.
- Allows peak flow backup discharges not exceeding 5% of the facility's cumulative baseline flow, measured on a 5-year rolling average and requires that such discharges meet the FDEP's applicable secondary waste treatment and water-quality-based effluent limitations.
- Extends certain planning and reporting compliance dates.
- Requires the detailed plan that an outfall utility must submit to FDEP to identify technically, environmentally and economically feasible reuse options, and to include an analysis of the costs associated with meeting state and local water quality requirements, and comparative costs for reuse using outfall flows and other domestic wastewater flows.
- Requires the detailed plan to evaluate reuse demand in context with several factors considered in the South Florida Water Management District's (SFWMD) Lower East Coast Regional Water Supply Plan.
- Requires FDEP, SFWMD and the outfall utilities to consider the above information for the purpose of adjusting, as needed, the reuse requirements, and requires FDEP to report to the Legislature any changes that may be necessary in the reuse requirements by February 15, 2019.

In order to meet the advanced wastewater treatment requirements of the rule, the County has implemented cumulative nutrient reduction strategies including modifying the existing treatment process to augment biological nutrient removal and reducing outfall discharges via diversion to the existing deep injection well system.

As noted, the effluent management system also includes Class I injection wells. The Operation Permit 0051336-502-UO for Injection Wells 1 through 6 was issued on July 2, 2010 and is valid for five (5) years. This permit requires the installation of a new monitoring well (number 5) to replace monitoring well number 4, because its lower zone no longer appears to be a reliable source of data. This determination was made based on the modified monitoring protocols and data collected under the permit 0051336-439 UO administrative order. Work began in January 2012.

The County's effluent management program currently includes a 10 MGD system providing highly treated reclaimed water for industrial and landscape uses. Due to state law, the County will be required to increase production of reclaimed water by 2025. Long

term effluent management improvements include combinations of injection wells, Biscayne Aquifer recharge, Floridan Aquifer recharge, offsite large user reuse, and residential reuse. An increase in the consumptive use permit raw water allocation for the water treatment facilities may be authorized by the SFWMD when effluent management results in the potential beneficial reuse of the reclaimed water.

4.5 Biosolids Management

Pollutant concentrations in wastewater residuals are regulated by both federal and state sludge regulations. The federal regulation that currently regulates disposal is 40 CFR Part 503. The Part 503 rule regulates five categories of wastewater residuals disposal: agricultural land application, non-agricultural land application, distribution and marketing, monofills and surface disposal. WWS currently employs landfilling (20,000 tons per year) and landspreading (60,000 tons per year) for wastewater residuals disposal. H & H Liquid Sludge Disposal, Inc. is under contract to dispose of biosolids by landspreading. The contract extends to October, 2012, after which the contract will be re-bid and awarded to the lowest responsible bidder.

The County is currently managing most biosolids by land application of the treated residuals. Land application is a beneficial reuse of this wastewater treatment byproduct and is subject to both federal and state regulations. The County produces Class B residuals allowable for application to non-food agricultural sites.

In August 2010, revisions to the state regulations governing the treatment and disposal of biosolids, Chapter 62-640 F.A.C., went into effect. The NRWWTP will become subject to the new regulations upon renewal of the facility's operating permit, anticipated to occur in 2012. Additionally, all land application sites must be permitted under the new regulations by January 1, 2013. It is anticipated that the existing land application site will be eliminated, however, alternate sites exist. While land application continues to be an option, permitted sites will likely be at greater distances, potentially making hauling to new disposal sites more costly. The County has secured alternate disposal capacity at a nearby Class I landfill and continues to investigate cost-effective long-term biosolids management alternatives. Disposal at the landfill meets all current federal, state, and local regulations and since the landfill cogenerates electricity from its methane gas production, this disposal option is currently the most carbon neutral.

4.6 Wastewater Large User Agreements

The County is under obligation to provide large users with capacity under the terms of Large User Agreements (Agreements) it has executed with the cities of Coconut Creek, Coral Springs, Deerfield Beach, Lauderhill, North Lauderdale, Oakland Park, Pompano Beach, and Tamarac; and the North Springs Improvement District, and the private utility companies of Parkland Utilities, Inc. and Royal Utilities, which provide for wastewater

transmission, treatment and disposal services. The Agreements terminate at the end of the County's fiscal year following the date all obligations, notes or bonds at any time issued for the NRWTP and associated transmission and disposal facilities, or any part thereof, are retired or satisfied. The current large user reserved capacity in the NRWTP is set forth in Table 4.2.

The Agreements are substantially alike in form and a brief summary of significant provisions follows:

- A. Provisions Pertaining to Connection to the County System. The Agreements require that during the term of the Agreement, each user except the City of Oakland Park will deliver all existing water flows collected by it to the County. Oakland Park sends a portion of their flow to the City of Ft Lauderdale's wastewater treatment plant. The Consulting Engineers are of the opinion that a difficult permitting process, outstanding contractual obligations with the County and high capital costs of constructing and operating a new facility should discourage any defection of users from the NRWWS.

The Agreements also identify the points of connection of the users' systems to the County's system, and state that the user will convey to the County land needed by the County for the point of connection and access thereto. The users agree to maintain their own systems, the elevation and pressure of which are required to be sufficient to deliver wastewater to the County's facility without backing up or reversing flow. The users' systems must include provisions to prevent excessive peak flow rates and extended periods of no flow. Each of the users must list in the Agreement estimates of its future flow projection and the user must submit annual updates of these estimates to the County. The County is required to use these estimates to plan future treatment capacity and to determine whether facilities should be extended or modified. The County's obligation to provide service is limited to the capacities reserved by users, which may be increased or decreased by amendment or modification to the Agreements. The Agreements allow users to lease or sell excess capacity to other users, subject to the County's approval. The County is required to install and maintain a meter at each point of connection to determine the volume and rates of flow and to inspect the meters at least annually to determine the accuracy thereof. The Agreements provide for credits or additional charges in the event of the inaccuracy of the meters. If the meters are inoperative, the users are required to pay an amount based on the average flow of the prior month.

- B. Provisions Relating to Discharge Sampling. The Agreements specify quality limitations for wastewater discharges. A user's failure to comply with these limitations places the user in default under this Agreement and allows the County ei-

ther to initiate programs to bring the user's discharge into compliance at the user's expense or to seek damages from the user. A user's system must include a sampling station and the user must upon receipt of written request from the County submit a complete laboratory analysis of a composite sample of combined wastes leaving the user's facilities. The County and the user may enter into an agreement whereby the County would accept an industrial waste of unusual strength. The County may surcharge high strength industrial waste received from large user systems.

- C. Provisions Pertaining to Charges. The County is required to conduct an annual review of the costs of providing service to users, which will provide the preliminary basis for establishing fees, rates and other charges for the next succeeding fiscal year. The fees and rates charged to the users constitute the full cost of the transmission, treatment and disposal service provided to the users, including operation and maintenance charges and debt service charges for both the NRWTP and the NRWWS transmission facilities, and include an Improvement Repair and Replacement Surcharge. Such fees, rates and charges are required to be set at a public hearing by the Board, which is required to be held after 30 days written notice to the users. The Board is required to consider recommendations of the individual users or the advisory board, which is composed of representatives from each of the users. The operation and maintenance charges applicable to the NRWTP or the transmission system are included in the monthly rate charged to the users based upon the users' actual monthly flow in thousands of gallons. The rate is to be set by dividing the total annual budgeted operation and maintenance expense for each fiscal year by the number of gallons estimated to be treated or transmitted in that fiscal year, and is to be adjusted at year end to reflect the actual number of gallons treated and actual operation and maintenance expense. This adjustment is either collected from, or remitted to, the large users in the subsequent year.

The debt service charge included in monthly rates charged to the large users include principal, interest and coverage requirements on debt obligations issued at any time for the NRWWS and is computed by determining the ratio of the amount of capacity reserved by the user to the amount reserved by all users. The debt service charge for the NRWWS transmission facilities is computed by reference to transmission reserved capacity in the same manner. A user's contribution to the Improvement, Repair and Replacement Surcharge, which is part of the monthly rate charged to users, may not exceed 10 percent of that user's monthly bill. In addition, the Agreements provide for additional charges in the event that a customer requests additional transmission or treatment capacity or in the event that the monthly flow of a user exceeds the capacity reserved by such user for three consecutive months. A user that fails to pay the monthly bill

within 45 days of its due date is required to pay an interest penalty on the unpaid balance; and if the payment is not made within 60 days, the user is in default of the Agreement and the County may enforce the Agreement by suit. The users agree to establish service charges or other means of obtaining funds sufficient to enable them to pay the monthly charge.

- D. Provisions Pertaining to Additional Obligations of Both Parties. The Agreements provide that the County will extend and expand its NRWWS to provide for the user's scheduled flow. The users must deliver their wastewater to the County facilities for treatment and the County must accept all wastewater flows collected by the users, provided the amount of such flow does not exceed the capacity reserved by such users.
- E. Provisions Pertaining to Violations and Exceptions to the Terms of Agreements. If a user violates the Agreement, the County must give written notice of the violation and allow a reasonable time to correct the violation. The user must correct the violation within the stated time. If either party violates the Agreement, that party becomes liable to the other for any expense, loss or damage occasioned by such violation; provided that any payment by the County to a user for violation of any provision of the Agreement shall be from any legally available source other than the revenues pledged to any bondholders. If there is a dispute concerning a violation that cannot be settled, the user will pay the full amount billed, and the amount in dispute will be escrowed or held in a joint trust, interest-bearing bank account and held pending settlement of such dispute. Each user agrees to hold the County harmless from costs and expenses incurred by such user or the County in any litigation resulting from the improper introduction of materials by such user into the County facility. Any temporary cessation of wastewater transmission and treatment services caused by an act of God, a fire, strikes, casualty, necessary maintenance work, breakdown of or injury to machinery, pumps or pipeline shall not constitute a breach of the Agreement. The County is required to accept and dispose of wastewater transmitted by the users, if physically possible, regardless of the degree of treatment available, until written notice to the contrary is received from a government agency.
- F. Provisions Relating to the Term of the Agreements and Cancellation. The users and the County were bound by the Agreements at the date of their execution. The County and each user may terminate their Agreements by mutual written consent. Otherwise, the Agreements terminate at the end of the County's next full fiscal year after all obligations issued at any time during the term of the Agreements for the NRWWS have been retired or satisfied.

4.7 Overview of the Regional Wastewater System

The following sections describe the condition assessment of the various components of the Regional Wastewater System.

North Regional Wastewater Treatment Plant

A visual inspection of the NRWTP was performed by Milian, Swain & Associates on May 3, 2011. The visual inspection indicates that the plant is well maintained and operated properly.

Plant modifications performed through December 2010:

- Rehabilitation of Clarifier C-2 at C-MOD.
- Replacement of VFD at Clarifier B-MOD and C-MOD.
- Recirculation Pump No. 3 was replaced at the Clarifier C-MOD.
- Replacement of clarifier drive at D-4 MOD.
- Replacement of VFD at the reuse pump station.
- Replacement of strainers on pumps at the reclaim water plant.
- Repaving of road at the sludge pad.

Plant modifications scheduled for FY 2011 and FY 2012:

- Replacement of aerator blades at D-1 MOD and D-4 MOD (complete).
- Replacement of liquid rheostat 5 (ongoing).
- Rehabilitation of plant lift stations No. 1 and No. 2 (complete).
- Install drive, skimmer arm, and trough at clarifier D-3 MOD (ongoing).
- Repair RAS pumps at the E-3 and D-3 MOD (complete).
- Repaint the monitoring wells (complete, repeated annually).
- Replacement of skimmers at No. 4 DAFT (complete).

- Repair aeration weirs at A-1, A-2, A-3 and A-4 MOD (A-1, A-2 ongoing; A-3, A-4 complete).
- Repair and repaint Boilers No.1, No.2 and No.3 at south complex (ongoing).
- Repair and repaint Boilers No.4, No.5, No.6, No.7 and No.8 at the north complex (ongoing).
- Replace pump and shredder at No.7 slot (ongoing).
- Removal of sand and replacement of diffusers at C-MOD (C-1 complete; C-2, C-3, C-4 ongoing).
- Replacement of generator No.4 (ongoing).
- Replacement of VFD at drive No.2 at injection well building (ongoing).
- Replacement of control panel for outfall effluent pumps (ongoing).
- Replacement of the VFD for two water cool injection wells No.1 and No.3 (ongoing).
- Eliminate evaporators at the chlorine facility; change piping and add two scales (ongoing).
- Initiation of the Chevron Project (which is anticipated to recover energy from digester biogas and to install more energy efficient aeration systems) (ongoing).
- Replacement of Monitor Well 4 (ongoing).

Septage Receiving Facility

The septage receiving facility receives waste from septic tank pump outs, portable toilets, vacuum trucks, grease traps, leachate from landfills, etc. The waste is separated into three categories: liquids, solids and truck washout water. The equipment which must be maintained includes grinders, transfer pumps, a diesel generator set, biofilter and miscellaneous valves.

The septage receiving facility was inspected on May 3, 2011 by Milian, Swain & Associates and was found to be well maintained. The media was replaced in the bio-filters in FY-2010.

Future plans for this facility include new settlers to remove excess grit from the liquids and the purchase of equipment to manage solids in tipping floor. The design of the proposed septage facility is presently 50% complete.

Master Lift Stations

Five (5) Master Lift Stations representative of the sizes and ages of master lift stations throughout the Utility were inspected on April 26 and 27, 2011 by Milian, Swain & Associates. Overall, the lift stations inspected appeared to be efficiently operated and well maintained. The mechanical and electrical components (control panels, variable frequency drives, motor control centers, generators, telemetry units, pumps, pipes, and accessories) appeared to be in good condition.

- LS 220 Master lift station was in good condition. This station has three 100 HP pumps and was operating in good condition. Pumps No.1 and No.2 had the pump shoe replaced. The wet well interior walls are seal coated and appeared in good condition, but the interior piping shows signs of corrosion and should be seal coated. The 8-inch wet well vent shows signs of light corrosion and should be painted. The interior valve vault and piping are also seal coated and in good condition. The electro-mechanical panel and SCADA system appeared in good condition. This station has a portable generator on site.
- LS 221 Master lift station was in substantially good condition. All three pumps (100 HP each) are in operation and in good working condition. Two check valves were replaced in January 2011. The wet well is rectangular in shape and the interior walls are seal coated and in good condition. The interior wet well piping and shoe and all the pumps were replaced. The exterior above ground piping is painted and in good condition. Electrical control panels, generator and building structural components are in substantially good condition. The interior and exterior wall paint on the building is in good condition. Station is equipped with a SCADA system and is fenced for security.
- LS 226 Master lift station appeared in good condition. This station is equipped with three submersible pumps, one is 50 HP and the other two 100 HP, all in good working condition. The three pumps had the pump shoe and all three check valves replaced. The wet well interior wall (rectangular shaped) is seal coated but the coating is peeling from the walls and should be re-sealed. Interior wet well piping shows signs of corrosion and should be seal coated. The above ground piping is painted and in good condition. The electrical control panels, mechanical and building structure components are in good condition. The building interior and exterior walls are painted and in good condition. Emergency standby generator engine is down for repair due to leaking manifold, but

a portable standby generator was on site. This station is equipped with a SCADA system.

- LS 410 Master lift station was in good condition. The station has four (4) pumps, all of which were in operation and good working condition. All the pumps, motors and piping are painted and in good condition. Electrical control panels, generator and structural components of the station are in good condition. The interior walls of the building are all painted and in good condition. Diesel fuel tank and containment structure are in good condition. Building exterior walls are painted and in good condition. The exterior piping is all painted and in good condition. Windows are equipped with roll down hurricane shutters.
- LS 462 Master lift station was in substantially good condition. This station has a wet well adjoining the pump room with three pumps operating in good working condition. The motors for Pump No.1 and Pump No. 3 appeared to have been reconditioned. The interior and exterior piping are painted and in good condition. The electrical control panels, generator and structural components of the station are in substantially good condition. The interior and exterior paint on the building structure is in good condition. The emergency generator has a 6000 gallon diesel fuel tank with containment structure.

Section 5.0

Regional Raw Water Supply

There are currently two wellfields operated by Broward County as part of the regional system, the North Regional Wellfield (NRW) and South Regional Wellfield (SRW). This section describes the regional raw water supply system, including the large users, physical descriptions, and permit limitations.

5.1 General Description

The Biscayne Aquifer, currently the County's primary source of drinking water, is subject to saltwater intrusion. In 1986, the County adopted the Regional Raw Water Supply (RRWS) Program, which called for centralized wellfields located further inland to ensure a long term water supply for Broward County. Under the program, new wellfields and raw water delivery systems were financed, constructed and are operated as a regional system for large users. Large users are Dania Beach, Deerfield Beach, Hallandale Beach, Florida Power and Light Corporation, Hollywood and WWS District 2. The well-

fields were constructed using general County revenues and the assets were contributed to the Utility. Figure 5-1 depicts the regional wellfield locations and service areas.

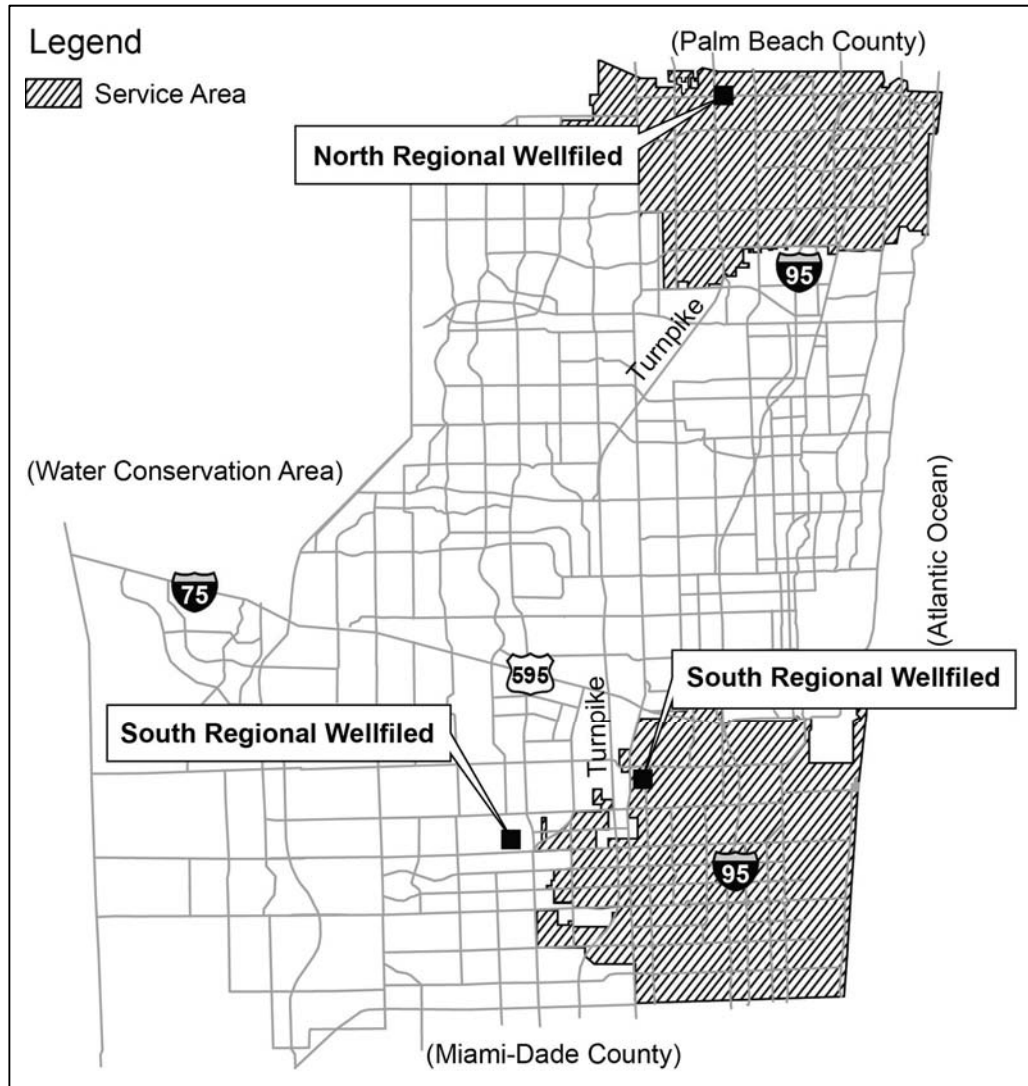


Figure 5-1: Regional Raw Water Service Area

5.2 North Regional Wellfield

The NRW includes 10, 2-MGD wells and approximately 30,000 linear feet of pipeline, ranging from 12-inches to 48-inches in diameter. A permit application combining the District 2A retail wellfield and NRW permits was approved by the SFWMD and issued in March 2008. The permitted capacity of the 2A/NRW is 24.3 MGD maximum month and

22.1 MGD annual average day. The permit expires in the year 2028. The well casings at the NRW are set in the Biscayne Aquifer at a depth of approximately 100 feet below land surface. The NRW has two emergency generators capable of powering pumps for six wells. Usage data for the NRW are presented in Table 5.1.

Table 5.1
LARGE USER ACTUAL FLOW
North Regional Raw Water Flow Distribution
(1,000 Gallons)

Fiscal Year	Deerfield	BC2A	Total
FY 2007	218,280	2,338,418	2,556,698
FY 2008	217,800	2,303,290	2,521,090
FY 2009	216,400	2,280,890	2,497,290
FY 2010	220,694	2,299,487	2,520,181
FY 2011	201,111	2,926,030	3,127,141
GRAND TOTAL	1,074,285	12,148,115	13,222,400

5.3 South Regional Wellfield

The SRW includes eight 4-MGD wells, one 2-MGD wells and approximately 79,000 linear feet of transmission pipeline, ranging in size from 20 inches to 42 inches in diameter. Six wells have the ability to run under permanently installed auxiliary generator power with three wells being connected to one generator. The remaining wells have connections for a portable generator. The permitted capacity of the SRW is 22.4 MGD maximum day and 14.2 MGD annual average day. The permit expired in October 2007 (and is currently administratively extended), and the application submitted for permit renewal is under review by the SFWMD. Permit reissuance is expected in the normal course of events. Well 6 was formerly associated with WTP 3A. The well casings at the SRW are set in the Biscayne Aquifer at a depth of approximately 100 feet below land surface. Usage data for the SRW are presented in Table 5.2. All wells in the SRW have PVC casings.

Table 5.2
LARGE USER ACTUAL FLOW
South Regional Raw Water Flow Distribution
(1,000 Gallons)

Fiscal Year	Hallandale	Hollywood	Dania	FPL	Total
FY 2007	877,010	2,410,180	359,270	592,240	4,238,700
FY 2008	1,288,330	2,190,930	384,970	637,940	4,502,170
FY 2009	1,392,030	1,632,870	348,470	567,210	3,940,580
FY 2010	1,401,787	1,539,507	433,268	479,590	3,854,152
FY 2011	1,316,530	1,634,700	590,960	526,280	4,068,470
GRAND TOTAL	6,275,687	9,408,187	2,116,938	2,803,260	20,604,072

5.4 Contractual Agreements

The contractual agreements with each of the large users are substantially similar and run for an indefinite period of time. The exception is the City of Hollywood agreement which has a four-year term with an automatic renewal for four years unless otherwise terminated. The large user agreements provide for a method to charge each user a pro rata share of system operations and maintenance costs. Historical and projected revenues for the raw water system are noted in Table 7.6 and generally represents less than one percent of Utility revenues. As noted, the capital costs of system construction were funded using general County revenues.

5.5 Regional Raw Water Supply Regulations

The volume of raw water withdrawal from the Utility's regional raw water supply well-fields is regulated by the SFWMD. Each wellfield is governed by a water use permit that stipulates the raw water maximum allowable annual and daily withdrawals. These permits are reissued for periods of five to 20 years. The permit for the combined 2A/NRW was issued in March 2008 for a 20-year period. The application for the South Regional Wellfield has been filed. The Utility has responded to permit application review comments from the SFWMD and has coordinated the review of this application with the raw water permitting needs of the Cities of Hallandale Beach and Dania Beach. Because the SFWMD permit terms and conditions are dependent on the issuance of the Hallandale Beach water use permit, SFWMD has indicated that the SRW permit will not be issued until after the Hallandale Beach permit is issued in the near future.

For wells that are in service, the County operating personnel regularly monitor pH, alkalinity, hardness, iron, chloride, color, standard plate count (SPC), coliforms, quarterly wellfield protection monitoring and annual analysis to comply with the SDWA. All water quality parameters are regulated by the FDEP.

5.6 Overview of Regional Raw Water System

Visual inspections of the County's regional wellfields were performed on May 4 and 9, 2011 by Milian, Swain & Associates, Inc. The findings of these inspections are summarized in Tables 5.3 and 5.4.

**Table 5.3
NRW WELLFIELD INSPECTIONS**

Wellfield	Well Number	Wellhead Completion	Pump Type	Sustained Moisture on Wellhead	Seals at Top of Well Casing / Wellhead	Additional Comments
NRW	1	Vault	S	No	Good	Well facility with generator in good condition. Piping paint in good condition. New A/C planned for FY-2011 or 2012. Electrical controls and generator in good condition.
NRW	2	Vault	S	No	Good	Well facility in good condition. Piping and well head paint is in good condition. Electrical controls in good condition.
NRW	27	Vault	S	No	Good	Well facility in good condition. Well head and piping paint in good condition. Electrical controls in good condition.
NRW	29	Vault	S	No	Good	Well facility in good condition. Paint on piping and well head in good condition. Electrical controls in good condition.
NRW	30	Vault	S	No	Good	Well facility in good condition. Well head and piping in good condition. Electrical controls in good condition.
NRW	31	Vault	S	No	Good	Well facility in good condition. Paint on well head and piping in good condition. Electrical controls in good condition.
NRW	32	Vault	S	No	Good	Well facility with generator in good condition. Piping and well head paint is in good condition. Electrical controls in good condition. New A/C planned for FY-2011 or 2012
NRW	33	Vault	S	No	Good	Well facility in good condition. Paint on well head and piping in good condition. Electrical controls in good condition.
NRW	45	Vault	S	No	Good	Offline – needs new pump and motor. Well facility in good condition. Paint on well head and piping in good condition. Electrical controls in good condition.
NRW	46	Vault	S	No	Good	Well facility in good condition. Paint on well head and piping is in good condition. Electrical controls in good condition.

**Table 5.4
SRW WELLFIELD INSPECTIONS**

Wellfield	Well Number	Wellhead Completion	Pump Type	Sustained Moisture on Wellhead	Seals on Top of Well Casing / Wellhead	Additional Comments
SRW	5	Vault	S	No	Good	Well facility in fair condition. Well is out of service due to salt intrusion.
SRW	6	Vault	S	No	Good	Well facility in fair condition. Replaced Clay valve. Piping needs a coat of paint. Electrical controls in good condition. Added new water sample tap.
SRW	17	Vault	S	No	Good	Well facility in good condition. Well head and piping need a fresh coat of paint. Electrical controls in good condition. Added new water sample tap.
SRW	18	Vault	S	No	Good	Offline - needs new motor. Well facility with generator in good condition. Piping and well head paint in fair condition, should be repainted. Electrical controls in good condition. Added new water sample tap.
SRW	19	Vault	S	No	Good	Well facility in good condition. Well head is showing signs of corrosion and need a fresh coat of paint. Electrical controls in good condition. Added new water sample tap.
SRW	20	Vault	S	No	Good	Well facility in good condition. Well head and piping need a fresh coat of paint. Electrical controls in good condition. Added new water sample tap.
SRW	21	Vault	S	No	Good	Well facility with generator appears to be in good condition. Well head needs a fresh coat of paint, piping is ok. Electrical controls in good condition. Added new water sample tap.
SRW	22	Vault	S	No	Good	Well facility in good condition. Well head flange is showing signs of light corrosion and need a fresh coat of paint. Piping paint in good condition. Electrical controls in good condition. Added new water sample tap.
SRW	23	Vault	S	No	Good	Well facility in good condition. Well head has new meter. Paint on piping and well head need a fresh coat of paint. Electrical controls in good condition. Added new water sample tap.
SRW	24	Vault	S	No	Good	Well facility appears in good condition. Well head has light corrosion on top and bottom and needs painting. Paint on piping in fair condition. Electrical controls in good condition. Added new water sample tap.

S = Submersible

Overall, the NRW was observed to be in good operating condition and well maintained. During the inspection it was observed that the all piping and well heads were painted and well maintained. One well was off line for repair.

- Well No. 45 at the NRW was off line for pump and motor replacement.

The SRW was also observed to be in good operating condition and well maintained with two wells off line.

- Well No. 5 at the SRW was off line due to salt water intrusion.
- Well No. 18 at the SRW was off line for pump and motor replacement.

There were other repairs, observed during the visual inspection and Milian, Swain & Associates, Inc. recommended that the following be performed:

- Well No. 6 at the SRW should have the piping repainted due to light corrosion.
- Well No. 17 at the SRW requires a coat of paint on the well head and piping due to corrosion.
- Well No. 19 at the SRW should have the well head repainted due to light corrosion.
- Well No. 20 at the SRW should have the well head and piping repainted due to light corrosion.
- Well No. 21 at SRW requires that the well head be repainted due to light corrosion.
- Well No. 22 at the SRW requires the well head to be repainted due to light corrosion.
- Well No. 23 at the SRW requires the well head and piping repainted.

These repairs are currently ongoing.

Section 6.0

Capital Improvement Program

This section includes descriptions of the five year Capital Improvement Program (CIP) for the Retail Water and Wastewater Systems and the Regional Wastewater and Water Supply Systems.

6.1 Description of the Capital Improvement Program

As part of the growth management efforts mandated by State legislation, the County initiated planning efforts to accommodate future growth and compliance with regulatory requirements. The overall plan is periodically updated with the latest revision completed in 2004. The revision addresses the need for services and facilities based upon anticipated build out conditions of the service area in the year 2025. It is noted that the Utility conducts an annual CIP review process wherein all projects are thoroughly vetted, estimated and scheduled. Each review builds upon prior analyses and utilizes new planning data when available. Recent additional planning efforts include completion of the Alternative Water Supply Master Plan and the Effluent Disposal and Reclaimed Water Master Plan. The Effluent Disposal and Reclaimed Water Master Plan was approved by the Board of County Commissioners in 2011. The Alternative Water Supply Master Plan has been updated to include the 2010 US Decennial Census data.

As noted, the Utility develops a five-year CIP recognizing costs associated with the future growth and regulatory requirements. Table 6.1 presents the current CIP categorized by expenditure category. The Board approved the CIP for Fiscal Years 2012 through 2016 in September, 2011. The five-year CIP reflects the total estimated project costs for each project which is expected to be initiated within the five-year plan regardless of the estimated time required to design and complete construction of the project. Projects remain open until all related construction activities are complete. The budgets by capital project type through Fiscal Year 2016 are presented in Table 6.2.

Table 6.1
Capital Improvement Program as of September 30, 2011

Capital Budgets	Water Treatment	Water and Sewer Mains	Wastewater Treatment	Regional Transmission	Engineering Services & Misc.	Total
Unspent Prior Budget	\$13,791,943	\$90,223,266	\$57,368,840	\$8,880,567	\$1,784,859	\$172,049,475
2012	9,029,710	10,872,450	9,735,660	1,157,340	3,900,490	34,695,650
2013	4,537,100	11,832,310	38,575,000	3,008,000	3,701,670	61,654,080
2014	300,000	30,939,540	16,200,000	1,050,000	3,701,670	52,191,210
2015	37,300,000	12,156,640	84,259,830	300,000	3,701,670	137,718,140
2016	300,000	10,645,190	35,628,100	6,950,000	3,701,670	57,224,960
Totals	\$65,258,753	\$166,669,396	\$241,767,430	\$21,345,907	\$20,492,029	\$515,533,515
Five Year CIP Funding:						
Debt FY 2012-2016	\$28,000,000	\$60,000,000	\$67,000,000	\$5,000,000	\$10,000,000	\$170,000,000
Cash FY 2012-2016 ¹	16,000,000	44,000,000	46,000,000	4,000,000		110,000,000
Beyond 2016 ²	21,258,753	62,669,396	128,767,430	12,345,907	10,492,029	235,533,515
Totals	\$65,258,753	\$166,669,396	\$241,767,430	\$21,345,907	\$20,492,029	\$515,533,515

¹ Cash reflects net revenues, capital recovery charges, large user contributions, and grants.

² Reflects effects of construction period. It is currently expected that \$280M of the \$515M program will be spent by 2016. Since the construction period extends beyond 2016, the remaining \$235M will be spent in subsequent years.

Source: Broward County Water and Wastewater Services

Table 6.2
Capital Projects Budgets by Type Through Fiscal Year 2016

Water Treatment	Budget
Water Treatment Plant Expansion	\$47,077,031
Water Treatment Plant IRR ¹ Projects	\$13,667,186
Energy Efficiency for Retail Facilities	\$2,350,000
Security System Upgrades	\$2,164,536
Water Treatment Subtotal	\$65,258,753
Water Distribution and Sewer Collection	
Neighborhood Improvement Program (NIP)	\$68,787,945
Local Utility Improvement Projects (UAZ)	\$36,315,545
Misc. Main Improvements	\$21,365,044
Potable Water Storage Improvements	\$20,277,802
Lift Station Improvements	\$19,923,060
Water Distribution and Sewer Collection Subtotal	\$166,669,396
Wastewater Treatment	
NRWWTP Effluent Disposal /Treatment Enhancements	\$193,622,060
Wastewater Plant IRR ¹ Projects	\$43,962,350
NRWWTP Ocean Outfall Improvements	\$4,183,020
Wastewater Treatment Subtotal	\$241,767,430
Regional Transmission	
Master Pump Station Improvements	\$20,099,907
Force Main Extensions/Improvements	\$1,246,509
Regional Transmission Subtotal	\$21,345,907
Engineering/Misc. Services	\$20,492,029
GRAND TOTAL	\$515,533,515

¹ IRR = Improvement, Repair and Replacement

Source: Broward County Water and Wastewater Services

The estimated funding requirements for this five-year period ending Fiscal Year 2016 are expected to be met by net revenues, debt proceeds, capital recovery charges, contributions from large users, grants and future borrowings. The County currently anticipates cash financing at least 40 percent of the actual funding requirements. The proceeds of the Series 2012A Bonds will be used to finance a portion of the CIP. Many of the projects and improvements in the CIP are in the planning stages with cost estimates that are preliminary and contracts have not been awarded. The County plans to prioritize

projects as needed to maintain an affordable rate structure. Proposed rates are annually presented to the Board for discussion at an August workshop with action taken at the September budget hearings. Current projections anticipate levelized rate increases of approximately four percent annually through Fiscal Year 2016. The County estimates it will issue approximately \$154 million in bonds in 2016 (the "Series 2016A Bonds").

The County reviews and updates the CIP annually and includes separate estimates for the Water and Wastewater Systems. The total cost of the CIP could vary from these annual estimates depending upon future demands, regulatory requirements, actual contract awards and other economic factors.

6.2 Retail Water and Wastewater System Improvements

The five-year CIP for the retail water and wastewater systems has the principal objectives of: rehabilitating or replacing water distribution systems and extending sanitary sewers to currently unsewered customers. The Multi-District Inflow and Infiltration Program is continuing with \$8.1 million budgeted for repairs to the wastewater collection system. The estimated cost of these improvements totals approximately \$167 million.

WWS began implementing local utility improvement projects, called Utility Analysis Zones (UAZ) in mid-2009. While the Neighborhood Improvement Program (NIP) included drainage, landscaping and sidewalk improvements, which were paid for from County general funds, UAZ's focus solely on water and sanitary sewer improvements. The total cost estimate for these improvements is nearly \$275 million dollars over the next twenty plus years.

6.3 Water Treatment

The five-year CIP includes projects of approximately \$65 million to improve the retail water treatment systems, which includes \$47 million for the expansion of Water Treatment Plant 1A, and \$13.7 million for improvement, repair and replacement (IRR) of process equipment and security improvements.

6.4 Neighborhood Improvement Program

The NIP was initiated by the County in 1993 to upgrade the infrastructure in what were unincorporated neighborhoods. The improvements include upgrades to the existing water and sewer system, installation of drainage, new pavement, swales, and landscaping. The total estimated cost of the program is approximately \$742.8 million dollars. Approximately \$394.5 million, or 53 percent of total cost, is for water and sewer upgrades of which approximately \$315.3 million has been spent to date. The remaining 47 percent of total cost associated with sidewalk, drainage and landscaping improvements is being

funded by the County's general fund. A summary of the NIP projects is listed on Table 6.3.

Table 6.3
Summary of Neighborhood Improvement Program as of September 30, 2011

Neighborhood Improvement Project	Total Costs All Improvements¹	Percent Complete	Bid Packages	Number Completed	Under Const.
North County	\$219,799,697	65%	15	8	5
South County and Riverland Village	117,719,334	100%	17	17	0
North Andrews Gardens	102,691,795	100%	9	9	0
Central County	124,711,020	94%	12	11	1
North Central County	72,111,300	91%	5	3	2
Broadview Estates	32,518,050	79%	2	1	1
Broadview Park	54,976,808	92%	4	2	2
Hillsboro Pines	11,010,000	1%	1	0	0
Twin Lakes South	7,253,725	5%	1	0	0
Program Total Costs	\$742,791,729		66	51	11

¹ Includes costs for water, wastewater, streets, sidewalks, drainage and landscaping improvements. Only water, wastewater and a portion of street costs (\$388M) are funded by the Utility.

Source: Broward County Water and Wastewater Services

The NIP encompasses an area the size of a medium city with 9,335 acres, 92,500 people and 28,555 homes. The planned improvements include 295 miles of roadways, 428 miles of sidewalk, and 623 miles of pipeline which will enable the elimination of 10,607 septic tanks. Construction started in 1996 and is currently scheduled to be completed in 2018. Of the 66 planned bid packages, 51 have been completed and 11 are in construction.

6.5 Local Utility Program

WWS began implementing local utility improvement projects by Utility Analysis Zones (UAZ) in mid-2009. Where the NIP included drainage, landscaping and sidewalk improvements, which were paid for from County general funds, the UAZ projects focus solely on water and sanitary sewer improvements. The total cost estimate for these improvements is nearly \$275 million dollars over the next twenty plus years.

6.6 Other Including Mains, Lift Station Improvements and Potable Storage

The CIP includes \$21 million for water and wastewater main improvement projects to address aging water and wastewater lines, increase transmission and distribution capacities, and to extend service to new customers. \$20 million of potable water storage improvements are included for the purpose of replacing existing aging systems and en-

hancing water storage capacities to meet current and future demands. The CIP also includes \$20 million of retail wastewater lift station rehabilitation projects to increase the reliability of the wastewater collection system and prevent the occurrence of sanitary sewer overflows.

6.7 Regional Wastewater Treatment

Under current regulations, the County is required to reduce the nutrient loadings discharged to the ocean outfall between 2009 and 2025, and to eliminate use of the outfall, except as a back-up discharge that is part of a functioning reuse system after December 31, 2025. These regulations may result in plant process improvement requirements with estimated costs ranging from \$766 million to \$889 million in accordance with the Effluent Disposal Master Plan. This range will be refined as alternatives are further evaluated to meet the regulatory requirements. The County has included approximately \$194 million in the current 5 year CIP to start addressing these improvements to meet the future requirements. Various other system Utility Improvement Repair and Replacement (IRR) projects are budgeted at approximately \$48 million and include digester improvements, grit removal improvements, control center upgrades, general replacements and repairs.

As noted in Section 4.4, certain legislative modifications to the Leah Schad Memorial Ocean Outfall Program (“outfall rule”) have been considered by the State of Florida. These legislative changes, if adopted in the future, would lower the cost of outfall rule compliance by approximately \$300M based upon calculations performed by Hazen and Sawyer, P.C. It is noted that there is no assurance that legislative changes will be adopted.

6.8 Regional Wastewater Transmission

The CIP includes a series of master pump station improvements to ensure adequate system capacity as well as reliability in the regional transmission system. The CIP anticipates investing approximately \$20 million in improvements to the master pumping stations.

Section 7.0

Financial Operations

This section describes financial operations of the utility; rates, fees and charges; revenue projections; a comparison of utility service costs with other utilities; and adequacy of insurance coverage.

7.1 Overview

Operating and general maintenance costs of the retail portion of the Utility are recovered through service charges, connection charges, and miscellaneous fees and charges. Capital costs for system development, large maintenance projects, and renewal and replacement projects are funded through net revenues, bond proceeds, developer contributions, contributions from other municipalities, and capital recovery charges.

User charges and fees are developed by WWS and approved by the Board. The Board has specific legal authority to fix charges and collect rates, fees, and charges from its customers and to acquire, construct, finance, and operate the Utility. The existing rate structure for retail customers is based on meter size and consumption. The County, as a matter of policy, reviews revenue requirements on an annual basis and institutes required rate increases. Revised retail water and wastewater rates were approved by the Board in September 2011 and became effective October 1, 2011. These rates are presented in Tables 7.1, 7.2, and 7.3. The rate resolutions also address rates for irrigation, reclaimed water, septage, and high strength industrial wastewater surcharge, an emergency rate adjustment for water conservation during drought conditions, capital recovery charges per equivalent residential unit (ERU), customer deposits, and specific service charges. Capital recovery charges underwrite the investment in additional capacity needed to serve new (additional) customers.

Table 7.1
Broward County Water and Sewer Monthly Service Costs
for a Residential Customer Using 5,000 Gallons per Month

Fiscal Year	Water Fixed Charge ¹	Water Volume Charge	Total Water	% Change From Prev. Year	Sewer Fixed Charge	Sewer Volume Charge	Total Sewer	% Change From Prev. Year	Total Water and Sewer	Total % Change From Prev. Year
2008	10.08	9.75	19.83	5.1%	13.99	13.50	27.49	5.2%	47.32	5.2%
2009	11.69	11.30	22.99	15.9%	14.55	14.05	28.60	4.0%	51.59	9.0%
2010	12.14	11.75	23.89	3.9%	15.43	14.90	30.33	6.0%	54.22	5.1%
2011	14.20	8.58	22.78	-4.6%	17.44	15.65	33.09	9.1%	55.87	3.0%
2012 ²	14.68	8.89	23.57	3.5%	17.44	16.60	34.04	2.9%	57.61	3.1%

¹ Includes customer charge.

² Based on rates adopted by the Board effective October 1, 2011.

Source: Broward County Water and Wastewater Services

Table 7.2
Broward County Schedule of Retail Rates
Minimum Monthly Charges by Customer Class and Meter Size
Effective October 1, 2011

Customer Class	Meter Size (inches)	Water (\$)	Wastewater (\$)
Residential, Commercial, Municipal and Institutional	5/8" Residential	10.54	17.44
	1" Residential	31.94	23.90
	5/8	16.66	18.83
	1	35.78	63.09
	1 1/2	70.63	125.91
	2	170.06	369.21
	3	496.00	852.83
	4	2,401.86	1,760.59
	6	8,172.26	13,333.15
	8	10,259.22	14,451.73
Sale for Resale	4 or less	2,401.86	-
	6	8,172.26	-
	8	10,259.22	-
	10+	47,944.50	-
Multi-Family and Mobile Home (per unit)	All sizes	8.15	12.60
Hotels and Motel (per unit)	All sizes		
		5.60	11.09
Recreational Vehicles (per unit)	All sizes		
		6.49	11.38
Private Fire Protection	All Sizes	114.00	-
Irrigation	5/8	14.16	-
	1	26.33	-
	1 1/2	75.75	-
	2	158.21	
	3	431.22	
	4	1,907.96	-
Reclaimed Water (based on 1,000 GPD demand and 20% discount on capital contribution)	All sizes	6.00	-

Source: Broward County Water and Wastewater Services

Table 7.3
Broward County Schedule of Retail Rates
Volume Charge (per 1,000 Gals) by Customer Class and Meter Size
Effective October 1, 2011

Customer Class (all Meter sizes unless noted)	Water		Wastewater	
	Volume (per 1,000 Gals)	Charge (\$)	Volume (per 1,000 Gals)	Charge (\$)
Residential	0-3	1.37	0 - 15	3.32
	4-6	2.39	Over 15	No Charge
	6-12	5.13		
	Over 12	6.84		
Commercial, Municipal and Institutional	0 - 75% of Avg. Consumption	3.42	All Volumes	3.32
	Over 75% of Avg. Consumption	6.84		
Sale for Resale	Water Treatment Charge	2.15	N/A	-
	Water Transmission Charge	0.08	N/A	-
Multi-Family and Mobile Homes (per unit)	0-3	1.37		
	4-6	2.39	0-8	3.32
	6-12	5.13		
	Over 12	6.84	Over 8	No Charge
Hotels and Motels (per unit)	0 - 75% of Avg. Consumption	3.42	All Volumes	3.32
	Over 75% of Avg. Consumption	6.84		
Recreational Vehicles (per unit)	0-3	1.37		
	4-6	2.39		
	6-12	5.13	0-8	3.32
	Over 12	6.84	Over 8	No Charge
Private Fire Protection	All Volumes	5.13	N/A	-
Irrigation				
5/8" meter	0-8	5.13	N/A	-
	Over 8	6.84	N/A	-
1" meter	0-22	5.13	N/A	-
	Over 22	6.84	N/A	-
1 1/2" meter	0-55	5.13	N/A	-
	Over 55	6.84	N/A	-
2 to 3" meter	0-142	5.13	N/A	-
	Over 142	6.84	N/A	-
Reclaimed Water	All Volumes	0.07	N/A	-

Source: Broward County Water and Wastewater Services

Since 1994, average residential use of water has decreased from 220 gpd (gallons per day) to 185 gpd. The decrease appears to be the result of ongoing water restrictions and the water conservation initiatives of Broward County and the SFWMD. Further study completed as part of the comprehensive Rate Study completed in fiscal year 2011 has indicated that the treatment plant must produce 206 gpd of water to deliver 185 gpd to the average residential customer. Converting this demand to the maximum average daily flow (a factor of 1.33x) yields the requirement of 274 gpd of plant capacity necessary to serve an ERU (equivalent residential unit). Similarly, the ratio of billed water to treated wastewater is 1.13x which yields the requirement of 209 gpd of wastewater treatment capacity per ERU. As a result of the rate study, the capital recovery charges effective FY2012 changed from \$1,185 and \$2,140 to \$1,440 and \$1,960 for water and sewer respectively. At the beginning of the NIP projects, the County adopted the policy of not charging for the first ERU for wastewater per customer.

Charges for large users of the NRWWS are defined by the large user agreements, and consist of charges for operation and maintenance costs assessed on the basis of flows, debt service costs assessed on the basis of reserve capacity, and improvement, repair, and replacement fund costs that are assessed as a percentage of other charges. The charges for operation and maintenance costs are adjusted annually to reflect each user's proportionate share of actual costs during the fiscal year.

7.2 Water and Wastewater Rates and Charges

Since 1994, the County has recognized advantages in encouraging retail customers to conserve water. At the time, the County established and has continued to use a rate schedule that sets higher water rates for levels of consumption beyond basic use. As a result of a rate study completed in 2010, an additional rate tier was added. The current rate schedule is composed of four tiers:

- Rates for basic use
- Rates for normal use
- Rates for discretionary use
- Rates for excessive use

As noted in Table 7.1, there will be an increase of 3.1% in the average monthly residential bill of 5,000 gallons from Fiscal Year 2011 to Fiscal Year 2012. Tables 7.2 and 7.3 show the minimum monthly fixed charges and volume charges for all customer classes based upon rates approved by the County which went into effect October 1, 2011. A five-year summary of billing volumes is shown in Table 7.4.

Table 7.4
Retail Water and Wastewater Billing Volumes as of September 30, 2011
(1,000 Gallons)

Fiscal Year Ended 9/30	Treated Retail	Coconut Creek	Treated Water Total	Wastewater
2007 ¹	7,766,431	1,958,720	9,725,151	4,915,383
2008 ¹	7,195,082	1,868,562	9,063,644	4,830,155
2009 ¹	7,128,645	1,872,821	9,001,466	4,828,210
2010 ¹	6,880,573	1,748,303	8,628,876	4,744,985
2011 ¹	6,885,439	1,731,297	8,616,736	4,891,742

¹ Droughts which began in April 2007 have resulted in reduced water use due to demand management efforts comprising water conservation initiatives, including year round lawn irrigation restrictions.

Source: Broward County Water and Wastewater Services

In the event additional water restrictions are imposed, the County has instituted an automatic adjustment as noted in Table 7.5 to the water rate to encourage customers to reduce consumption. The automatic rate adjustment was adopted by the Board as a way to maintain the revenues required for operations while water consumption is curtailed. The SFWMD imposes phased restrictions as drought conditions warrant to achieve reduction of water used in increments of 15 percent for each phase.

With the automatic adjustment, the higher water rates established for larger consumption levels are applied at lower levels of consumption. The result is that customers who do conserve as required will experience a reduction in their water bills. Conversely, customers who fail to achieve reductions will pay even greater amounts for water consumed than they would otherwise pay without the adjustment. As targeted reductions increase, the associated levels at which increased rates become effective decrease.

Table 7.5
Automatic Rate Adjustments for Periods of Mandated Water Restrictions

Customer Class and Block	Restrictions Per Unit Per Month (1,000 gallons)		
	Standard	Drought	Extreme Drought
Single Family (all meter sizes)			
First Tier	0-3	0-2	1
Second Tier	4-6	3-5	2-4
Third Tier	7-12	6-9	5-6
Final Tier	Over 12	Over 9	Over 6
Multi-Family (per unit, all meters)			
First Tier	0-2	1	1
Second Tier	3-4	2-3	2
Third Tier	5-6	4-5	3
Final Tier	Over 6	Over 5	Over 3
Irrigation			
5/8" Meter, First Tier	0-8	0-4	0-2
5/8" Meter, Second Tier	Over 85	Over 4	Over 2
1" Meter, First Tier	0-22	0-11	0-5
1" Meter, Second Tier	Over 22	Over 11	Over 5
1 1/2" Meter, First Tier	0-55	0-27	0-14
1 1/2" Meter, Second Tier	Over 55	Over-27	Over 14
2" and Over Meter, First Tier	0-142	0-71	0-35
2" and Over Meter, Second Tier	Over 142	Over 71	Over 35
Commercial, Municipal, Institutional, Hotels, Motels and Recreational Vehicles			
First Tier	0-75%	0-60%	0-45%
Second Tier	Over 75%	Over 60%	Over 45%

Source: Broward County Water and Wastewater Services

The NRWWS large users' rates are reviewed and adjusted annually by the County as part of the budget process. The rates are based on the County's estimation of total costs and total flows. Debt service requirements (including required coverage) for the NRWWS are allocated to each large user in proportion to their reserved capacity. A surcharge of up to 10 percent is added to fund improvements, repairs and replacements to the NRWWS. Currently the surcharge is 5%. These funds are currently maintained separately from the Renewal, Replacement and Improvement Fund established by resolutions of the Board authorizing the issuance of bonds for the Utility (collectively, the "Bond Resolutions") to provide a reserve for the Utility.

Presently, the Renewal, Replacement and Improvement Fund is required by the Bond Resolution to maintain a minimum balance of five percent of the previous year's revenues, or a greater amount if recommended by the Consulting Engineer. Five percent of FY 2011 revenues is approximately \$5.83 million. The current balance in the Renewal, Replacement and Improvement Fund is \$5.83 million, as recommended by Hazen and Sawyer, P.C.

7.3 Revenue Projections

Annual water and wastewater revenues and expenditures for Fiscal Year 2011 are based on actual values from financial statements prepared as of September 30, 2011. Fiscal Year 2012 revenues and expenditures have been projected based upon the rates approved by the County, which were implemented October 1, 2011 in conjunction with estimated expenses for the year. Revenues for Fiscal Years 2013 through 2016 have been based on average annual number of customers, historical average consumption, and the retail service rates shown in Tables 7.2 and 7.3.

The Utility operates a mature system with limited future growth needs. Hence, growth rates in the retail water and retail wastewater system customer base beginning in Fiscal Year 2013 have been estimated at one percent annually for wastewater only. Operation and Maintenance costs are assumed to increase by an average of two percent annually for both water and wastewater beginning in Fiscal Year 2013. Retail rate increases from Fiscal Years 2013 through FY 2016 of approximately four percent per year for both retail water and wastewater are necessary to meet the projected revenues as presented in Table 7.6 and Table 7.7. The Board has not yet considered these rate increases. Should such rate increases not be approved, coverage would be reduced as presented in Table 7.7. The revenue forecast for the large users of the NRWWS have been projected to recover costs as defined under the large user agreement.

Table 7.6 shows historical and projected ratios of large user's (regional and resale) revenues to total revenues. Actual debt service in Table 7.7 for the Series 2012A, B and C Bonds is based upon an all-in true interest cost (TIC) of 4.02%, 2.96% and 1.55% respectively. Proposed Series 2016A debt service assumes a 5% interest rate per annum and maturities over a 25 year period, back-loaded to support levelized total debt service payments. In Fiscal Year 2011, the total revenues generated by the Utility were sufficient to meet the bond covenant requirement of 120 percent coverage of all debt service obligations. The audited financial statements at September 30, 2011 present the computation of debt service coverage on all outstanding revenue bonds as 1.75. In addition, a Balance Available for Renewal, Replacement and Capital Expenditures of approximately \$22.5 million was generated during Fiscal Year 2011. Debt service coverage for Fiscal Year 2011 and projected values for Fiscal Year 2012 through Fiscal Year 2016 are presented in Table 7.7.

An estimate of interest income is projected annually from Fiscal Year 2012 through Fiscal Year 2016. Interest income is generated from three main sources: debt service reserve fund, general reserve fund, and investments of fund balances as permitted under the Bond Resolution.

Table 7.6
Historical and Projected Ratios of Large Users' Revenue
to Total Revenues and Wastewater Revenues (in 1,000s)

	Historical					Projected				
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Revenues ¹	95,957	97,668	111,614	111,634	116,474	118,886	128,036	132,494	137,096	143,029
Large User Revenues ² (Excluding Broward County)	25,764	25,883	29,943	31,361	30,660	33,459	38,462	39,120	39,797	40,195
Percentage Large User to Total Revenues	26.8%	26.5%	26.8%	28.1%	26.3%	28.1%	30.0%	29.5%	29.0%	28.1%
Regional Raw Water Revenues	1,155	983	1,076	833	820	1,008	1,028	1,049	1,070	1,091
Percentage Regional Raw Water to Total Revenues	1.2%	1.0%	1.0%	0.7%	0.7%	0.8%	0.8%	0.8%	0.8%	0.8%
Sale for Resale/ Water ³	4,096	4,273	5,044	4,931	5,328	5,161	5,331	5,384	5,438	5,493
Percentage Sale for Resale Revenues to Total Revenues	4.3%	4.4%	4.5%	4.4%	4.6%	4.3%	4.2%	4.1%	4.0%	3.8%

¹ Total Revenues do not include interest earned on the construction account.

² Projection of large user revenue is based upon estimated costs of the system and allocable share of debt service.

³ Principally Sales to City of Coconut Creek

Source: Broward County Water and Wastewater Services

Table 7.7
Schedule of Historical and Projected Net Revenues, Debt Service and Debt Service Coverage (\$1,000)

	Historical					Projected				
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Water	\$35,846	\$37,388	\$42,305	\$42,771	\$45,114	\$43,581	\$46,432	\$49,289	\$51,229	\$53,124
Wastewater	53,174	55,290	61,640	62,946	64,843	67,126	71,452	72,716	75,029	78,855
Other	4,121	3,481	4,451	4,159	4,947	6,662	8,555	8,892	9,241	9,452
Interest Income	2,816	1,507	3,218	1,758	1,570	1,517	1,597	1,597	1,597	1,597
Total Revenues	\$95,957	\$97,668	\$111,614	\$111,634	\$116,474	\$118,886	\$128,036	\$132,494	\$137,096	\$143,029
Current Expenses:										
Water Transmission & Distribution	\$8,676	\$8,189	\$8,838	\$8,962	\$8,817	\$8,646	\$8,871	\$9,049	\$9,229	\$9,414
Water Source of Supply, Treatment & Pumping	9,880	9,229	9,961	9,420	9,184	9,048	9,283	9,468	9,658	9,851
Wastewater Collection & Transmission	7,959	11,356	9,751	10,185	9,866	9,751	10,005	10,205	10,409	10,617
Wastewater Treatment	14,896	14,869	15,529	14,955	14,729	14,436	14,811	15,108	15,410	15,718
Customer Service	3,435	3,774	4,134	5,229	5,400	5,419	5,554	5,660	5,768	5,878
Administrative/General	14,093	15,156	16,576	16,736	15,947	15,895	16,308	16,634	16,966	17,306
Total Current Expenses	\$58,939	\$62,573	\$64,789	\$65,487	\$63,943	\$63,195	\$64,832	\$66,123	\$67,440	\$68,784
Net Revenues	\$37,018	\$35,095	\$46,825	\$46,147	\$52,531	\$55,691	\$63,204	\$66,371	\$69,656	\$74,245
Debt Service:										
Senior Lien Debt:										
Series 1988-A Bonds	\$2,341	\$2,380	\$2,380	-	-	-	-	-	-	-
Series 2003 Bonds	5,063	5,062	5,061	5,867	5,868	3,340	1,047	-	-	-
Series 2003-B Bonds	8,434	8,393	8,291	9,970	9,970	9,080	8,188	-	-	-
Series 2005-A Bonds	3,837	3,837	3,837	3,837	3,837	3,147	2,457	2,456	2,457	2,457
Series 2009-A Bonds	-	-	5,361	10,324	10,324	10,322	10,324	10,326	10,321	10,328
Series 2012-A Bonds	-	-	-	-	-	3,219	8,252	8,252	8,252	8,251
Series 2012-B Bonds						2,623	5,523	5,523	5,523	5,523
Series 2012-C Bonds						283	1,706	10,941	10,945	10,940
Series 2016-A Bonds										4,708
Total Debt Service	\$19,675	\$19,672	\$24,930	\$29,998	\$29,999	\$32,014	\$37,497	\$37,498	\$37,498	\$42,207
Debt Coverage Senior Lien	1.88	1.78	1.88	1.54	1.75	1.74	1.69	1.77	1.86	1.76
Debt Coverage Senior Lien without Retail Rate Increase	N/A	N/A	N/A	N/A	N/A	N/A	1.60	1.60	1.61	1.49

Source: Broward County Water and Wastewater Services

7.4 Comparison of Utilities Service Costs for Municipalities and the Unincorporated Area in Broward County

Table 7.8 shows the current water and wastewater monthly service charges for residential customers of municipalities and the unincorporated area in the County, as well as Miami-Dade and Palm Beach Counties.

Table 7.8
Comparative Rate Survey as of 12/31/2011
(Based on Usage of 5,000 gallons per month)

Utility	Water	Sewer	Total
Davie	34.62	64.56	99.18
Dania	32.70	53.46	86.16
Wilton Manors	46.66	38.72	85.38
Sunrise (outside City)	37.65	45.96	83.61
Margate	28.11	54.60	82.71
Oakland Park	37.46	39.36	76.82
Hollywood	23.30	47.17	70.47
Parkland	22.58	47.67	70.25
North Lauderdale	27.91	40.80	68.71
Sunrise	30.10	36.76	66.86
County-wide Average Water & Sewer	27.46	35.89	63.35
Cooper City	25.14	38.15	63.29
Coconut Creek	35.44	27.18	62.62
Broward County (WWS)	23.57	34.04	57.61
Hallandale	26.36	30.45	56.81
Pompano Beach (outside City)	26.88	29.22	56.10
Miramar	21.38	32.95	54.33
Coral Springs	21.13	32.08	53.21
Royal Utility	25.54	27.50	53.04
Tamarac	18.57	34.22	52.79
Deerfield	28.25	24.53	52.78
Pompano Beach	24.08	25.76	49.84
Plantation	18.91	30.17	49.08
NSID	27.79	20.75	48.54
CSID	23.83	23.83	47.66
Pembroke Pines	21.89	25.34	47.23
Lauderhill			46.53
Fort Lauderdale	17.29	29.00	46.29
Water Only			
Hillsboro	34.20		
Sewer Only			
Pembroke Park		38.45	
Lauderdale by the sea		32.19	
Tri-County Utilities			
Palm Beach County	18.53	22.66	41.19
Miami Dade County	8.85	17.60	26.45

7.5 Insurance Coverage

The covenants of the Bond Resolution require that customary insurance be carried on the physical assets of the Utility. The property insurance carried by WWS on its physical assets is part of a County-wide policy with the County's insurance provider FM Global. The term of the present policy is from February 1, 2012 to February 1, 2013. The policy automatically insures new assets up to \$100 million per location, for 90 days; upon declaration, the policy limit applies.

Section 8.0

Summary

Findings and conclusions drawn in this report are presented respectively in each section. A summary of findings and conclusions is provided at the outset of this report.

Very truly yours,

/s/ Patrick A. Davis, P.E.

Patrick A. Davis, P.E.
Vice President
Regional Manager
Hazen and Sawyer, P.C.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D
RESOLUTION

[THIS PAGE INTENTIONALLY LEFT BLANK]

RESOLUTION 88-4066

RESOLUTION NO. 88-4066

A RESOLUTION AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$50,000,000 WATER AND SEWER UTILITY REVENUE REFUNDING BONDS, SERIES 1988-A, FOR THE PURPOSE OF PAYING AT THEIR MATURITIES AND REDEEMING AT A SELECTED REDEMPTION DATE OR DATES ALL OF THE OUTSTANDING WATER AND SEWER UTILITY REVENUE BONDS OF THE COUNTY; AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$90,000,000 WATER AND SEWER UTILITY REVENUE BONDS, SERIES 1988-B, FOR THE PURPOSE OF PAYING THE COST (AS DEFINED HEREIN) OF IMPROVEMENTS TO THE COUNTY'S WATER AND SEWER UTILITY; AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$40,000,000 WATER AND SEWER UTILITY JUNIOR LIEN REVENUE BONDS, SERIES 1988-C, FOR THE PURPOSE OF FUNDING THE REPAYMENT OF THE STATE LOANS (AS DEFINED HEREIN); PROVIDING FOR THE ISSUANCE OF ADDITIONAL WATER AND SEWER REVENUE BONDS TO PAY ALL OR PART OF THE COST OF ADDITIONAL IMPROVEMENTS TO THE COUNTY'S WATER AND SEWER UTILITY AND FOR REFUNDING OUTSTANDING WATER AND SEWER UTILITY REVENUE BONDS; PROVIDING FOR THE INCURRENCE OF OTHER TYPES OF INDEBTEDNESS OF THE COUNTY FOR THE PURPOSES OF THE WATER AND SEWER UTILITY PAYABLE FROM THE NET REVENUES OF THE WATER AND SEWER UTILITY; PROVIDING FOR THE PAYMENT OF SUCH BONDS, OTHER UTILITY DEBT AND THE INTEREST THEREON FROM NET REVENUES OF THE COUNTY'S WATER AND SEWER UTILITY; SETTING FORTH THE RIGHTS AND REMEDIES OF THE HOLDERS OF SUCH BONDS AND OTHER INDEBTEDNESS; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, Broward County, Florida (the "County"; a political subdivision of the State of Florida (the "State") and a chartered, home rule county pursuant to the Constitution and laws of the State, now owns and operates a water and sewer utility (the "Water and Sewer Utility"); and

WHEREAS, the County has heretofore, pursuant to Resolution No. 78-1, adopted by the Board of County Commissioners (the "Board") of the County on February 28, 1978, as the same was amended by Resolution No. 78-2, adopted on March 21, 1978 and Resolution No. 78-3, adopted on May 15, 1978 (collectively the "1978 Resolution"), issued \$49,520,000 Water and Sewer Utility

88-0076

Revenue Bonds, Series A, dated May 1, 1978 of the County (the "Outstanding Bonds"); and

WHEREAS, the County has heretofore entered into two loan agreements with the State under the authority granted by Article VII, Section 14 of the Florida Constitution and Section 403.1834, Florida Statutes for the purposes of paying the cost of improvements to the Water and Sewer Utility and the outstanding balance of the loans (the "State Loans") incurred under said loan agreements is \$31,700,000; and

WHEREAS, under the authority granted by the Constitution and Laws of the State of Florida, including Chapters 125 and 166, Florida Statutes and the County Charter, the County is authorized to issue water and sewer revenue bonds to pay at their respective maturities and redeem at a selected redemption date or dates all of the Outstanding Bonds, to pay the cost of Improvements (hereinafter defined) to the Water and Sewer Utility and to repay the State Loans and to pledge for the payment of such revenue bonds the net revenues of the Water and Sewer Utility and to the extent hereinafter provided the Impact Fees; and

WHEREAS, the County has determined that it is in the best interests of the County to issue bonds to provide funds, together with other available funds, to pay at their respective maturities all of the Outstanding Bonds and to fund the repayment of the State Loans for the principal purposes of adopting a new resolution that will better provide for the operational and capital requirements of the Water and Sewer Utility; and

WHEREAS, certain improvements to the Water and Sewer Utility consisting of the Project (hereinafter defined) are necessary and desirable for the furtherance of the health, safety and welfare of the users of the Water and Sewer Utility; and

WHEREAS, the County has determined to issue its Water and Sewer Utility Revenue Refunding Bonds, Series 1988-A (the "Series 1988-A Bonds") payable solely from and secured by a pledge of the Net Revenues (as hereinafter defined) of the Water and Sewer Utility, in a principal amount of not exceeding \$50,000,000, for the purpose of paying, with other available funds, at their respective maturities all of the Outstanding Bonds, together with interest on such Outstanding Bonds to their maturity or redemption; and

WHEREAS, the County has determined to issue its Water and Sewer Utility Revenue Bonds, Series 1988-B (the "Series 1988-B Bonds") on a parity as to the pledge of the Net Revenues of the Water and Sewer Utility with the Series 1988-A Bonds mentioned above, payable from and secured by a pledge of such Net Revenues,

in a principal amount of not exceeding \$90,000,000, for the purpose of paying the Cost (hereinafter defined) of the Project;

WHEREAS, the County has determined to issue its Water and Sewer Utility Junior Lien Revenue Bonds, Series 1988-C, payable from and secured by a pledge of such Net Revenues, but subordinate to the senior pledge of the Net Revenues to the Series 1988-A Bonds and the Series 1988-B Bonds and any Additional Bonds and Refunding Bonds (hereinafter defined), in a principal amount of not exceeding \$40,000,000 for the purpose of funding the repayment of the State Loans; and

WHEREAS, the County has determined to provide in this Resolution for authorizing the issuance hereafter of other Water and Sewer Utility Revenue Bonds and other forms of indebtedness of the County payable from the Net Revenues of the Water and Sewer Utility under this Resolution for the purpose of paying all or any part of the cost of any improvements, renewals and replacements of the Water and Sewer Utility or any part thereof and such extensions and additions thereto as may be necessary or desirable, in the judgment of the County, to keep the same in proper condition for the safe, efficient and economic operation thereof or to refund or refinance all or a portion of the Bonds or any series or other indebtedness of the County incurred with respect to the Water and Sewer Utility then outstanding, and to prescribe the terms and conditions under which such Bonds and other indebtedness may be authorized and issued;

NOW THEREFORE,

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF BROWARD COUNTY, FLORIDA:

ARTICLE I.

Definitions.

Section 101. **Meaning of Words and Terms.** In addition to words and terms elsewhere defined in this Resolution, the following words and terms as used in this Resolution shall have the following meaning, unless some other meaning is plainly intended:

"Accountant" shall mean the independent certified public accountant or firm of independent certified public accountants which shall have a favorable reputation for skill and experience in accounting matters at the time and during the period employed by the County under the provisions of Section 705 of this Resolution to perform and carry out the duties imposed on the Accountant by this Resolution.

"Accreted Value" shall mean, as of any date of computation with respect to any Capital Appreciation Bond an amount equal to the principal amount of such Bond (the principal amount on the date of original issuance), plus the interest accrued on such Bond from the date of original issuance to the Interest Payment Date next preceding the date of computation or the date of computation if an Interest Payment Date, compounded periodically at the times provided for in the Series Resolution authorizing the issuance of such Bonds, and if such date of computation is not an Interest Payment Date, a portion of the difference between the Accreted Value as of the immediately preceding Interest Payment Date (or the date of original issuance if such date of computation is prior to the first Interest Payment Date) and the Accreted Value as of the immediately succeeding Interest Payment Date, calculated based on the assumption that Accreted Value accrues during any period in equal daily amounts on the basis of a year of twelve 30-day months.

"Additional Bonds" shall mean the Bonds issued at any time under the provisions of Section 212 of this Resolution.

"Amortization Requirements" shall mean the amounts required to be deposited in the Redemption Account for any Series of Bonds for the purpose of redeeming prior to their maturity and paying at their maturity the Term Bonds of any Series, issued pursuant to this Resolution, the specific amounts and times of such deposits to be determined by the Board in the Series Resolution.

"Annual Budget" shall mean the Annual Budget adopted pursuant to Section 503 of this Resolution.

"Annual Loan Payment" shall mean the total amount to be paid by the County pursuant to a State Loan in a State fiscal year

- 4 -

representing principal, redemption premium, if any, any deposits required to be made to debt service reserves and administrative expenses of the State required to be paid by the County pursuant to such State Loan.

"Appreciated Value" shall mean (i) as of any date of computation with respect to any Capital Appreciation and Income Bond up to the Interest Commencement Date set forth in the Series Resolution for such Bond or the resolution awarding the same, an amount equal to the principal amount of such Bond (the principal amount on the date of original issuance) plus the interest accrued on such Bond from the date of original issuance of such Bond to the Interest Payment Date next preceding the date of computation or the date of computation if an Interest Payment Date, such increased value to accrue at the stated rate per annum of such Bond compounded on the Interest Payment Dates of such year, plus, if such date of computation shall not be an Interest Payment Date, a portion of the difference between the Appreciated Value as of the immediately preceding Interest Payment Date (or the date of original issuance if the date of computation is prior to the first Interest Payment Date succeeding the date of original issuance) and the Appreciated Value as of the immediately succeeding Interest Payment Date calculated based upon an assumption that Appreciated Value accrues during any semi-annual period in equal daily amounts on the basis of a year of twelve 30-day months and (ii) as of any date of computation on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date.

"Arbitrage Rebate Fund" shall mean a fund or funds established by the County with a Depository for the deposit of moneys necessary for payments required to be made to the United States of America in connection with any Series of Bonds or Utility Debt secured by a lien on Net Revenues subject to arbitrage rebate requirements under the Code. The moneys in such fund or funds shall be applied only for the purposes for which such fund or funds are established and shall not be subject to a lien or charge in favor of Holders of any Bonds or holders of any Utility Debt and shall not be pledged as security for the payment of any Bonds or Utility Debt.

"Board" shall mean the Board of County Commissioners of the County or the board or body in which the general legislative power of the County shall be vested.

"Bond Registrar" shall mean a bank or trust company, either within or without the State of Florida, designated as such by the Board, which shall perform such functions as Bond Registrar as are required by Article II of this Resolution.

- 5 -

PAGE 21

"Bonds" shall mean collectively the Bonds issued under the provisions of Article II of this Resolution.

"Bondholders" or "Holders" shall mean the registered owners of the Bonds.

"Bond Service Account" shall mean the Bond Service Account, a special account created and designated by Section 505 of this Resolution.

"Capital Appreciation Bond" shall mean any Bond or Bonds of a Series issued under this Resolution as to which interest is compounded periodically on each of the applicable periodic dates designated for compounding in the Series Resolution for such Bonds or the resolution awarding the same and payable in an amount equal to the then current Accreted Value to the date of maturity or redemption prior to maturity as designated in such Series Resolution or award resolution and which may be either Series Bonds or Term Bonds.

"Capital Appreciation and Income Bonds" shall mean any Bond or Bonds of a Series issued under this Resolution as to which accruing interest is not payable prior to the Interest Commencement Date specified in the Series Resolution for such Bonds or the resolution awarding the same and the Appreciated Value for such Bonds is compounded periodically on certain dates designated in such Series Resolution or award resolution prior to the Interest Commencement Date for such Capital Appreciation and Income Bonds and which may be either Series Bonds or Term Bonds.

"Capital Expenditures" shall mean all expenditures made for extensions, additions, improvements, renewals and replacements (other than ordinary maintenance and repairs) acquired, constructed or installed for the purpose of preserving, extending, increasing or improving the service rendered by the Water and Sewer Utility or for reducing the cost of operation, and shall include the cost of purchasing and installing such equipment and appurtenances as may be necessary to meet the demands upon the Water and Sewer Utility; Capital Expenditures shall also include the acquisition of such lands and rights-of-way and such engineering, legal and administrative expenses as may be required in connection with the foregoing.

"Chairperson" shall mean the Chairperson of the Board or the officer succeeding to her principal functions.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated thereunder and under the Internal Revenue Code of 1954, as amended.

- 6 -

"Completion Date" shall mean the date of completion of the acquisition or construction of the Project or of any Improvements, as the case may be, as such date shall be certified pursuant to the requirements of this Resolution.

"Construction Fund" shall mean the Broward Water and Sewer Utility Construction Fund, a special fund created and designated by Section 401 of this Resolution.

"Consulting Engineers" shall mean the engineer or engineering firm or corporation at the time employed by the County under the provisions of Section 704 of this Resolution to perform and carry out the duties imposed on the Consulting Engineers by this Resolution.

"Convertible Bonds" shall mean Bonds issued under this Resolution which are convertible, at the option of the County, into a form of Bonds which are permitted by this Resolution other than the form of such Bonds at the time they were issued.

"Cost" as applied to the Project or any Improvements, shall embrace the costs of acquisition and construction and all obligations and expenses and all items of cost which are set forth in Section 403 of this Resolution.

"County" shall mean Broward County, Florida, a political subdivision of the State of Florida.

"County Administrator" shall mean the County Administrator and ex officio clerk of the Board or his designee or the officer succeeding to his principal functions.

"Credit Facility" shall mean an irrevocable letter of credit, policy of municipal bond insurance, guaranty, purchase agreement, credit agreement or similar facility in which the entity providing such facility irrevocably agrees to provide funds to make payment of the principal of, premium, if any, and interest on Bonds or Utility Debt provided that such entity is at the time of providing such facility of sufficient credit quality to entitle debt backed by its Credit Facility to be rated in one of the two highest long-term rating categories (without regard to any gradations within such categories) by either Standard & Poor's Corporation or Moody's Investors Service, Inc.

"Current Expenses" shall mean the County's reasonable and necessary current expenses of maintenance, repair and operation of the Water and Sewer Utility and shall include, without limiting the generality of the foregoing, all ordinary and usual expenses of maintenance and repair, which may include expenses not annually recurring, all County administrative expenses and

- 7 -

any reasonable payments to pension or retirement funds properly chargeable to the Water and Sewer Utility, insurance premiums, engineering expenses relating to maintenance, repair and operation, fees and expenses of the Bond Registrar, legal expenses, any taxes which may be lawfully imposed on the Water and Sewer Utility or its income or operations and reserves for such taxes, annual premiums for insurance, interest rate insurance or insurance assuring availability of the amounts required to be on deposit in the Reserve Account, annual fees for Credit Facilities or Liquidity Facilities, and any other expenses required to be paid by the County under the provisions of this Resolution or by law, including any amounts required from time to time to fund the Arbitrage Rebate Fund, but shall not include any reserves for extraordinary maintenance or repair, or any allowance for depreciation, or any deposits or transfers to the credit of the Sinking Fund, the Renewal, Replacement and Improvement Fund or the General Reserve Fund.

"Current Interest Bonds" shall mean Bonds the interest on which is payable to the Bondholder on the Interest Payment Dates with respect thereto and not only at the maturity thereof.

"Daily Newspaper" shall mean a newspaper published in the English language on at least five (5) business days in each calendar week.

"Defaulted Interest" shall have the meaning attributed to such term in Section 202 of this Resolution.

"Depository" shall mean any bank or trust company duly authorized by law to engage in the banking business and designated by the Finance Director as a depository of moneys under the provisions of this Resolution.

"Escrow Agent" shall mean a bank or trust company, either within or without the State of Florida or (with respect to the Outstanding State Loans and any State Loan) the Florida State Board of Administration, designated as Escrow Agent in the Escrow Deposit Agreement, and performing such functions as are required by such Agreement.

"Escrow Deposit Agreement" shall mean the Escrow Deposit Agreement, to be dated as of the dated date of the Series 1988-A Bonds by and between the County and the Escrow Agent, pursuant to which a portion of the proceeds of the Series 1988-A Bonds, together with other available funds of the County, shall be held, invested and applied by the Escrow Agent as provided in this Resolution and the Escrow Deposit Agreement to the payment at their respective maturities and redemption at a selected redemption date or dates of all of the Outstanding Bonds.

- 8 -

"Impact Fee Account" shall mean the Impact Fee Account, a special account created and designated within the General Reserve Fund pursuant to Section 505 of this Resolution, the moneys in which shall be pledged and applied as set forth in the last paragraph of Section 512 of this Resolution.

"Impact Fees" shall mean all nonrefundable (except at the option of the County) capital recovery charges, pollution control fees, capacity charges and other similar fees and charges separately imposed by the County as a nonuser capacity charge for the proportionate share of the cost of expanding, oversizing, separating or constructing improvements to the Water and Sewer Utility and any investment earnings from the investment of funds on deposit in the Impact Fee Account, but excluding those charges imposed by the County on persons connecting to the Water and Sewer Utility for the cost of physically connecting thereto, including but not limited to the costs of excavation, plumbing, installation of meters and landscaping.

"Improvements" shall mean such improvements, renewals and replacements of the Water and Sewer Utility or any part thereof and such extensions and additions thereto as may be necessary or desirable, in the judgment of the County, to keep the same in proper condition for the safe, efficient and economic operation thereof and to integrate into the Water and Sewer Utility any unit or part thereof, and shall include such land, structures and facilities as may be authorized to be acquired or constructed by the County under the provisions of State law and such improvements, renewals and replacements of such land, structures and facilities and the Water and Sewer Utility and such extensions and additions thereto as may be necessary or desirable for continuous and efficient service to the public.

"Interest Commencement Date" shall mean with respect to any Capital Appreciation and Income Bonds, the date specified in the Series Resolution for such Bonds or the resolution awarding the same (which date must be prior to the maturity date of such Bonds) after which interest accruing on such Bonds shall be payable semi-annually with the first such payment date being the applicable Interest Payment Date immediately succeeding such Interest Commencement Date.

"Interest Payment Date" shall mean the dates for the payment of interest on a Series of Bonds as shall be established by the Series Resolution for such Series of Bonds.

"Interest Rate Swap" shall mean an agreement in writing by and between the County and another entity (the "Counterparty") pursuant to which (i) the County agrees to pay to the Counterparty an amount, either at one time or periodically, which may,

- 10 -

"Finance Director" shall mean the Director of the County Finance and Administrative Services Department or the officer succeeding to his principal functions.

"Financial Statements" shall mean the audited financial statements of the County relating to the Water and Sewer Utility, prepared in accordance with generally accepted accounting principles applicable to water and sewer systems owned by counties, which in the case of the Water and Sewer Utility may be those provisions of the County's Consolidated Audited Financial Report relating to the Water and Sewer Utility.

"Fiscal Year" shall mean the period commencing on the first day of October and ending on the last day of September of the following year as the same may be amended from time to time to conform to the fiscal year of the County.

"General Counsel" shall mean the General Counsel of the County, her designated assistant or the officer succeeding to her principal functions.

"General Reserve Fund" shall mean the Broward Water and Sewer Utility General Reserve Fund, a special fund created and designated by Section 505 of this Resolution.

"Government Obligations" shall mean (i) direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America; (ii) evidences of ownership of proportionate interests in future interest or principal payments on obligations specified in clause (i) of this definition held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the underlying obligations described in clause (i) of this definition, and which underlying obligations are not available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated; (iii) municipal obligations, the payment of the principal of, interest on and redemption premium, if any on which are irrevocably secured by obligations described in clause (i) of this definition and which obligations have been deposited in an escrow account which is irrevocably pledged to the payment of the principal, interest on and redemption premium, if any, on such municipal obligations; (iv) obligations issued by any State of the United States; and (v) municipal obligations the payment of the principal of and interest on which are insured; provided, however, the obligations described in clauses (iv) and (v) of this definition shall also be rated in one of the top two highest rating categories (without regard to any gradation within such category) by both Moody's Investors Service, Inc. and Standard & Poor's Corporation.

- 9 -

but is not required to, be determined by reference to the amount of interest payable on the debt of the Counterparty specified in such agreement in the period specified in such agreement and (ii) the Counterparty agrees to pay to the County an amount, either at one time or periodically, which may, but is not required to, be determined by reference to the amount of interest payable on all or a portion of a Series of Bonds or Utility Debt specified in such agreement in the period specified in such agreement. The written agreement specified in the preceding sentence shall provide (a) for either one-time payment by both parties or for periodic payments by both parties, but not one time payment by one party and periodic payments by the other party, (b) for immediate termination of such agreement for non-payment by the Counterparty and (c) for any payments of the County to be made only from the General Reserve Fund.

"Interim Bonds or Notes" shall mean bonds or notes issued by the County with a final maturity not longer than 60 months (or longer period if then so permitted by the provisions of State law relating to the issuance of bond anticipation notes by municipalities) in anticipation of the refinancing thereof from all or a portion of the proceeds of a Series of Bonds issued under this Resolution.

"Investment Obligations" shall mean any of the following, to the extent that the same is legal for the investment of public funds under State law:

(i) direct general obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America;

(ii) obligations issued or guaranteed by any instrumentality or agency of the United States of America, whether now existing or hereafter organized, including but not limited to those of the Federal Financing Bank, the members of the Farm Credit System whether individually or consolidated, Federal Home Loan Banks, the Export-Import Bank, Government National Mortgage Association and the Tennessee Valley Authority;

(iii) evidences of ownership of proportionate interests in future interest or principal payments on specified obligations described in clause (i) of this definition held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the underlying obligations described in clause (i) of this definition, and which underlying obligations are not available to satisfy any claim of the custo-

- 11 -

dian or any person claiming through the custodian or to whom the custodian may be obligated;

(iv) bankers acceptances, certificates of deposit or time deposits of any bank, trust company or savings and loan association (including any investment in pools of such bankers acceptances, certificates of deposit or time deposits), which to the extent that such obligations are not insured by the Federal Deposit Insurance Corporation, are collateralized at all times in amounts and by obligations as shall be permitted by Florida law;

(v) municipal obligations, the payment of the principal of, interest on and redemption premium, if any, on which are irrevocably secured by obligations described in clause (i) of this definition and which obligations have been deposited in an escrow account which is irrevocably pledged to the payment of the principal of, interest on and redemption premium, if any, of such municipal obligations;

(vi) obligations issued by any State of the United States, which are rated in one of the two highest rating categories (without regard to any gradation within such categories) by both Moody's Investors Service, Inc. and Standard & Poor's Corporation;

(vii) municipal obligations the payment of the principal of and the interest on which are insured, which are rated in the highest rating category (without regard to any gradation within such category) by both Moody's Investors Service, Inc. and Standard & Poor's Corporation;

(viii) any repurchase, reverse repurchase or investment agreement with any bank or trust company organized under the laws of any state of the United States or any national banking association, insurance company, or governmental bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York and a member of the Security Investors Protection Corporation, which agreement is fully secured by any one or more of the securities described in (i), (ii) or (iii) above provided that the County has a perfected first security interest in the collateral and that the County or its agent has possession of the collateral, and that such collateral is held free and clear of claims by third parties; and

(ix) units of participation in the Local Government Surplus Funds Trust Fund administered by the Florida State Board of Administration pursuant to Part IV, Chapter 218, Florida Statutes.

- 12 -

"Junior Lien Bonds" shall mean the Bonds authorized to be issued pursuant to Section 210 of this Resolution.

"Liquidity Facility" shall mean a letter of credit, policy of municipal bond insurance, guaranty, purchase agreement of similar facility in which the entity providing such facility agrees to provide funds to pay the purchase price of Optional Tender Bonds upon their tender by the Holders of Optional Tender Bonds provided that such entity is at the time of providing such facility of sufficient credit quality to entitle debt backed by its Liquidity Facility to be rated in one of the two highest rating categories (without regard to any gradations within such categories) by either Standard & Poor's Corporation or Moody's Investors Service, Inc.

"Maximum Principal and Interest Requirements" shall mean the maximum amount of Principal and Interest Requirements for any Fiscal Year.

"Monthly State Loan Requirement" shall mean the amount payable by the County in each month pursuant to any State of Florida Pollution Control Loan Agreement entered into by the County pursuant to the authority granted by Article VII, Section 14 of the Florida Constitution and Section 403.1834, Florida Statutes or any legislation continuing such authority.

"Net Revenues" for any particular period shall mean the amount of the excess of the Revenues for such period over the Current Expenses for such period.

"Optional Tender Bonds" shall mean the portion of a Series of Bonds issued under this Resolution, a feature of which is an option on the part of the holders of such Bonds to tender such Bonds to the County, a trustee or other fiduciary for such Holders for payment prior to stated maturity.

"Outstanding" shall mean, when used with respect to the Bonds, all Bonds theretofore delivered except:

(a) Bonds paid, redeemed or delivered to or acquired by the County and cancelled; and

(b) Bonds deemed to have been paid in accordance with Section 307 or Section 1101 of this Resolution.

"Outstanding Bonds" shall mean the outstanding principal amount of \$49,520,000 Water and Sewer Utility Revenue Bonds, Series A specified in the second preamble of this Resolution.

- 13 -

"Outstanding State Loans" shall mean the State Loans in the original aggregate principal amount of \$35,500,000 heretofore made by the State to the County from the proceeds of the \$41,755,000 State of Florida Full Faith and Credit Pollution Control Bonds, Series D, dated January 1, 1976 and the \$28,000,000 State of Florida Full Faith and Credit Pollution Control Bonds, Series K, dated July 1, 1978, respectively.

"Principal" or "principal" shall mean (i) with respect to Current Interest Bonds, the stated principal amount thereof, (ii) with respect to Capital Appreciation Bonds, the Accreted Value thereof, as of any particular date of determination and (iii) with respect to Capital Appreciation and Income Bonds, the Appreciated Value thereof, as of any particular date of determination.

"Principal and Interest Requirements" shall mean the respective amounts which are required in each Fiscal Year to provide:

(i) for paying the interest on all Bonds then Outstanding which is payable on each Interest Payment Date in such Fiscal Year, and

(ii) for paying the principal of all Serial Bonds then Outstanding which is payable upon the maturity of Serial Bonds in such Fiscal Year, and

(iii) the Amortization Requirements for the Term Bonds of such Series for such Fiscal Year, and

(iv) the amount, if any, required to be deposited in the General Reserve Fund on account of the Annual Loan Payment in such Fiscal Year.

In determining the amount of the Principal and Interest Requirements for any Fiscal Year, the following rules shall apply:

(a) with respect to Variable Rate Bonds, the interest rate shall be assumed to be the average rate of interest for all Variable Rate Bonds for the prior Fiscal Year or portion thereof or if there were no Variable Rate Bonds Outstanding during such prior Fiscal Year, then the initial rate of interest on such Variable Rate Bonds; "average rate" shall mean the rate determined by dividing the total annualized amount of interest paid on Variable Rate Bonds in any Fiscal Year or portion thereof by the average principal amount of Variable Rate Bonds Outstanding during such Fiscal Year or portion thereof;

- 14 -

(b) with respect to Interim Bonds or Notes, interest only and not the principal shall be included in Principal and Interest Requirements if the Series of Bonds all or a portion of the proceeds of which are expected to be used to refinance such Interim Bonds or Notes have been duly authorized by the County; provided, however, none of the interest or principal on Interim Bonds or Notes shall be included in Principal and Interest Requirements if the Board shall determine in the resolution authorizing the issuance of such Interim Bonds or Notes that such Interim Bonds or Notes shall be Subordinated Indebtedness hereunder;

(c) with respect to Optional Tender Bonds, Principal and Interest Requirements shall not include the principal amount of such Optional Tender Bonds payable upon exercise by the holders thereof of the option to tender such Bonds for purchase to the extent and for so long as a Credit Facility shall be in full force and effect with respect to such Optional Tender Bonds but shall include the regularly scheduled principal payments on such Optional Tender Bonds, either upon payment at maturity or redemption in satisfaction of the Amortization Requirements for such Optional Tender Bonds; provided, however, that during any period of time after the issuer of the Credit Facility has advanced funds thereunder and before such amount is repaid, Principal and Interest Requirements shall include the principal amount so advanced and interest thereon, in accordance with the principal repayment schedule and interest rate or rates specified in the Credit Facility;

(d) with respect to Capital Appreciation Bonds, the principal and interest portions of the Accreted Value becoming due at maturity or by virtue of an Amortization Requirement shall be included in the calculations of accrued and unpaid interest and principal requirements.

(e) with respect to Capital Appreciation and Income Bonds, the principal and interest portions of the Appreciated Value becoming due at maturity or by virtue of an Amortization Requirement shall be included in the calculations of accrued and unpaid interest and principal requirements.

(f) if interest on a Series of Bonds is payable from the proceeds of such Bonds or from other amounts set aside irrevocably for such purpose at the time such Bonds are issued, interest on such Series of Bonds shall be included in Principal and Interest Requirements only in proportion to the amount of interest payable in the then current Fiscal Year from amounts other than amounts so funded to pay such interest;

- 15 -

(g) Principal and Interest Requirements shall not include the principal of, redemption premium, if any, and interest on the Junior Lien Bonds and on Subordinated Indebtedness;

(h) Principal and Interest Requirements shall not include the principal of, redemption premium, if any, and interest on bonds of the County issued for the purpose of financing the acquisition or construction of Separate Systems; and

(i) amounts received as special assessments on property specially benefitted by improvements financed with the proceeds of Bonds shall be deducted from the computation of Principal and Interest Requirements.

"Project" shall mean the expansion and improvement of the County's Water Treatment Plants 1A, 2A and 3A, the construction of new administrative, operations and warehouse facilities for the Water and Sewer Utility and the expansion and improvement of the North District Regional Wastewater Treatment Plant and associated pump stations, together with all land, furnishings and equipment appurtenant thereto, all as set forth in plans and specifications on file with the County's Utilities Division as the same may be amended and supplemented.

"Rate Consultant" shall mean a consultant or consulting firm or corporation at the time employed by the County under the provisions of Section 502 of this Resolution to perform and carry out the duties imposed on the Rate Consultant by said Section 502.

"Redemption Account" shall mean the Redemption Account, a special account created and designated by Section 505 of this Resolution.

"Refunding Bonds" shall mean the bonds issued at any time under the provisions of Section 213 of this Resolution.

"Regular Record Date" shall mean the 15th day (whether or not a business day) of the month preceding any Interest Payment Date; provided, however, that a different Regular Record Date may be provided for a Series of Bonds pursuant to the Series Resolution with respect to such Series.

"Renewal, Replacement and Improvement Fund" shall mean the Broward Water and Sewer Utility Renewal, Replacement and Improvement Fund created and designated by Section 505 of this Resolution.

- 16 -

"Renewal, Replacement and Improvement Fund Requirement" shall mean an amount equal to five percent (5%) of the Revenues for the preceding Fiscal Year or such greater amount as may be annually recommended by the Consulting Engineer.

"Reserve Account" shall mean the Reserve Account, a special account created and designated by Section 505 of this Resolution including any subaccounts created therein and any separate Reserve Accounts created as permitted by Section 505 of this Resolution.

"Reserve Account Requirement" shall mean the lesser of (i) Maximum Principal and Interest Requirements on account of the Bonds issued under the provisions of Article II of this Resolution, excluding the Junior Lien Bonds, in the current or any subsequent Fiscal Year, but excluding any amount described in clause (iv) of the definition of Principal and Interest Requirements in this Article or (ii) the maximum amount allowed under the Code, provided, however, that (i) the County shall be permitted to provide all or a portion of the Reserve Account Requirement by the execution and delivery of a Reserve Account Insurance Policy or a Reserve Account Letter of Credit or other similar arrangement which, after its issuance and delivery, will permit the Finance Director to receive the full amount covered by such arrangement without further conditions, financial or otherwise, (ii) with respect to all or any portion of a Series of Bonds which are Variable Rate Bonds, the County shall be permitted to provide for a Reserve Account Requirement which is computed based upon the interest rate calculation set forth in paragraph (a) of the definition of "Principal and Interest Requirements" in this Article, together with the amount of principal of such Variable Rate Bonds becoming due and payable in the same Fiscal Year pursuant to the Series Resolution with respect to such Series or pursuant to the resolution pursuant to which such Series is awarded to the purchaser thereof, and (iii) with respect to a Series of Bonds or portion thereof which is supported by a Credit Facility, the County shall be permitted to provide for a Reserve Account Requirement which is based only on the principal and interest due on the Bonds of such Series and not on the repayment provisions of such Credit Facility.

"Reserve Account Deposit Requirement" means the amount, if any, determined in each Series Resolution, required to be deposited monthly to the credit of the Reserve Account on account of such Series; provided, however,

(i) the Reserve Account Deposit Requirement for any Series shall not be less than one-twelfth (1/12) of the Reserve Account Requirement for such Series in each month until the amount on deposit in the Reserve Account shall be

- 17 -

equal to the Reserve Account Requirement for such Series; and

(ii) in the event any deficiency is created in the Reserve Account for any Series by a withdrawal or otherwise, the Reserve Account Deposit Requirement for any Series shall be increased, beginning in the month following the month in which such deficiency was created, by an amount at least equal to one-twelfth (1/12) of the amount of such deficiency or, in the case of a deficiency created by a withdrawal under a Reserve Account Insurance Policy or a Reserve Account Letter of Credit, the deficiency may be cured either by an increase in the Reserve Account Deposit Requirement as stated above or by the entity providing such facility restoring the withdrawn amount to the amount available under such facility.

"Reserve Account Insurance Policy" shall mean an insurance policy, surety bond or other acceptable evidence of insurance, if any, maintained by the County in lieu of or in partial substitution for cash or securities on deposit in the Reserve Account, provided that the entity providing such facility is at the time of so providing of sufficient credit quality to entitle debt backed by its facility to be rated in one of the two highest rating categories (without regard to any gradations within such categories) by either Standard & Poor's Corporation or Moody's Investors Service, Inc.

"Reserve Account Letter of Credit" shall mean an irrevocable, transferable letter of credit, if any, maintained by the County in lieu of or in partial substitution for cash or securities on deposit in the Reserve Account, provided that the entity providing such facility is at the time of so providing of sufficient credit quality to entitle debt backed by its facility to be rated in one of the two highest rating categories (without regard to any gradations within such categories) by either Standard & Poor's Corporation or Moody's Investors Service, Inc.

"Revenue Fund" shall mean the Broward Water and Sewer Utility Revenue Fund, a special fund created and designated by Section 504 of this Resolution.

"Revenues" shall mean all moneys received by the County in connection with or as a result of its ownership or operation of the Water and Sewer Utility, including the income derived by the County from the sale of water produced, treated or distributed by, or the collection, transmission, treatment or disposal of sewage by the Water and Sewer Utility, any proceeds of use and occupancy insurance on the Water and Sewer Utility or any part thereof and income from investments made under this Resolution;

- 18 -

provided, however, Revenues shall not include grants, contributions or bond proceeds from investments of moneys on deposit in the Construction Fund and the Impact Fee Account proceeds of insurance (except use and occupancy insurance) and condemnation awards, moneys held in any Arbitrage Rebate Funds created pursuant to Section 605 of this Resolution, proceeds of sales of property constituting a part of the Water and Sewer Utility, special assessments, the proceeds of Bonds or other Utility Debt and Impact Fees.

"Separate System" shall mean water facilities, sewer facilities or water and sewer facilities, which are not, on the date of adoption of this Resolution, a part of the Water and Sewer Utility and which the Board shall determine by resolution to make a Separate System; provided, however, the Board shall not adopt a resolution designating facilities as a Separate System unless the requirements therefor as set forth in Section 711 of this Resolution are met at the time of such designation.

"Serial Bonds" shall mean the Bonds of a Series which shall be stated to mature in annual installments and "Term Bonds" shall mean the Bonds of a Series so designated in the Series Resolution for such Bonds.

"Series" shall mean the Bonds delivered at any one time under the provisions of Sections 208, 209, 210, 211 and 212 of this Resolution.

"Series 1988-A Bonds" shall mean the Bonds authorized to be issued pursuant to Section 208 of this Resolution.

"Series 1988-B Bonds" shall mean the Bonds authorized to be issued pursuant to Section 209 of this Resolution.

"Series Resolution" means the resolution of the Board that is required by Article II of this Resolution to be adopted prior to the issuance of any Series of Bonds under this Resolution. The Series Resolution shall (a) determine the details of the Bonds of such Series, including, among other things, the maximum principal amount of such Series, the date thereof, the method of payment of interest thereon, the maximum maturity thereof, the redemption provisions relating thereto, including the Amortization Requirements for the Term Bonds, if any, and the Bond Registrar therefor, (b) define any Improvements to be financed with the proceeds of such Series, (c) provide for the application of the proceeds of the Bonds to which such Series Resolution relates, (d) if permitted pursuant to Section 505 of this Resolution, create a separate Sinking Fund for such Series and determine the method of funding of the Sinking Fund for such Series, and (e) set forth additional covenants and provisions with

- 19 -

respect to any Series required in connection with the obtaining of a Credit Facility, a Reserve Account Insurance Policy or a Reserve Account Letter of Credit, including any special provisions designed to comply with repayment requirements under reimbursement or repayment agreements with the entities providing such credit enhancement facilities, and such other matters as the Board shall determine; provided, however, the Board may provide in the Series Resolution that all matters set forth above except the maximum principal amount of any Series and the definition of any Improvement to be financed with the proceeds of such Series and the maximum principal amount of such Series may be determined by the Board in the resolution awarding such Series to the purchaser thereof.

"Short-Term Indebtedness" means all indebtedness incurred or assumed by the County, with respect to the Water and Sewer Utility for any of the following:

(i) Payments of principal and interest with respect to money borrowed for an original term, or renewable at the option of the County for a period from the date originally incurred, of one year or less;

(ii) Payments under leases having an original term, or renewable at the option of the lessee for a period from the date originally incurred, of one year or less; and

(iii) Payments under installment purchase contracts having an original term of one year or less.

"Sinking Fund" shall mean the Broward Water and Sewer Utility Revenue Bonds Interest and Sinking Fund, a special fund created and designated by Section 505 of this Resolution.

"Special Record Date" shall mean a date fixed by the Bond Registrar for the payment of Defaulted Interest pursuant to Section 202 of this Resolution.

"State Loan" shall mean a loan from the State of Florida to the County pursuant to any State of Florida Pollution Control Loan Agreement entered into pursuant to the authority granted by Article VII, Section 14 of the Florida Constitution and Section 403.1834, Florida Statutes, or any legislation continuing or expanding such authority to provide loans to the County for any of the purposes of the Water and Sewer Utility.

"Subordinated Indebtedness" shall mean bonds, notes or other forms of indebtedness, the payment of the principal or interest or redemption premium on which are payable solely from monies which may from time to time be on deposit in the General Reserve

- 20 -

Fund under this Resolution and which is designated as Subordinated Indebtedness by the Board in the resolution authorizing the issuance of such Indebtedness.

"Utility Debt" shall mean Short Term Indebtedness, Subordinated Indebtedness, Interim Bonds or Notes, any State Loan and any other indebtedness incurred by the County other than Bonds issued under Article II of this Resolution.

"Variable Rate Bonds" shall mean any Bonds issued under this Resolution the interest rate on which is not established at the time of issuance at a single numerical rate.

"Water and Sewer Utility" shall mean, collectively, the existing water supply, treatment and distribution system and the existing sewage collection, transmission, treatment and disposal system owned and operated by the County, together with the Project to be financed under the provisions of Section 209 of this Resolution, any Improvements and any Separate Systems consolidated with the Water and Sewer Utility pursuant to Section 711 of this Resolution.

"1978 Resolution" shall mean Resolution No. 78-1, adopted by the Board on February 28, 1978, as amended, and referred to in the second preamble of this Resolution.

Section 102. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words "Bond", "owner", "Holder" and "person" shall include the plural as well as the singular number, the word "person" shall mean any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof, and the word "Holder" or "Bondholder" when used herein with respect to Bonds issued hereunder shall mean the Holder or registered owner, as the case may be, of Bonds at the time issued and outstanding hereunder.

- 21 -

PAGE 24

ARTICLE II.

Form, Execution, Delivery and Registration of Bonds

Section 201. Issuance of Bonds. For the purpose of providing funds for paying all or part of the cost of refunding the Outstanding Bonds and constructing the Project and funding the repayment of the Outstanding State Loans, Bonds of the County may be issued under and secured by this Resolution subject to the conditions hereinafter provided in Sections 208, 209 and 210, respectively, of this Article. Bonds of the County may also be issued under and secured by this Resolution, subject to the conditions hereinafter provided in Section 212 and 213 of this Article, for the purpose of paying the cost of Improvements and refunding all or any portion of the Bonds of one or more Series issued by the County under the provisions of this Resolution. The principal of and the interest on all such Bonds shall be payable solely from the special fund hereinafter created and designated "Water and Sewer Utility Revenue Bonds Interest and Sinking Fund" or other separate Sinking Funds created under the provisions of Section 505 of this Resolution, and all of the covenants, agreements and provisions of this Resolution shall be for the benefit and security of all and singular the present and future Holders of the Bonds so issued or to be issued, without preference, priority or distinction as to lien or otherwise, except as otherwise hereinafter provided, of any one Bond over any other Bond by reason of priority in the issue, sale or negotiation thereof, otherwise.

Section 202. Details of Bonds. Each Series of Bonds issued hereunder shall be created by a different Series Resolution. The Bonds of each Series issued under the provisions of this Article shall be designated "Broward County, Florida Water and Sewer Utility Revenue Bonds, Series _____" or such appropriate variation thereof as contained herein or in any Series Resolution in each case inserting an identifying Series year, and if more than one Series are issued in a single calendar year, inserting an identifying Series letter in addition to the year. Except as otherwise provided in the Series Resolution relating to a Series of Bonds, the Bonds of any Series are issuable in fully registered form without coupons in denominations (either with respect to original principal amount or principal amount payable at maturity) of \$5,000 or any whole multiple thereof. Bonds shall be numbered consecutively from R-1 upwards. Bonds of each Series shall be dated, and shall bear interest until their payment at a rate or rates, including rates which may vary, not exceeding the maximum rate then permitted by law, such interest being payable and such Bonds being subject to redemption prior to

- 22 -

their respective maturities, all as provided in the Series Resolution for such Series.

Unless otherwise provided in the Series Resolution pursuant to which each Series of Bonds is issued, each Bond shall bear interest from the Interest Payment Date next preceding the date on which it is authenticated unless it is (a) authenticated upon any interest payment date in which event it shall bear interest from such interest payment date or (b) authenticated before the first interest payment date in which event it shall bear interest from its date; provided, however, that if at the time of authentication of any Bond interest is in default, such Bond shall bear interest from the date to which interest has been paid; except for (i) Capital Appreciation Bonds which shall bear interest as described under the defined term Accreted Value, payable only upon redemption, acceleration or maturity thereof and (ii) Capital Appreciation and Income Bonds which shall bear interest as described under the defined term Appreciated Value payable on the amount due at maturity but only from and after the Interest Commencement Date.

Both the principal of and the interest on the Bonds shall be payable in any coin or currency of the United States of America (or other coin or currency provided for in the Series Resolution applicable to any Series) that is legal tender for the payment of public and private debts on the respective dates of payment thereof.

The principal of the Bonds shall be payable upon the presentation and surrender of such Bonds as the same shall become due at the principal office of the Bond Registrar.

Unless otherwise provided in the Series Resolution pursuant to which each Series of Bonds is issued, any interest on any Bond which is payable, and is punctually paid, or for which payment is duly provided, on any Interest Payment Date shall be paid to the person in whose name the Bond is registered in the registration books provided for in Section 206 of this Resolution (hereinafter, as used in this Section, the "Holder") at the close of business on the Regular Record Date. The Bond Registrar shall pay interest which is payable on the Bonds by check or draft mailed to the persons entitled thereto on the Interest Payment Date; provided, however, that, if so provided by Series Resolution, each Holder of Bonds aggregating not less than \$1,000,000 shall be entitled to the payment of such interest by wire transfer.

Unless otherwise provided in the Series Resolution pursuant to which each Series of Bonds is issued, any interest on any Bond which is payable, but is not punctually paid, or for which pay-

- 23 -

ment is not duly provided, on any interest payment date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder; and such Defaulted Interest may be paid by the County, at its election in each case, as provided in Subsection A or B below:

A. The County may elect to make payment of any Defaulted Interest on the Bonds of any Series to the persons in whose names such Bonds are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The County shall notify the Bond Registrar in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Bond Registrar to comply with the next sentence hereof), and at the same time the County shall deposit or cause to be deposited with the Bond Registrar an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Bond Registrar for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Subsection provided. Thereupon the Bond Registrar shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Bond Registrar of the notice of the proposed payment. The Bond Registrar shall promptly notify the County of such Special Record Date and, in the name and at the expense of the County, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder at his address as it appears in the registration books provided for in Section 206 of this Resolution not less than 10 days prior to such Special Record Date. The Bond Registrar may, in its discretion, in the name and at the expense of the County, cause a similar notice to be published at least once in a Daily Newspaper of general circulation published in the County, and in a Daily Newspaper of general circulation or in a financial journal published in the Borough of Manhattan, City and State of New York, but such publication shall not be a condition precedent to the establishment of such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the Bonds of such Series are registered on such Special Record Date and shall no longer be payable pursuant to the following Subsection B. The Bond Registrar shall pay such Defaulted Interest which is payable on the Bonds pursuant to this clause A by check or draft mailed

to the persons entitled thereto on the date fixed for the payment of such Defaulted Interest pursuant to this clause A; provided, however, the Board pursuant to the Series Resolution for a Series may provide for payment of such Defaulted Interest by the Bond Registrar by wire transfer.

B. The County may make payment of any Defaulted Interest on the Bonds of any Series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Bonds may be listed and upon such notice as may be required by such exchange, if, after notice given by the County to the Bond Registrar of the proposed payment pursuant to this Subsection, such payment shall be deemed practicable by the Bond Registrar.

Subject to the foregoing provisions of this Section, each Bond delivered under this Resolution upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date, that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

The provisions of this Article contained in Sections 202 to 207, inclusive, may be changed or varied in any Series Resolution applicable to any Series of Bonds issued under this Article for the purposes of (1) complying with the requirements of any automated depository and clearinghouse for securities transactions and (2) effectuating any book-entry only registration and payment system.

Section 203. Execution and Form of Bonds. The Bonds shall be signed by or bear the facsimile signature of the Chairperson and shall be signed by or bear the facsimile signature of, the County Administrator and a facsimile of the official seal of the County shall be imprinted on the Bonds; provided, however, that if required by State law at the time of such execution, the Bonds shall be manually executed by the Chairperson. In case any officer whose signature or a facsimile of whose signature shall appear on any Bonds shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery and also any Bond may bear the facsimile signature of, or may be signed by, such persons as at the actual time of the execution of such Bond shall be the proper officers to execute such Bond although at the date of such Bond such persons may not have been such officers. The Bonds issued under the provisions of this Article, the certificate of authentication, the statement of validation, if any, the opinion certification and the form of assignment shall

- 24 -

- 25 -

84-0076317

84-0076318

be, respectively, in the following forms with such appropriate variations, omissions and insertions as may be required or permitted by this Resolution or the Series Resolution pursuant to which such Bonds are issued. All Bonds shall be endorsed thereon with such legends or text as may be necessary or appropriate to conform to the applicable rules and regulations of any governmental authority or any securities exchange on which such Bonds may be listed or to any requirements of law with respect thereto.

The forms of Bonds may be changed as specified in any Series Resolution to reflect appropriate provisions for different types of Bonds authorized under this Resolution, including, without limitation, provisions for Capital Appreciation Bonds, Capital Appreciation and Income Bonds, Interim Bonds, Variable Rate Bonds, Optional Tender Bonds and Convertible Bonds.

[Face of Bond]

No. _____ \$ _____,000

United States of America
State of Florida
Broward County

[Title of Series of Bonds, as provided in Section 202]

Maturity Date Interest Rate Original Issue Date Cusip

REGISTERED HOLDER:

PRINCIPAL AMOUNT:

Broward County (herein called the "County"), a political subdivision of the State of Florida, is justly indebted and for value received hereby promises to pay to the registered holder shown above or registered assigns or legal representative on the date specified above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the principal office of _____ in the City of _____ (the "Bond Registrar"), the principal sum shown above, and to pay to the registered owner hereof, by check or draft mailed to the registered owner at his address as it appears on the bond registration books of the County, or by wire transfer to the registered owner of at least \$1,000,000 principal amount of the Bonds, interest on such principal sum from the date hereof or from _____ 1, to _____ 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a _____ 1 or _____ 1 to which interest shall have been paid, in which case from such date, such interest to the maturity hereof being payable on _____ 1 and _____ 1 in each year, commencing _____ 1, 19____ at the rate per annum specified above, until payment of such principal sum. The interest so payable and punctually paid, or duly provided for, on any interest payment date will be paid to the person in whose name this bond is registered at the close of business on the Regular Record Date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered holder on such

- 26 -

- 27 -

Regular Record Date, and may be paid to the person in whose name this bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Bond Registrar, notice whereof being given to the holders not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the bonds of this series may be listed and upon such notice as may be required by such exchange, or as more fully provided in the Resolution under which this bond is issued hereinafter mentioned or by wire transfer as mentioned above. Such payment of interest shall be by check mailed to the holder at his address as it appears on the bond registration books maintained by the Bond Registrar. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

This bond shall not be deemed to constitute an indebtedness of the County within the meaning of any constitutional or statutory provision or limitation and the County is not obligated to pay the principal of, the premium, if any, or the interest on this bond except from the special fund hereinafter mentioned, and the faith and credit of the County are not pledged to the payment of the principal of, the premium, if any, or the interest on this bond. The issuance of this bond shall not directly, indirectly or contingently obligate the County to levy or to pledge any taxes whatever therefor or to make any appropriation for the payment of the principal of, the premium, if any, or the interest on this bond except as provided in said Resolution.

ADDITIONAL PROVISIONS OF THIS BOND ARE SET FORTH ON THE REVERSE HEREOF AND SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH HERE.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Resolution mentioned hereinafter until this bond shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, said Broward County, by resolution duly adopted by its Board of County Commissioners, has caused this bond to be signed by [bear the facsimile signature of] the Chairperson of its Board of County Commissioners and to be signed by [bear the facsimile signature of] its County Administrator and ex officio Clerk of its Board of County Commissioners and a

Facsimile of the official seal of the County to be imprinted hereon, all as of the 6 day of Sept, 1988

Julius Porter
Chairperson of the Board of
County Commissioners

William J. Brown
County Administrator and ex
officio Clerk of the Board of
County Commissioners

- 28 -

PAGE 21

- 29 -

PAGE 21

88-0076321

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds of the series designated herein and issued under the provisions of the within-mentioned Resolution.

Bond Registrar

By: _____
Authorized Signatory

Date of authentication: _____

[Reverse Side of Bond]

United States of America
State of Florida
Broward County

[Title of Series of Bonds, as provided in Section 202]

This bond is one of a series of bonds designated "Water and Sewer Utility Revenue Bonds, Series " (the "Bonds") and issued by Broward County, Florida (the "County") for the purpose of providing funds, with any other available funds for _____

and this bond is issued under and pursuant to that certain resolution adopted by the Board of County Commissioners of the County on _____, 19 (the "Bond Resolution") and that certain resolution adopted by the Board of County Commissioners in furtherance of the Bond Resolution on _____, 19 (the "Series Resolution" and collectively with the Bond Resolution, the "Resolutions").

The bonds of this Series consist of bonds maturing on _____ 1 of the years _____ to _____, inclusive (the "Serial Bonds") and of bonds maturing on _____ 1 (the "Term Bonds"), on _____ 1, (the "Term Bonds") and on _____ 1, (the "Term Bonds"). The _____ Term Bonds, the _____ Term Bonds and the _____ Term Bonds are subject to mandatory redemption at 100% of the

- 30 -

principal amount thereof, plus accrued interest, but without premium, on _____ 1 of the following years and in the following amounts:

_____ Term Bonds _____ Term Bonds _____ Term Bonds

[Here insert Amortization Requirements]

The bonds of this series at the time outstanding which mature after _____ 1, 19 _____ may be redeemed prior to their respective maturities, at the option of the County, from any moneys that may be made available for such purpose, either in whole, on any date not earlier than _____ 1, 19 _____, or in part, in any order of maturity selected by the County, on any interest payment date not earlier than _____ 1, 19 _____, at the following redemption dates and at the following redemption prices (expressed as percentages of principal amount to be redeemed) plus accrued interest to the redemption date as follows:

Redemption				Price
<u>Redemption Dates Inclusive</u>				
_____ 1, _____	to _____	31, _____		_____ %
_____ 1, _____	to _____	31, _____		_____ %
_____ 1, _____	to _____	31, _____		_____ %
_____ 1, _____	to _____	31, _____		_____ %
_____ 1, _____	to _____	31, _____		_____ %

If less than all of the bonds of any one maturity shall be called for redemption, the particular bonds to be redeemed shall be selected by lot as provided in the Resolutions.

At least thirty (30) days before the redemption date of any bonds to be redeemed, whether such redemption be in whole or in part, the County shall cause a notice of such redemption to be filed with the Bond Registrar, mailed, first class postage prepaid, to all registered owners of bonds to be redeemed in whole or in part at their last addresses appearing upon the registration books of the County as of the date 35 days prior to the date fixed for redemption and published at least once in a newspaper or financial journal published in the Borough of Manhattan, City and State of New York. The failure to mail such notice shall not affect the validity of such redemption. On the date fixed for redemption, notice having been given as aforesaid, the bonds or portions thereof so called for redemption shall be due and payable at the redemption price provided for the redemption of such

- 31 -

bonds or portion thereof and, if moneys for payment of such redemption price and the accrued interest are held by the Bond Registrar or an appropriate fiduciary institution acting as escrow agent, as provided in the Resolutions, interest on the bonds or the portions thereof so called for redemption shall cease to accrue. If a portion of this bond shall be called for redemption, a new bond or bonds in principal amount equal to the unredeemed portion hereof will be issued to the registered owner hereof or his legal representative upon the surrender hereof.

The holder of this bond shall have no right to enforce the provisions of the Resolutions, or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Resolutions, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Resolutions.

Modifications or alterations of the Resolutions or of any Resolution supplemental thereto may be made only to the extent and in the circumstances permitted by the Resolutions.

The bonds are issuable as fully registered bonds of the denomination of \$5,000 or any whole multiple thereof. At the principal office of the Bond Registrar, in the manner and subject to certain conditions provided in the Resolutions, bonds may be exchanged for an equal aggregate principal amount of bonds of the same maturity, or authorized denomination and bearing interest at the same rate.

The Bond Registrar is required to keep at its principal office the books of the County for the registration of and for the registration of transfers of bonds. The transfer of this bond may be registered only upon such books and as otherwise provided in the Resolution upon the surrender hereof to the Bond Registrar together with an assignment duly executed by the registered owner hereof or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer, the Bond Registrar shall deliver in exchange for this bond a new bond or bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the unredeemed principal amount of this bond, of the same maturity and bearing interest at the same rate.

The Bond Registrar shall not be required to exchange or register any transfer of this bond after this bond has been selected for redemption.

This bond is issued and the Resolutions were adopted under and pursuant to the Charter of the County and the laws of the

- 32 -

OPINION CERTIFICATION

I HEREBY CERTIFY that the foregoing is a true and correct copy of the legal opinion on the Bonds therein described which was manually signed by _____ and was dated as of the date of delivery of and payment for said Bonds.

County Administrator and ex
officio Clerk of the Board of
County Commissioners

- 34 -

State of Florida. The Resolutions provide for the creation of a special fund designated "Broward County Water and Sewer Utility Revenue Bonds Interest and Sinking Fund", which fund is pledged to and charged with the payment of the principal of, premium, if any, and the interest on all bonds issued and outstanding under the Bond Resolution [the language in the preceding clause will change if a separate Sinking Fund is created for a Series of Bonds pursuant to Section 505 of this Resolution], and the County has covenanted in the Bond Resolution to deposit to the credit of said special fund a sufficient amount of the Net Revenues (as defined in the Bond Resolution) of the County's Water and Sewer Utility (as defined in the Bond Resolution) to provide for the payment of the principal of, premium, if any, and interest on the bonds issued under the provisions of the Bond Resolution as the same shall become due and to create a reserve for such purpose.

All acts, conditions and things required by the Constitution and laws of the State of Florida, and the ordinances and resolutions of the County to happen, exist and be performed precedent to and in the issuance of this bond have happened, exist and have been performed as so required.

[If the Bonds of a Series have been validated pursuant to Chapter 75, Florida Statutes, such Bonds shall have endorsed thereon a statement in substantially the following form.]

STATEMENT OF VALIDATION

This bond is one of a Series of Bonds which were validated by judgment of the Circuit Court for Broward County rendered on _____.

- 33 -

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to register the transfer of the within bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed: _____

NOTICE: Signatures must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or a trust company.

Section 204. Authentication of Bonds. Only such of the Bonds as shall have endorsed thereon a certificate of authentication substantially in the form set forth above, duly executed by the Bond Registrar, shall be entitled to any benefit or security under this Resolution. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Bond Registrar, and such certificate of the Bond Registrar upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Resolution and the Series Resolution relating to such Bond. The certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time.

- 35 -

Section 205. Exchange of Bonds. Bonds, upon surrender thereof at the principal corporate trust office of the Bond Registrar, together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar, may, at the option of the owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series and maturity, of any denomination or denominations authorized by this Resolution or the Series Resolution relating to such Bonds and bearing interest at the same rate.

The County shall make provision for the exchange of Bonds at the principal corporate trust office of the Bond Registrar.

Section 206. Negotiability, Registration and Transfer of Bonds. The Bond Registrar shall keep books for the registration of and for the registration of transfer of Bonds as provided in this Resolution. The transfer of any Bond may be registered only upon the books kept by the Bond Registrar for the registration of and registration of transfer of Bonds upon surrender thereof to the Bond Registrar together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer the County shall execute and the Bond Registrar shall authenticate and deliver in exchange for such Bond a new Bond or Bonds registered in the name of the transferee, of any denomination or denominations authorized by the Series Resolution relating to such Bonds.

In all cases in which Bonds shall be exchanged, the County shall execute and the Bond Registrar shall authenticate and deliver at the earliest practicable time Bonds in accordance with the provisions of this Resolution. All Bonds surrendered in any such exchange or registration of transfer shall forthwith be cancelled by the Bond Registrar. The County or the Bond Registrar may make a charge for every such exchange or registration of transfer of Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made to any owner of Bonds for the privilege of exchanging or registering the transfer of Bonds under the provisions of this Resolution. Neither the County nor the Bond Registrar shall be required to make any such exchange or registration of transfer of Bonds during the fifteen (15) days immediately preceding the date of first publication or mailing of notice of such redemption, or after such Bond or any portion thereof has been selected for redemption.

Section 207. Ownership of Bonds. As to any Bond, the person in whose name the same shall be registered shall be deemed

- 36 -

PAGE 21

(b) a copy, certified by the County Administrator, of the resolution of the Board authorizing the execution of the Escrow Deposit Agreement, providing for the disposition of moneys held by the County under the 1978 Resolution, awarding the Series 1988-A Bonds, specifying the interest rate of each such Bond and directing the delivery of such Bonds to or upon the order of the purchasers therein named upon payment of the purchase price therein set forth;

(c) an executed counterpart of the Escrow Deposit Agreement;

(d) a copy, certified by the County Administrator, of the resolution of the Board irrevocably calling for redemption that portion, if any, of the Outstanding Bonds to be redeemed;

(e) an opinion of the General Counsel stating that the signer is of the opinion that the issuance of said Bonds has been duly authorized and that all conditions precedent to the delivery of such Bonds have been fulfilled;

(f) the report of a firm of independent certified public accountants, of favorable national reputation for skill and experience in verifying the mathematical sufficiency and yield calculations in refunding transactions, stating their conclusions with respect to (i) the mathematical computations of the adequacy of the maturing principal of and interest on the investments made with the proceeds of the Series 1988-A Bonds and any other available moneys pursuant to the Escrow Deposit Agreement for the payment of the principal of and interest on the Outstanding Bonds and (ii) the mathematical computations of the actuarial yield on such investments; and

(g) an opinion of bond counsel, of favorable national reputation for skill and experience in municipal finance, to the effect that the interest on the Series 1988-A Bonds is excluded from gross income for federal income tax purposes.

When the documents mentioned in clauses (a) to (g), inclusive, of this Section shall have been filed with the County and when the Series 1988-A Bonds shall have been executed by the County and authenticated by the Bond Registrar as required by this Resolution, the Bond Registrar shall deliver said Bonds at one time to or upon the order of the purchasers named in the resolution mentioned in clause (b) of this Section, but only upon payment to the Finance Director of the purchase price of said Bonds. The Finance Director shall be entitled to rely upon such resolution as to all matters stated therein.

- 38 -

and regarded as the absolute owner thereof for all purposes, and the interest on any such Bond shall be paid only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond including the premium, if any, and interest thereon to the extent of the sum or sums so paid.

Section 208. Authorization of Series 1988-A Bonds. There shall be initially issued at one time, under and secured by this Resolution, a Series of revenue Bonds of the County each of which shall bear the designation "Broward County Water and Sewer Utility Revenue Refunding Bonds, Series 1988-A." The Series 1988-A Bonds shall be issued in an aggregate principal amount not exceeding Fifty Million Dollars (\$50,000,000) for the purpose of providing funds, together with any other available funds, (a) for paying at their respective maturities and redeeming at a selected redemption date or dates (as specified in the Escrow Deposit Agreement), together with interest thereon until their payment or redemption and any redemption premium, all of the Outstanding Bonds, (b) for making a deposit to the credit of the Reserve Account in an amount to be determined pursuant to the resolution awarding the Series 1988-A Bonds to the original purchasers thereof, and (c) for paying the cost of issuing said Series 1988-A Bonds.

The Series 1988-A Bonds shall be dated, shall be stated to mature (subject to the right of prior redemption as hereinafter set forth) on such date or dates, in such year or years not more than forty (40) years after the date of the Series 1988-A Bonds, shall bear interest at such rate or rates, fixed or variable, payable on such dates, shall have such optional tender features, shall have such Credit Facility, shall have such Bond Registrar, the Term Bonds of such Series shall have such Amortization Requirements and may be made redeemable at such times and prices (subject to the provisions of Article III of this Resolution), may be in the form of Current Interest Bonds or Capital Appreciation Bonds or Capital Appreciation and Income Bonds or any combination thereof, all as may be provided by the resolution awarding the Series 1988-A Bonds to the original purchasers thereof.

Each of the Series 1988-A Bonds shall be executed substantially in the form and manner hereinabove set forth and shall be deposited with the Bond Registrar for authentication and delivery but prior to or simultaneously with the delivery of the Series 1988-A Bonds by the Bond Registrar there shall be filed with the County the following:

(a) a copy, certified by the County Administrator, of this Resolution;

- 37 -

The proceeds (including accrued interest and any premium) of said Bonds shall be applied by the Finance Director as follows:

(1) the amount received as accrued interest on the Bonds and any premium shall be deposited to the credit of the Bond Service Account;

(2) an amount estimated by the Finance Director to be sufficient for the purpose shall be credited to a special account and applied to the payment of the expenses of issuing the Bonds, including, but not limited to, financial advisory, accounting and legal fees, rating agency fees, printing costs, initial Escrow Agent's and Bond Registrar's fees and expenses, bond insurance premiums, and any other miscellaneous expenses relating to the issuance of the Bonds;

(3) either an amount which, together with the amount then on deposit therein, will be equal to the Maximum Principal and Interest Requirements on all Bonds issued under the provisions of Sections 208 and 209 of this Article and then Outstanding shall be deposited to the credit of the Reserve Account, or an amount equal to any required premium or fee as shall be necessary to acquire a Reserve Account Insurance Policy or Reserve Account Letter of Credit or other similar arrangement to insure that an amount equal to the Maximum Principal and Interest Requirements will be unconditionally available to the Finance Director for the purposes of the Reserve Account will be paid to the entity providing such Reserve Account Insurance Policy or Reserve Account Letter of Credit or other similar arrangement; and

(4) the amount, determined by the Finance Director, in reliance on the report in clause (f) of this Section, to be sufficient for such purpose, shall be deposited with the Escrow Agent and applied pursuant to the Escrow Deposit Agreement to the payment at maturity and redemption at a selected redemption date or dates of all of the Outstanding Bonds, together with any applicable redemption premium and interest to accrue on such Outstanding Bonds until their payment or redemption.

Simultaneously with the delivery of the Bonds, the Finance Director shall transfer moneys in the several funds and accounts under the 1978 Resolution in such manner as provided in the resolution mentioned in clause (b) of this Section.

Section 209. Authorization of Series 1988-B Bonds. In addition to the Bonds authorized under Section 208 of this Article, a Series of revenue Bonds of the County, each of which shall

- 39 -

PAGE 21

bear the designation "Broward County Water and Sewer Utility Revenue Bonds, Series 1988-B", are hereby authorized to be issued. The Series 1988-B Bonds shall be issued in an aggregate principal amount of not exceeding Ninety Million Dollars (\$90,000,000) for the purpose of providing funds, together with other available funds, if any, to (a) make a deposit to the Reserve Account, in an amount to be provided pursuant to a resolution of the Board adopted prior to the issuance of the Series 1988-B Bonds, (b) make a deposit to the credit of a special account in the Construction Fund, in an amount to be determined pursuant to a resolution of the Board adopted prior to the issuance of the Series 1988-B Bonds for the purpose of paying interest on the Series 1988-B Bonds for the period of time specified in such resolution, (c) for paying the Cost of the Project, and (d) for paying the cost of issuing the Series 1988-B Bonds. The resolution of the Board specified above may provide that the deposits specified in clauses (a) and (b) shall not be made or that other arrangements shall be made for satisfying such obligations.

The Series 1988-B Bonds shall be dated, shall be stated to mature (subject to the right of prior redemption as hereinafter set forth) on such date or dates, in such year or years not more than forty (40) years after the date of the Series 1988-B Bonds, shall bear interest at such rate or rates, fixed or variable, payable on such date or dates, shall have such optional tender features, shall have such Credit Facility, shall have such Bond Registrar, the Term Bonds of such Series shall have such Amortization Requirements and may be made redeemable at such times and prices (subject to the provisions of Article III of this Resolution), may be in the form of Current Interest Bonds or Capital Appreciation Bonds or Capital Appreciation and Income Bonds, or any combination thereof, all as may be provided in the resolution of the Board specified in the preceding paragraph hereof.

Each of the Series 1988-B Bonds shall be executed substantially in the form and manner hereinabove set forth and shall be deposited with the Bond Registrar for authentication and delivery but prior to or simultaneously with the delivery of the Series 1988-B Bonds by the Bond Registrar there shall be filed with the County the following:

(a) a copy, certified by the County Administrator, of the resolution of the Board specified in the first paragraph of this Section, which may be combined with the resolution mentioned in clause (b) below into a single resolution;

(b) a copy, certified by the County Administrator, of the resolution of the Board specifying the interest rate or rates for such Series 1988-B Bonds, or the initial interest rate

- 40 -

and may be made redeemable at such times and prices (subject to the provisions of Article III of this Resolution) may be in the form of Current Interest Bonds or Capital Appreciation Bonds or Capital Appreciation and Income Bonds or any combination thereof, all as may be provided by the resolution awarding the Junior Lien Bonds to the original purchaser thereof.

Each of the Junior Lien Bonds shall be executed substantially in the form and manner hereinabove set forth and shall be deposited with the Bond Registrar for authentication and delivery but prior to or simultaneously with the delivery of said Bonds by the Bond Registrar there shall be filed with the County the following:

(a) a copy, certified by the County Administrator, of the resolution of the Board specified in the first paragraph of this Section, which may be combined with the resolution mentioned in clause (b) below into a single resolution;

(b) a copy, certified by the County Administrator, of the resolution of the Board specifying the interest rate or rates for said Bonds and directing delivery of said Bonds to or upon the order of the purchasers therein named upon payment of the purchase price therein set forth; and

(c) an opinion of the General Counsel stating that the signer is of the opinion that the issuance of said Bonds has been duly authorized and that all conditions precedent to the delivery of said Bonds have been fulfilled.

When the documents mentioned in clauses (a) to (c), inclusive, of this Section shall have been filed with the County and when the Junior Lien Bonds shall have been executed by the County and authenticated by the Bond Registrar as required by the Resolution the Bond Registrar shall deliver said Bonds at one time to or upon the order of the purchasers named in the resolution mentioned in clause (b) of this Section, but only upon payment to the Finance Director of the purchase price of said Bonds. The Finance Director shall be entitled to rely upon such resolution as to all matters stated therein.

The proceeds (including accrued interest and any premium) shall be applied by the Finance Director in the manner required by the resolution of the Board mentioned in clause (a) above, including provision being made in a manner mutually satisfactory to the State and the County for the repayment of the State Loans.

Section 211. **Special Covenants.** The County hereby covenants that the Bonds authorized to be issued under Sections 208, 209 and 210 of this Resolution may only be issued if (a) all such

- 42 -

if such Series 1988-B Bonds bear interest at a variable rate and directing delivery of such Bonds to or upon the order of the purchasers therein named upon payment of the purchase price therein set forth; and

(c) an opinion of the General Counsel stating that the signer is of the opinion that the issuance of said Bonds has been duly authorized and that all conditions precedent to the delivery of such Bonds have been fulfilled.

When the documents mentioned in clauses (a) to (c), inclusive, of this Section shall have been filed with the County and when the Series 1988-B Bonds shall have been executed by the County and authenticated by the Bond Registrar as required by this Resolution, the Bond Registrar shall deliver said Bonds at one time to or upon the order of the purchasers named in the resolution mentioned in clause (b) of this Section, but only upon payment to the Finance Director of the purchase price of said Bonds. The Finance Director shall be entitled to rely upon such resolution as to all matters stated therein.

The proceeds (including accrued interest and any premium) shall be applied by the Finance Director in the manner required by the resolution of the Board mentioned in clause (a) above.

Section 210. **Authorization of Junior Lien Bonds.** In addition to the Bonds authorized under the provisions of Sections 208 and 209 of this Article, a Series of Junior Lien Bonds of the County each of which shall bear the designation "Broward County Water and Sewer Utility Junior Lien Revenue Bonds Series 1988-C" are hereby authorized to be issued. The Junior Lien Bonds shall be issued in an aggregate principal amount of not exceeding Forty Million Dollars (\$40,000,000) for the purpose of providing funds, together with other available funds, if any, to (a) fund the repayment of the State Loans, (b) create and fund a special reserve account for the payment of principal and interest on said Bonds and (c) pay the cost of issuing said Bonds all as shall be provided in a resolution of the Board adopted prior to the issuance of said Bonds. The resolution of the Board may provide for the manner of funding any special reserve account created pursuant thereto.

The Junior Lien Bonds shall be dated, shall be stated to mature (subject to the right of prior redemption as hereinafter set forth) on such date or dates, in such year or years not more than forty (40) years after the date of said Bonds, shall bear interest at such rate or rates, fixed or variable, payable on such dates, shall have such optional tender features, shall have such Credit Facility, shall have such Bond Registrar, the Term Bonds of such Series shall have such Amortization Requirements

- 41 -

Bonds are issued simultaneously and (b) an amount of Bonds shall be issued under Sections 208 and 210 sufficient, together with any other moneys made available therefor, respectively, to defease the 1978 Resolution and to release and discharge the County's obligation under the loan agreements securing the Outstanding State Loans.

The County further covenants that it will not issue any additional Junior Lien Bonds and that any additional Subordinated Indebtedness will be secured only as provided in Section 512 of this Resolution.

Section 212. **Additional Bonds.** In addition to the Bonds authorized under the provisions of Sections 208, 209 and 210 of this Article, Additional Bonds of the County may be issued under and secured by this Resolution, on a parity as to the pledge of the Net Revenues of the Water and Sewer Utility with the Bonds theretofore issued under Sections 208 and 209 and secured by this Resolution and then Outstanding, subject to the conditions hereinafter provided in this Section, from time to time for the purpose of paying all or any part of the Cost of constructing or acquiring any Improvements.

Before any Additional Bonds shall be issued under the provisions of this Section the Board shall adopt a resolution authorizing the issuance of such Additional Bonds, fixing the amount and the details thereof, and describing in brief and general terms the Improvements to be constructed or acquired. The Additional Bonds of each Series issued under the provisions of this Section shall be dated, shall be stated to mature (subject to the right of prior redemption as hereinafter set forth) on such date or dates, in such year or years not more than forty (40) years after the date of the Additional Bonds, shall bear interest at such rate or rates, fixed or variable, shall have such Optional Tender features and Credit Facilities, shall have such Bond Registrar, and any Term Bonds of such Series shall have such Amortization Requirements, and may be made redeemable at such times and prices (subject to the provisions of Article III of this Resolution), all as may be provided by the Series Resolution for such Additional Bonds. Such Additional Bonds shall be executed in the form and manner hereinabove set forth, with such changes as may be necessary or appropriate to conform to the provisions of the resolution authorizing the issuance of such Additional Bonds and the Series Resolution therefor, and shall be deposited with the Bond Registrar for authentication and delivery, but before such Additional Bonds shall be delivered by the Bond Registrar, there shall be filed with the County the following:

(a) a copy, certified by the County Administrator, of the resolution authorizing the issuance of such Additional Bonds;

- 43 -

(b) a copy, certified by the County Administrator, of the Series Resolution for such Series of Additional Bonds;

(c) a copy, certified by the County Administrator, of the resolution adopted by the Board awarding such Additional Bonds, specifying the interest rate or rates for such Additional Bonds, or the initial interest rate if such Additional Bonds bear interest at a variable rate and directing the delivery of such Additional Bonds to or upon the order of the purchasers therein named upon payment of the purchase price therein set forth;

(d) a certificate of the Finance Director demonstrating that the percentage derived by dividing the Net Revenues for the last Fiscal Year for which the financial statements of the Water and Sewer Utility were reported upon by the Accountant, adjusted as hereinafter permitted in the next succeeding paragraph of this Section, by the Maximum Principal and Interest Requirements, including the Principal and Interest Requirements with respect to the Additional Bonds then to be delivered, for any future Fiscal Year is not less than one hundred twenty per centum (120%);

(e) a certificate of the Consulting Engineer setting forth the projected additional Net Revenues for the Fiscal Year following the Fiscal Year in which the Completion Date of the Improvements to be financed by the Additional Bonds then to be delivered is expected to occur, which additional Net Revenues are attributable to such Improvements;

(f) an opinion of the General Counsel stating that the signer is of the opinion that the issuance of such Additional Bonds has been duly authorized and that all conditions precedent to the delivery of such Additional Bonds have been fulfilled; and

(g) a certificate of the Finance Director to the effect that no event of default, as defined in Section 802 of this Resolution and no event which with the passage of time, the giving of notice or both would become an event of default has occurred within the twelve (12) consecutive calendar months prior to the date of such certificate and is continuing.

In determining whether to execute and deliver the certificate mentioned in clause (d) of this Section 212, the Finance Director may make the following adjustments to Net Revenues:

- 44 -

(1) if revised rates and charges for the services and facilities furnished by the Water and Sewer Utility shall have been adopted and such revised rates and charges shall have gone into effect prior to the issuance of such Additional Bonds, then the amount of the Net Revenues which would have been realized during the Fiscal Year required to be examined and reported upon in said certificate had such revised rates and charges gone into effect on the first day of such Fiscal Year may be used by the Finance Director; provided, however, if the interest on such Additional Bonds has been capitalized, such revised rates and charges may go into effect in whole or in part during such period of interest capitalization so long as such revised rates and charges are wholly in effect at least three months prior to the end of such period of interest capitalization; and

(2) if the certificate of the Consulting Engineer mentioned in clause (e) of this Section 212 shows projected additional Net Revenues, the amount of such projected additional Net Revenues may be added to the amount of Net Revenues shown in the certificate mentioned in said clause (d).

When the documents mentioned above in this Section shall have been filed with the County and when the Additional Bonds described in the resolutions mentioned in clauses (a), (b) and (c) of this Section shall have been executed by the County and authenticated by the Bond Registrar as required by this Resolution, the Bond Registrar shall deliver such Additional Bonds at one time to or upon the order of the purchasers named in the resolution mentioned in said clause (c), but only upon payment to the Finance Director of the purchase price of such Additional Bonds. The Finance Director shall be entitled to rely upon such resolutions as to all matters stated therein.

The proceeds (excluding accrued interest and any premium) of such Additional Bonds shall be paid to the County for deposit with one or more Depositories to the credit of a special account in the Construction Fund appropriately designated and for application to the payment of the Cost (as defined in Section 403 of this Resolution) of such Improvements, including the amount, if any, determined by the Board to be deposited to the credit of the Reserve Account for such Bonds. All of the provisions of Article IV of this Resolution which relate to the Project and the Construction Fund shall apply to such Improvements and such special account to the extent that such provisions may be applicable; provided, however, that there may be included in the cost of such Improvements interest accruing on such Additional Bonds prior to and during construction of such Improvements if and to the extent provided in the resolution authorizing the issuance of such Additional Bonds.

- 45 -

tional Bonds or the Series Resolution with respect thereto. The amount received as accrued interest and any premium on such Bonds shall be deposited to the credit of the Bond Service Account for application to the first interest due on such Bonds.

Section 213. **Refunding Bonds.** Refunding Bonds may be issued under and secured by this Resolution, subject to the conditions hereinafter provided in this Section, from time to time for the purpose of providing funds for refunding all or any portion of the outstanding Bonds of any one or more Series by payment at maturity or redemption at a selected redemption date or dates or combination of such payment at maturity and redemption, including the payment of any redemption premium thereon and any interest which will accrue on such Bonds to such maturity dates or selected redemption date or dates or combination of maturity and redemption dates and any expenses incurred or to be incurred in connection with such refunding.

Before any Refunding Bonds shall be issued under the provisions of this Section the Board shall adopt a resolution authorizing the issuance of such Refunding Bonds, fixing the amount and details thereof, describing the Bonds to be refunded and setting forth the determination of the Board that such refunding is in the best interests of the County and the users of the Water and Sewer Utility and stating the reasons for such determination. Such Refunding Bonds shall be dated, shall be stated to mature (subject to the right of prior redemption as hereinafter set forth) on such date or dates, in such year or years not more than forty (40) years after the date of the Refunding Bonds, shall bear interest at such rate or rates, fixed or variable, shall have such Optional Tender features, shall have such Bond Registrar, and any Term Bonds of such Series shall have such Amortization Requirements and may be made redeemable at such times and prices (subject to the provisions of Article III of this Resolution), all as may be provided by the Series Resolution for such Refunding Bonds. Except as to any differences in the maturities thereof or the rate or rates of interest or the provisions for redemption, such Refunding Bonds shall be on a parity as to the pledge of Net Revenues of the Water and Sewer Utility with and shall be entitled to the same benefits and security under this Resolution as all other Bonds issued under Sections 208, 209 and 212 of this Resolution. Such Refunding Bonds shall be executed substantially in the form and manner hereinabove set forth, with such changes as may be necessary or appropriate to conform to the provisions of the resolution authorizing the issuance of such Refunding Bonds and the Series Resolution thereof, and shall be deposited with the Bond Registrar for authentication and delivery, but prior to or simultaneously with the delivery of such Refunding Bonds by the Bond Registrar, there shall be filed with the County the following:

(a) a copy, certified by the County Administrator, of the resolution mentioned above authorizing the issuance of such Refunding Bonds;

(b) a copy, certified by the County Administrator, of the Series Resolution with respect to such Refunding Bonds;

(c) a copy, certified by the County Administrator, of the resolution adopted by the Board, awarding such Refunding Bonds, specifying the interest rate or rates for such Refunding Bonds, or the initial rate if such Refunding Bonds bear interest at a variable rate, determining the disposition of the moneys on deposit in the Sinking Fund and any other funds and accounts on account of the Bonds to be refunded, and directing the delivery of such Refunding Bonds to or upon the order of the purchasers therein named upon payment of the purchase price therein set forth;

(d) an opinion of a nationally recognized firm of attorneys of favorable repute in matters related to tax-exempt municipal bonds, to the effect that upon the issuance of such Refunding Bonds and the application of the proceeds thereof, the Bonds to be refunded will no longer be deemed to be Outstanding under this Resolution;

(e) an opinion of the General Counsel stating that the signer is of the opinion that the issuance of such Refunding Bonds has been duly authorized and that all conditions precedent to the delivery of such Refunding Bonds have been fulfilled; and

(f) such documents as shall be required by the Finance Director to show that provision has been duly made in accordance with the provisions of this Resolution for the payment or redemption or combination of such payment and redemption of all of the Bonds to be refunded.

When the documents mentioned above in this Section shall have been filed with the County Administrator and when the Refunding Bonds described in the resolutions mentioned in clauses (a), (b) and (c) of this Section shall have been executed by the County and authenticated by the Bond Registrar as required by this Resolution, the Bond Registrar shall deliver such Refunding Bonds at one time to or upon the order of the purchasers named in the resolution mentioned in said clause (b), but only upon payment to the Finance Director of the purchase price of such Refunding Bonds. The Finance Director shall be entitled to rely upon such resolutions as to all matters stated therein.

- 47 -

Simultaneously with the delivery of such Refunding Bonds, the Finance Director shall withdraw, if so provided in the resolution mentioned in clause (c) of this Section 213, from the Sinking Fund an amount equal to the amount on deposit therein on account of the principal of, redemption premium, if any, the interest on and reserves for the Bonds to be refunded, and apply the amount so withdrawn in accordance with the resolution mentioned in clause (c) of this Section 213. The total amount so withdrawn, if so provided in the resolution mentioned in clause (c) of this Section 213, the proceeds of such Refunding Bonds (including accrued interest and any premium) and any other moneys provided for such purpose, shall be applied by the Finance Director as follows:

(1) the accrued interest received as part of the proceeds of such Refunding Bonds shall be deposited to the credit of a special account in the Bond Service Account for application to the first interest due on such Refunding Bonds;

(2) an amount which, together with any income which shall be derived from the investment of such amount pursuant to this clause (2) and any other available funds shall be sufficient to pay the principal of and redemption premium, if any, and the interest on the Bonds to be refunded hereunder, either at maturity or a selected redemption date or dates or combination of such payment and redemption, shall be deposited by the Finance Director to the credit of a special fund, appropriately designated, to be held in trust by an Escrow Agent, for the sole and exclusive purpose of paying such principal, redemption premium, if any, and interest; and moneys held for the credit of such fund shall, as nearly as may be practicable and reasonable, be invested and reinvested by such escrow agent at the direction of the Finance Director in Government Obligations which shall mature, or which shall be subject to redemption by the holder thereof at the option of such holder, not later than the respective dates when the moneys held for the credit of such fund will be required for the purposes intended;

(3) such amount shall be applied to, or set aside for, the payment of the expenses incident to such refunding as shall be specified in the Series Resolution relating to such Refunding Bonds; and

(4) any balance of such proceeds shall be deposited to the credit of the Revenue Fund.

- 48 -

(e) The County may issue Variable Rate Bonds upon compliance with the tests for the issuance of Bonds contained in Sections 212 or 213 of this Resolution using for the purpose of demonstrating compliance with such tests the interest rate assumption with respect to Variable Rate Bonds contained in the definition of Principal and Interest Requirements.

(f) The County may enter into Credit Facilities to the extent that the Series of Bonds or portion thereof which is supported by such Credit Facilities is incurred in compliance with the provisions of this Article II.

(g) Nothing in this Resolution shall prohibit the County from entering into Interest Rate Swaps.

Section 215. Temporary Bonds. Until the definitive Bonds of any Series are ready for delivery, there may be executed by the County and authenticated by the Bond Registrar, and the County may deliver, in lieu of definitive Bonds and subject to the same limitations and conditions except as to identifying numbers, temporary printed, engraved, lithographed or typewritten Bonds in the denomination of Five Thousand Dollars (\$5,000) or any whole multiple thereof, substantially of the tenor hereinabove set forth, in fully registered form without coupons, and with appropriate omissions, insertions and variations as may be required. The County shall cause the definitive Bonds to be prepared and to be executed, endorsed and delivered to the Bond Registrar, and the Bond Registrar, upon presentation to him of any temporary Bond shall cancel the same and authenticate and deliver, in exchange therefor, at the place designated by the Holder, without expense to the Holder, a definitive Bond or Bonds of the same Series and in the same aggregate principal amount, maturing on the same date and bearing interest at the same rate as the temporary Bond surrendered. Until so exchanged, the temporary Bonds shall in all respects, including the privilege of registration and registration of transfer if so provided, be entitled to the same benefit of this Resolution as the definitive Bonds to the issued and authenticated hereunder, and interest on such temporary Bonds and notation of such payment shall be endorsed thereon.

Section 216. Mutilated, Destroyed or Lost Bonds. In case any Bonds secured hereby shall become mutilated or be destroyed or lost, the County may cause to be executed, and the Bond Registrar may deliver, a new Bond of like date, number and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond destroyed or lost, upon the Holder's paying the reasonable expenses and charges of the County and the Bond Registrar in

- 50 -

Section 214. Other Indebtedness. In addition to the Bonds authorized pursuant to the provisions of Section 208, 209, 210, 212 and 213 and to the extent permitted by the laws of the State of Florida from time to time in effect, the County may incur other forms of indebtedness related to the Water and Sewer Utility, as follows:

(a) The County may incur Short-Term Indebtedness, payable on a parity as to the pledge of Net Revenues of the Water and Sewer Utility with the Bonds, if immediately after incurrence of such Short-Term Indebtedness the outstanding principal amount of all Short-Term Indebtedness does not exceed ten per centum (10%) of the Revenues of the Water and Sewer Utility as shown on the Annual Budget for the current Fiscal Year.

(b) The County may incur Subordinated Indebtedness without limit as to amount.

(c) The County may issue Convertible Bonds, secured on a parity as to the pledge of Net Revenues of the Water and Sewer Utility with Bonds issued hereunder, provided that such Convertible Bonds are issued under Section 212 or 213 of this Resolution and such Convertible Bonds comply with the tests of such Sections based upon the form of such Convertible Bonds at the time of their issuance.

(d) The County may issue Optional Tender Bonds, secured on a parity as to the pledge of Net Revenues of the Water and Sewer Utility with Bonds issued hereunder, provided that such Optional Tender Bonds comply with the test for the issuance of Bonds contained in Section 212 or 213 of this Resolution, and so long as (i) such Bonds are the subject of a remarketing agreement between the County or the trustee for such holders and an investment banking firm with experience in marketing securities on a national basis and (ii) there is in effect with respect to such Optional Tender Bonds a Credit Facility, then the provisions with respect to Optional Tender Bonds contained in the definition of Principal and Interest Requirements shall apply to such Optional Tender Bonds. In demonstrating compliance with the test for the issuance of Additional Bonds contained in Section 212 hereof, the principal requirements for Optional Tender Bonds shall include the regularly scheduled principal payments, either upon payment at maturity or redemption in satisfaction of the Amortization Requirements for such Bonds and shall not include the payment of the purchase price of such Bonds upon their tender for purchase.

- 49 -

connection therewith and, in the case of a Bond destroyed or lost, his filing with the Bond Registrar evidence satisfactory to his ownership thereof, and furnishing the County and the Bond Registrar with indemnity satisfactory to each of them.

- 51 -

ARTICLE III

Redemption of Bonds

Section 301. Redemption Generally. The Bonds of each Series issued under the provisions of this Resolution shall be subject to redemption, either in whole or in part and at such times and prices, as may be provided by the Series Resolution relating to such Series.

Section 302. Selection of Bonds for Redemption or Purchase. The County shall, in accordance with the terms and provisions of the Bonds and of this Resolution and the Series Resolution relating to any Bonds to be redeemed, select the Bonds or portions thereof to be purchased or redeemed by lot. The County shall promptly notify in writing the Bond Registrar of the numbers of the Bonds so selected for redemption and in making such selection, each Bond of each Series of Bonds shall be treated as representing that number of Bonds of the lowest authorized denomination of that Series as is obtained by dividing the principal amount of such Bond by such denomination.

Section 303. Redemption Notice. At least thirty (30) days before the redemption date, a notice of any such redemption, either in whole or in part, signed by the Finance Director, (a) shall be published once in a daily newspaper of general circulation published in Broward County, Florida, and in a Daily Newspaper of general circulation or a financial journal published in the Borough of Manhattan, City and State of New York, (b) shall be filed with the Bond Registrar and (c) shall be mailed, first class mail, postage prepaid, to all registered owners of Bonds to be redeemed at their addresses as they appear on the registration books hereinabove provided for, but failure so to mail any such notice shall not affect the validity of the proceedings for such redemption. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Bonds of a Series then outstanding shall be called for redemption, the numbers of such Bonds. Each notice of redemption mailed to a registered owner of a Bond to be redeemed shall, if less than the entire principal amount thereof is to be redeemed, also state the principal amount thereof to be redeemed and that such Bond must be surrendered to the Bond Registrar in exchange for the payment of the principal amount thereof to be redeemed and the issuance of a new Bond or Bonds equalling in principal amount that portion of the principal sum not to be redeemed of the Bonds to be surrendered, as provided in Section 302 hereof.

The provisions concerning the manner of giving notice of redemption may be changed or varied or supplemented in any Series

- 52 -

Resolution applicable to any Series of Bonds issued under this Resolution for the purpose of complying with any governmental or industry standards from time to time in effect.

Section 304. Partial Redemption of Bonds. In the event that only part of the principal sum of any Bond shall be called for redemption or prepaid, payment of the amount to be redeemed or prepaid shall be made only upon surrender of such Bond to the Bond Registrar. Upon surrender of such Bond, the Bond Registrar shall execute and deliver to the registered owner thereof at the principal office of the Bond Registrar, new duly executed Bonds, of authorized principal sums equal in aggregate principal amount to, and of the same maturity and interest rate as, the unredeemed portion of the Bond surrendered.

Section 305. Effect of Calling for Redemption. On the date so designated for redemption, notice having been published and filed in the manner and under the conditions hereinabove provided, the Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds on such date, and moneys for payment of the redemption price being held in separate accounts by the Finance Director or by the Bond Registrar in trust for the holders of the Bonds to be redeemed, all as provided in this Resolution, interest on the Bonds so called for redemption shall cease to accrue, such Bonds shall cease to be entitled to any lien, benefit or security under this Resolution, and the holders or registered owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and accrued interest thereon.

Section 306. Cancellation of Bonds. All Bonds paid, redeemed or purchased, either at or before maturity, shall be delivered to the Bond Registrar when such payment, redemption or purchase is made and such Bonds shall, except as provided by Section 304 hereof, thereupon be cancelled. The Bond Registrar shall certify to the County the details of all Bonds so cancelled. All Bonds cancelled under any of the provisions of this Resolution either shall be delivered to the County or destroyed by the Bond Registrar, as the County directs. Upon destruction of any Bonds, the Bond Registrar shall execute a certificate in duplicate, describing the Bonds so destroyed, and one executed certificate shall be filed with the County and the other executed certificate shall be retained by the Bond Registrar.

Section 307. Bonds Called for Redemption or Defeased Not Outstanding. If (a) (1) Bonds shall have been duly called for redemption under the provisions of this Article or (2) irrevocable instructions have been given by the County to the Bond Registrar or to a bank, trust company or other appropriate fiduciary

- 53 -

PAGE 21

institution acting as escrow agent (the "escrow agent") to (i) call Bonds for redemption under the provisions of this Article, (ii) pay Bonds at their maturity or maturities or (iii) both call Bonds for redemption under the provisions of this Article and pay Bonds at their maturity or maturities in any combination (the Bonds described in clauses (a)(1) and (a)(2) are herein collectively called the "Bonds to be Paid"), and (b) cash or Sufficient Government Obligations are held in separate accounts by the Bond Registrar or escrow agent solely for the holders of the Bonds to be Paid, then the Bonds to be Paid shall not be deemed to be outstanding under the provisions of this Resolution and shall cease to be entitled to any benefit or security under this Resolution other than to receive payment of principal redemption premium, if any, and interest from such moneys.

For purposes of this Section 307, "Sufficient Government Obligations" shall mean Government Obligations which are in such principal amounts, bear interest at such rate or rates and mature (without the option of prior redemption) on such date or dates so that the proceeds to be received upon payment of such Government Obligations at their maturity and the interest to be received thereon will provide sufficient amounts in cash on the dates required to pay the principal of and redemption premium, if any, and the interest on the Bonds to be paid to the dates of their maturity or redemption.

- 54 -

ARTICLE IV.

Construction Fund.

Section 401. Construction Fund. A special fund is hereby created and designated "Water and Sewer Utility Construction Fund" (herein sometimes called the "Construction Fund") in which shall be deposited the amount specified in the Series Resolution with respect to the Series 1988-B Bonds issued pursuant to Section 209 of this Resolution.

The moneys in the Construction Fund shall be held in trust and applied to the payment of the cost of the Project and if Additional Bonds are issued under Section 212 of this Resolution to the cost of constructing or acquiring improvements and, pending such application, shall be subject to a lien and charge in favor of the holders of the Series of Bonds issued under this Resolution the proceeds of which were deposited to the credit of the Construction Fund and for the further security of such holders until paid out as herein provided.

If the County shall issue Additional Bonds pursuant to Section 212 of this Resolution for the purpose of payment of the cost of improvements, the County shall create a special account within the Construction Fund, entitled "Series . . . Construction Account", to which shall be deposited the amount provided from such Series of Additional Bonds for construction of improvements.

Section 402. Payments from Construction Fund. Payment of the cost of the Project and any improvements shall be made from the special accounts within the Construction Fund as herein provided. All such payments shall be subject to the provisions and restrictions set forth in this Article and the County covenants that it will not cause or permit to be paid from the Construction Fund any sums except in accordance with such provisions and restrictions. Moneys in the Construction Fund shall be disbursed by check, voucher, order draft, certificate or warrant signed by any one or more officers or employees of the County having such duties under County rules and regulations or designated by resolution of the Board from time to time, for such purpose or if the County shall so elect, by wire transfer.

Section 403. Cost of Project and Improvements. For the purposes of this Article, the cost of the Project and any improvements to be constructed or acquired shall include, without intending thereby to limit or to restrict or to extend any proper definition of such cost under the provisions of this Resolution, the following:

- 55 -

88-0076347

(a) obligations incurred for labor and materials and to contractors, builders and materialmen in connection with the construction of enlargements, improvements and extensions, for machinery and equipment, and for the restoration of property damaged or destroyed in connection with such construction;

(b) interest accruing upon any Bonds or upon any other Utility Debt of the County incurred to finance the Project or Improvements prior to the commencement of and during construction or for any additional period as may be authorized by law if so provided, and subject to any limitation, in the Series Resolution providing for the issuance of such Bonds;

(c) the cost of acquiring any privately owned waterworks or sewage system now serving any portion of the County and territory adjacent thereto, or any part of such system, either within or without or partly within or partly without the corporate limits of the County;

(d) the cost of acquiring by purchase, if such purchase shall be deemed expedient, and the amount of any award or final judgment in any proceeding to acquire by condemnation, such land, property rights, right-of-way, franchises, easements, and other interests in lands as may be deemed necessary or convenient in connection with such construction or with the operation of the Water and Sewer Utility, and the amount of any damages incident thereto;

(e) expenses of administration properly chargeable to such construction or acquisition, legal, architectural and engineering expenses and fees, cost of audits and of preparing and issuing the Bonds, fees and expenses of consultants, financing charges, taxes or other governmental charges lawfully assessed during construction, premiums on insurance in connection with construction, deposits to the Reserve Account, premiums for bond insurance, interest rate insurance or insurance assuring availability of the amount required to be on deposit in the Reserve Account, initial set-up fees and annual fees for letters of credit, lines of credit, standby bond purchase agreements or other similar credit enhancement or liquidity enhancement devices and tender agent fees and fees payable for remarketing Bonds during the period of construction of the Project or any Improvements for which Bonds supported by such devices were issued and all other items of expense not elsewhere in this Section specified, incident to the financing, construction or acquisition of the Project and any Improvements and the placing of the same in operation; and

- 56 -

(f) any obligation or expense heretofore or hereafter incurred by the County for any of the foregoing purposes, including the cost of materials, supplies or equipment furnished by the County in connection with the construction of the Project and any Improvements and paid for by the County out of funds other than moneys in the Construction Fund.

Section 404. Title to Properties Acquired. The County further covenants that the Project and any Improvements will be constructed on or under land which is owned or can be acquired by the County in fee simple or over or under which the County shall acquire or can acquire either by long term lease or by perpetual easements for the purposes of the Water and Sewer Utility, free from all liens, encumbrances and defects of title which have a materially adverse effect upon the County's right to use such lands or properties for the purposes intended or which have been adequately guarded against by a bond or other form of indemnity, or lands, including public streets and highways, the right to use and occupy for such purposes shall be vested in the County by law or by valid rights of way, easements, franchises or licenses.

Section 405. Disposition of Construction Fund Balance. When the construction of the Project or any Improvements for which a Series of Additional Bonds were issued shall have been completed, which fact shall be evidenced to the Finance Director by a certificate stating the date of such completion, signed by the County Administrator for the County and approved by the Consulting Engineers, the balance in the Construction Fund not reserved by the County for the payment of any remaining part of the Cost of the Project or such Improvements shall be transferred by the Finance Director, in the discretion of the County, to the credit of the Renewal, Replacement and Improvement Fund or to the credit of the Sinking Fund for the payment of principal of the Bonds of such Series or retained in the Construction Fund and used to pay the Cost of a different Improvement or Improvements which have been approved by the Board.

- 57 -

88-0076349

88-0076

ARTICLE V.

Revenues and Funds.

Section 501. Water and Sewer Rates. The County covenants that the schedules of rates for water and sewer service by the Water and Sewer Utility will not be less than the schedules fixed and prescribed by resolutions heretofore adopted by the Board and now in effect, and that neither such schedules nor the effective dates thereof will be revised except as hereinafter provided in this Article and except that there shall be no restriction on increasing rates at any time.

Section 502. Rate Covenant. The County further covenants that it will fix, charge and collect reasonable rates and charges for the use of the services and facilities furnished by the Water and Sewer Utility and that from time to time, and as often as it shall appear necessary, it will adjust such rates and charges by increasing or decreasing the same or any selected categories of rates and charges so that the Net Revenues (excluding from the computation of Current Expenses for any Fiscal Year any amount received from any source other than Revenues and applied to the payment of Current Expenses in such Fiscal Year) will be sufficient to provide an amount in each Fiscal Year at least equal to one hundred twenty per centum (120%) of the Principal and Interest Requirements for such Fiscal Year on account of the Bonds issued under the provisions of Sections 208, 209, 210, 212 and 213 of this Resolution and then Outstanding and one hundred per centum (100%) of all amounts required to be deposited to the Fund and Accounts pursuant to clauses (c) and (e) of Section 505 of this Resolution for such Fiscal Year, including any amounts required to be deposited in any special reserve account on account of the Junior Lien Bonds in such Fiscal Year pursuant to clause (d) of said Section 505.

If in any Fiscal Year the Net Revenues shall be less than the amount required under the preceding paragraph of this Section, within 30 days of the receipt of the audit report for such Fiscal Year, the County shall employ a Rate Consultant to review and analyze the financial status of the Water and Sewer Utility, to inspect the Water and Sewer Utility and to submit, within 60 days thereafter, a written report to the County recommending revisions of the rates, fees and charges of the Water and Sewer Utility and the methods of operation of the Water and Sewer Utility that will result in producing the amount so required in the following Fiscal Year. Promptly upon its receipt of such recommendations, the County shall transmit copies thereof to the County Administrator and shall revise its rates, fees and

charges, or alter its methods of operation and take such other action as shall conform with such recommendations.

If the County shall fail to comply with the recommendations of the Rate Consultant, the registered owners of not less than ten per centum (10%) of the principal amount of all Bonds then Outstanding may institute and prosecute an action or proceeding in any court or before any board or commission having jurisdiction to compel the County to comply with the recommendations and the requirements of the preceding paragraph of this Section.

If the County shall comply with all recommendations of the Rate Consultant in respect to its rates, fees, charges and methods of operation, the failure of Net Revenues to meet the requirements in the first paragraph of this Section shall not constitute an Event of Default so long as the Revenues of the County, together with available moneys in the Funds and Accounts created in Article V of this Resolution, are sufficient to pay in cash the Current Expenses of the County and to pay the Principal and Interest Requirements on all Outstanding Bonds and other Utility Debt of the County with respect to the Water and Sewer Utility for such Fiscal Year.

Section 503. Annual Budget. The County covenants that not later than forty-five (45) days before the end of each Fiscal Year it will prepare a preliminary budget covering Revenues, Current Expenses, Capital Expenditures and all deposits to Funds and Accounts required by Section 505 of this Resolution for the ensuing Fiscal Year. Copies of each such preliminary budget shall be filed with the County Administrator.

The County further covenants that on or before the first day of each Fiscal Year it will finally adopt the budget covering the above items for such Fiscal Year (herein sometimes called the "Annual Budget"). Copies of the Annual Budget shall be filed with the County Administrator and mailed by the County to all Bondholders who shall have filed their names and addresses with the County Administrator for such purpose.

If for any reason the County shall not have adopted the Annual Budget before the first day of any Fiscal Year, the Annual Budget for the preceding Fiscal Year shall, until the adoption of the Annual Budget, be deemed to be in force and shall be treated as the Annual Budget under the provisions of this Article.

The County may at any time adopt an amended or supplemental Annual Budget for the remainder of the then current Fiscal Year and the Annual Budget so amended or supplemented shall be treated as the Annual Budget under the provisions of this Article. There shall be no limitation on the nature or amount covered by any such amendment to the Annual Budget.

- 58 -

- 59 -

The County further covenants that the amount expended for Current Expenses in any Fiscal Year will not exceed the reasonable and necessary amount therefor, and that it will not expend any amount for maintenance, repair and operation of the Water and Sewer Utility in excess of the total amount provided for Current Expenses in the Annual Budget. Nothing in this Section contained shall limit the amount which the County may expend for Current Expenses in any Fiscal Year provided any amounts expended therefor in excess of the total amount provided in the Annual Budget shall be received by the County from some source other than the Revenues of the Water and Sewer Utility.

Section 504. Revenue Fund. A special fund is hereby created and designated the "Broward Water and Sewer Utility Revenue Fund" (herein called the "Revenue Fund"). Except as provided in Article VI of this Resolution with respect to investment income on certain Funds and Accounts, the County covenants that all Revenues will be collected by the County and deposited as received with a Depositary or Depositaries to the credit of the Revenue Fund. All moneys in the Revenue Fund shall be held by the County in trust and applied as provided in this Article.

Section 505. Sinking and Other Funds. A special fund is hereby created and designated "Broward Water and Sewer Utility Revenue Bonds Interest and Sinking Fund" (herein sometimes called the "Sinking Fund"). There are hereby created in the Sinking Fund four separate accounts designated "Bond Service Account", "Redemption Account", "Reserve Account" and "Junior Lien Bonds Interest and Sinking Account". Two additional special funds are hereby created and designated "Broward Water and Sewer Utility Renewal, Replacement and Improvement Fund" (herein sometimes called the "Renewal, Replacement and Improvement Fund") and "Broward Water and Sewer Utility General Reserve Fund" (herein called the "General Reserve Fund"). There is hereby created in the General Reserve Fund a special account designated "Impact Fee Account".

If required by the terms of the Series 1988-B Bonds or any Series of Additional Bonds or Refunding Bonds issued pursuant to Sections 212 or 213 of this Resolution, the County hereby covenants to establish and maintain, pursuant to the resolution awarding the Series 1988-B Bonds to the original purchasers thereof and the Series Resolution with respect to such Additional Bonds and Refunding Bonds, a separate Sinking Fund to provide for the payment of the principal of, redemption premium, if any and interest on such Series of Bonds and to provide a reserve for such payment or to provide within the Accounts in the Sinking Fund separate subaccounts as required by the terms of such Bonds. If any separate Sinking Funds or separate subaccounts within the Accounts in the Sinking Fund are created pursuant to

this paragraph, such Sinking Funds or separate subaccounts shall be funded in the manner and at the times required by such award resolution or Series Resolution, as the case may be, and shall be held by the Finance Director separate and apart from the Sinking Funds with respect to any other Series of Bonds issued under this Resolution, and shall be held solely for the benefit and security of the Series of Bonds with respect to which such separate Sinking Fund or separate subaccounts were created. Each such separate Sinking Fund or separate subaccounts with respect to a Series shall be designated "Series Sinking Fund" or "Series Subaccount," as the case may be (inserting an identifying Series year, and if more than one Series is to be issued in a single calendar year, an identifying Series letter).

The moneys in each of said Funds and Accounts shall be held in trust and applied as hereinafter provided with regard to each such Fund and Account and, pending such application, shall be subject to a lien and charge in favor of the Holders of the Bonds issued and Outstanding under this Resolution and for the further security of such Holders until paid out or transferred as herein provided.

The County shall, on or before the 20th day of the month next succeeding the month in which Bonds are issued under the provisions of Section 208 of this Resolution and not later than the 20th day of each month thereafter, withdraw the balance remaining in the Revenue Fund, less an amount (to be held for the payment of Current Expenses) equal to the amount shown by the Annual Budget to be necessary for Current Expenses during the next ensuing two (2) months, and deposit the sum so withdrawn to the credit of the following Accounts or Funds in the following order:

(a) To the credit of the Bond Service Account, an amount equal to one-sixth (1/6) of the amount of interest payable on the Bonds of each Series on the next succeeding Interest Payment Date and an amount equal to one-twelfth (1/12) or, if principal is payable semi-annually, one-sixth (1/6) of the next maturing installment of principal on all Serial Bonds then Outstanding; provided, however, that in each month intervening between the date of delivery of Bonds pursuant to Sections 208, 209, 212 or 213 of this Resolution (beginning with the month following the month in which such delivery takes place) and the next succeeding Interest Payment Date and the next succeeding principal payment date, respectively, the amount specified in this subparagraph shall be that amount which when multiplied by the number of deposits to the credit of the Bond Service Account required to be made during such respective periods as provided above will equal the amounts required (in addition to any amounts

- 60 -

- 61 -

88-0076353

88-0076354

received as accrued interest or capitalized interest from the proceeds of such Bonds) for such next succeeding interest payment and next maturing installment of principal, respectively.

(b) To the credit of the Redemption Account, an amount equal to one-twelfth (1/12) or, if any Bonds are required to be retired semi-annually in satisfaction of the Amortization Requirements therefor, one-sixth (1/6) of the principal amount of Term Bonds of each Series then Outstanding required to be retired, in satisfaction of the Amortization Requirements, if any, for such Fiscal Year, plus the premium, if any, on the principal amount of Term Bonds which would be payable in such Fiscal Year if such principal amount of Term Bonds were to be redeemed prior to their respective maturities from moneys held for the credit of the Sinking Fund.

(c) To the credit of the Reserve Account, such amount, if any, of any balance remaining after making the deposits under clauses (a) and (b) above (or the entire balance if less than the required amount) as may be required to make the amount deposited to the credit of the Reserve Account in such month equal to the Reserve Account Deposit Requirement for such month.

(d) To the credit of the Junior Lien Bonds Interest and Sinking Account (i) an amount equal to one-sixth (1/6) of the amount of interest payable on said Bonds on the next succeeding Interest Payment Date; (ii) an amount equal to one-twelfth (1/12) of the next maturing installment of principal on all Serial Bonds then Outstanding or one-twelfth (1/12) of the principal amount of Term Bonds then Outstanding required to be retired, in satisfaction of the Amortization Requirements, if any, for such Fiscal Year and (iii) an amount equal to the required monthly deposit, if any, to any special reserve account established pursuant to Section 210 of this Resolution.

(e) To the credit of the Renewal, Replacement and Improvement Fund, such amount, if any, of any balance remaining after making the deposits under clauses (a), (b), (c) and (d) above (or the entire balance if less than the required amount) as may be required to make the amount deposited in such month to the credit of the Renewal, Replacement and Improvement Fund equal to one-twelfth (1/12) of the difference between any lesser amount on deposit therein and the Renewal, Replacement and Improvement Fund Requirement for such Fiscal Year.

(f) To the credit of the General Reserve Fund, the balance, if any, remaining after making the deposits under clauses (a), (b), (c), (d) and (e) above; provided, however, the amount of the Impact Fees shall be deposited as received directly to the credit of the Impact Fee Account within the General Reserve Account.

If the amount deposited in any month to the credit of any of the Accounts or Funds shall be less than the amount required to be deposited under the foregoing provisions of this Section, the requirement therefor shall nevertheless be cumulative and the amount of any deficiency in any month shall be added to the amount otherwise required to be deposited in each month thereafter until such time as all such deficiencies have been made up.

Section 506. Payment of Current Expenses. The Current Expenses shall be paid from the Revenue Fund as the same become due and payable. Payments from the Revenue Fund shall be made in accordance with procedures established by the County from time to time, the Annual Budget and the covenants in Section 503 of this Article.

Section 507. Application of Moneys in Bond Service Account. The County shall on the business day immediately preceding each Interest Payment Date withdraw from the Bond Service Account, and deposit in trust with the Bond Registrar to enable the Bond Registrar to remit by mail to each registered owner of Bonds the amount required for paying the interest on such Bonds as such interest becomes due and payable. The Bond Registrar shall be permitted to transfer by wire to owners of at least \$1,000,000 principal amount of the Bonds the amounts required for paying the interest on such Bonds as such interest becomes due and payable. The County shall on the business day immediately preceding a date on which principal is due on Serial Bonds withdraw from the Bond Service Account and deposit in trust with the Bond Registrar the amounts required for paying the principal of all Serial Bonds as such principal becomes due and payable. The County, in its discretion, may make the deposits required in this Section with the Bond Registrar by wire transfer.

Section 508. Application of Moneys in Redemption Account. Moneys held for the credit of the Redemption Account shall be applied to the retirement of the Bonds issued under the provisions of this Resolution as follows:

(a) Subject to the provisions of paragraph (c) of this Section, the County shall endeavor to purchase any Bonds secured thereby and then Outstanding, whether or not such Bonds shall then be subject to redemption, on the most

- 62 -

- 63 -

advantageous terms obtainable with reasonable diligence, such price not to exceed the principal of such Bonds plus the amount of the redemption premium, if any, which might on the next redemption date be paid to the holders of such Bonds under the provisions of Article III of this Resolution if such Bonds should be called for redemption on such date from moneys in the Sinking Fund. The County shall pay the interest accrued on such Bonds to date of settlement therefor from the Bond Service Account and the purchase price from the Redemption Account, but no such purchase shall be made by the County within the period of forty-five (45) days next preceding any Interest Payment Date on which such Bonds are subject to call for redemption under the provisions of this Resolution, except from moneys other than moneys set aside or deposited for the redemption of Bonds.

(b) Subject to the provisions of Article III of this Resolution and paragraph (c) of this Section, the County may call for redemption on each Interest Payment Date on which Bonds are subject to redemption such amount of such Bonds as, with the redemption premium, if any, will exhaust the moneys which will be held for the credit of the Redemption Account on said Interest Payment Date as nearly as may be; provided, however, that not less than Fifty Thousand Dollars (\$50,000) principal amount of Bonds shall be called for redemption at any one time unless a lesser amount shall be required to satisfy the Amortization Requirement for any Fiscal Year. Such redemption shall be made pursuant to the provisions of Article III of this Resolution. The County shall during the period of five (5) business days prior to the Redemption Date withdraw from the Bond Service Account and the Redemption Account and set aside in separate accounts or deposit with the Bond Registrar the respective amounts required for paying the interest on, and the principal and redemption premium of, the Bonds so called for redemption.

(c) Moneys held in the Redemption Account shall be applied by the County each Fiscal Year to the retirement of Bonds of each Series then Outstanding in the following order:

First: the Term Bonds of each such Series to the extent of the Amortization Requirement, if any, for such Fiscal Year for such Term Bonds, plus the applicable premium, if any, and any deficiency in any preceding Fiscal Years in the purchase or redemption of such Term Bonds under the provisions of this subdivision and, if the amount available in such Fiscal Year shall not be sufficient therefor, then in pro-

- 64 -

portion to the Amortization Requirement, if any, for such Fiscal Year for the Term Bonds of each such Series then Outstanding, plus the applicable premium, if any, and any such deficiency;

Second: Term Bonds of each Series, if any, in proportion (as nearly as practicable) to the aggregate principal amount of the Bonds of each such Series originally issued; and

Third: after the retirement of all Term Bonds, if any, Serial Bonds issued under the provisions of this Resolution in the inverse order of their maturities and, to the extent that Serial Bonds of different Series mature on the same date, in proportion (as nearly as practicable) to the principal amount of Bonds of each Series maturing on such date.

Upon the retirement of any Bonds by purchase or redemption there shall be filed with the County Administrator a statement briefly describing such Bonds and setting forth the date of their purchase or redemption, the amount of the purchase price or the redemption price of such Bonds and the amount paid as interest thereon. The expenses in connection with the purchase or redemption of any Bonds shall be paid by the County from the Revenue Fund.

Section 509. Application of Moneys in Reserve Account. Moneys held for the credit of the Reserve Account shall first be used for the purpose of paying the interest on and the principal of the Bonds issued under the provisions of Sections 208, 209, 212 and 213 of this Resolution whenever and to the extent that the moneys held for the credit of the Bond Service Account shall be insufficient for such purpose and thereafter for the purpose of making deposits to the credit of the Redemption Account pursuant to the requirements of clause (b) of Section 505 of this Resolution whenever and to the extent that withdrawals from the Revenue Fund are insufficient for such purposes. If at any time the moneys held for the credit of the Reserve Account shall exceed the Reserve Account Requirement, such excess shall be withdrawn and deposited to the credit of the Revenue Fund; provided, however, the Board, pursuant to the resolution awarding any Series of Bonds hereunder to the original purchasers thereof, may provide for a different disposition of any such excesses which relate to such Series of Bonds.

In the event that all or a portion of the Reserve Account Requirement for any Series shall be provided by insurance, letters of credit or other similar facilities, the County shall do all things necessary to receive in a timely fashion from the

- 65 -

PAGE 21

provider of such facility amounts required to be expended pursuant to this Section.

Section 510. Application of Moneys in Junior Lien Bonds Interest and Sinking Account. Moneys held in the Junior Lien Bonds Interest and Sinking Account shall be applied to the payment of interest on and principal of said Bonds in a manner consistent with the application of moneys in the Bond Service Account and the Redemption Account to the payment of interest on and principal of Bonds issued under Sections 208, 209, 212 and 213 of this Resolution. The County shall apply moneys on deposit in any special reserve account in accordance with the terms and provisions of the resolution adopted under Section 210 of this Resolution establishing such special reserve account.

Section 511. Application of Moneys in Renewal, Replacement and Improvement Fund. Except as hereinafter provided in this Section, or except in case of an emergency caused by some extraordinary occurrence, so characterized in a certificate signed by the Consulting Engineers and filed with the County, and an insufficiency of moneys held for the credit of the Revenue Fund to meet such emergency, moneys held for the credit of the Renewal, Replacement and Improvement Fund shall be disbursed only for the purpose of paying the costs of unusual or extraordinary maintenance or repairs, the cost of renewals and replacements, the cost of acquiring, installing or replacing equipment, the cost of improvements and engineering expenses related to the foregoing and the cost of providing a local share of moneys required to entitle the County to receive Federal or State grants or to participate in Federal or State assistance programs related to the Water and Sewer Utility.

Payments from the Renewal, Replacement and Improvement Fund, except the withdrawal which the County is authorized to make as hereinafter provided in this Section, shall be made in accordance with the provisions of Section 402 of this Resolution for payments from the Construction Fund to the extent that such provisions may be applicable.

If at any time the moneys held for the credit of the Bond Service Account and the Reserve Account shall be insufficient for the purpose of paying the interest on and the principal of the Bonds as such interest and principal become due and payable, then the County shall withdraw from any moneys held for the credit of the Renewal, Replacement and Improvement Fund and deposit to the credit of the Bond Service Account an amount sufficient to make up any such deficiency. If at any time the Net Revenues and the moneys held for the credit of the Reserve Account shall be insufficient for making the deposits to the credit of the Redemption Account required by clause (b) of Section 505 of this Article,

then the County shall withdraw from any moneys held for the credit of the Renewal, Replacement and Improvement Fund and deposit to the credit of the Redemption Account an amount sufficient to make up any such deficiency; provided, however, that no such transfer shall be made unless the moneys then held for the credit of the Bond Service Account are at least equal to the maximum requirement therefor under clause (a) of said Section 505. Any moneys so withdrawn from the Renewal, Replacement and Improvement Fund and deposited to the credit of the Bond Service Account or the Redemption Account shall be restored from available moneys in the Revenue Fund, subject to the same conditions as are prescribed for deposits to the credit of the Renewal, Replacement and Improvement fund under the provisions of Section 505 of this Article.

Section 512. Application of Moneys in General Reserve Fund. Moneys held for the credit of the General Reserve Fund may at the election of the County be applied:

- (a) to pay the Cost of Improvements,
- (b) to purchase or redeem Bonds,
- (c) to pay the principal of, redemption premium, if any, and the interest on any Subordinated Indebtedness,
- (d) to pay the amounts required to satisfy the Monthly State Loan Requirement and amounts held in the General Reserve Fund for the purpose of paying the Monthly State Loan Requirement shall be applied solely for such purpose and for no other purpose of this Resolution,
- (e) to make up deficiencies in any of the Accounts and Funds created by this Resolution,
- (f) to pay the Cost of any item qualifying as an authorized expenditure from the Renewal, Replacement and Improvement Fund, and
- (g) to make payments required under Interest Rate Swap agreements.

To the extent permitted by State law, moneys on deposit to the credit of the Impact Fee Account, together with investment earnings thereon, if any, shall be pledged to the payment of the principal of, redemption premium, if any, and the interest on the Bonds and may be applied to the payments set forth in clauses (a) and (g), inclusive, of this Section. Moneys on deposit in the Impact Fee Account may also be pledged to the payment of Subordinated Indebtedness pursuant to clause (c) above but only

- 67 -

- 66 -

to the extent permitted by State Law and only on a basis of such pledge being subordinate and junior to the pledge made hereunder to the Bonds.

Section 513. Application of Moneys in Sinking Fund. Subject to the terms and conditions set forth in this Resolution, moneys held for the credit of the Sinking Fund shall be held in trust and disbursed for (a) the payment of interest on the Bonds issued under the provisions of Sections 208, 209, 212 and 213 of this Resolution as such interest becomes due and payable, or (b) the payment of the principal of such Bonds at their maturities, or (c) the payment of the purchase or redemption price of such Bonds before their maturity and such moneys are hereby pledged to and charged with the payments mentioned in this Section.

Section 514. Money Held in Trust. All moneys which the County shall have withdrawn from the Sinking Fund or shall have received from any other source and deposited with the Bond Registrar, for the purpose of paying any of the Bonds hereby secured, either at the maturity thereof or upon call for redemption, or for the purpose of paying any interest on any of the Bonds hereby secured, shall be held in trust for the respective Holders of such Bonds. But any moneys which shall be so set aside or deposited and which shall remain unclaimed by the Holders of such Bonds or of such coupons for the period of six (6) years after the date on which such Bonds or the interest thereon shall have become due and payable shall upon request in writing be paid to the County or to such officer, board or body as may then be entitled by law to receive the same, and thereafter the Holders of such Bonds or coupons shall look only to the County or to such officer, board or body, as the case may be, for the payment and then only to the extent of the amounts so received without any interest thereon, and the Bond Registrar shall have no responsibility with respect to such moneys.

Section 515. Cancellation of Bonds. All Bonds, paid, redeemed or purchased either at or before maturity shall be cancelled upon the payment, redemption or purchase of such Bonds and shall be delivered to the County when such payment, redemption or purchase is made. All Bonds cancelled under any of the provisions of this Resolution shall be destroyed by the County, which shall execute a certificate in duplicate describing the Bonds so destroyed, and one executed certificate shall be filed with the County Administrator and the other executed certificate shall be retained by the County.

- 68 -

shall, as nearly as may be practicable, be continuously invested and reinvested in investment obligations which shall mature, or which shall be subject to redemption by the holder thereof at the option of such holder, not later than the respective dates when moneys held for the credit of said Funds and Accounts will be required for the purposes intended; provided, however, that amounts on deposit in the Reserve Account shall be invested in investment obligations which mature not later than the final maturity date of Bonds Outstanding under this Resolution.

Investment obligations so purchased as an investment of moneys in any such Fund or Account shall be deemed at all times to be part of such Fund or Account. The interest accruing thereon and any profit realized from such investment shall be credited to such Fund or Account and any loss resulting from such investment shall be charged to such Fund or Account.

Investment earnings on moneys on deposit to the credit of the following Funds and Accounts shall be applied as follows:

(a) Investment earnings on moneys on deposit to the credit of the Bond Service Account and the Redemption Account may, at the option of the County, be retained in said Accounts if the amounts are required for paying interest on the Bonds on the next Interest Payment Date and principal of Serial Bonds or the Amortization Requirements for Term Bonds when due, and to the extent that earnings are so retained, the County shall receive a credit against the amounts required to be deposited to said Accounts pursuant to Section 505 of this Resolution or the County may withdraw such earnings and deposit them to the credit of the Revenue Fund.

(b) Investment earnings on money on deposit in the Reserve Account shall be retained in said Account at any time that the amounts on deposit to the credit of said Account are less than the Reserve Account Requirement for all Series of Bonds Outstanding, or if moneys on deposit therein are sufficient for such purpose, then such earnings shall be withdrawn and deposited to the credit of the Revenue Fund.

(c) Investment earnings on money on deposit to the credit of the Junior Lien Bonds Interest and Sinking Account may, at the option of the County, be retained in said Account if the amounts then to the credit of said account is less than the amount required for paying interest and principal when due on the Junior Lien Bonds, and to the extent that earnings are so retained, the County shall receive a credit against the amounts required to be

- 70 -

ARTICLE VI.

Depositories of Moneys, Security for Deposits and Investment of Funds.

Section 601. Security for Deposits. All moneys received by the County under the provisions of this Resolution shall be held either in accordance herewith or shall be deposited with a Depository or Depositories, shall be held in trust, shall be applied only in accordance with the provisions of this Resolution and shall not be subject to lien or attachment by any creditor of the County.

All moneys held by the County or deposited with any Depository hereunder in excess of the amount guaranteed by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation or other Federal agency shall be continuously secured for the benefit of the County and the Holders of the Bonds, either (a) by lodging with a bank or trust company approved by the County as custodian, or, if then permitted by law, by setting aside under control of the trust department of the bank holding such deposit as collateral security, Government Obligations, or, with the approval of the County, other marketable securities eligible as security for the deposit of trust funds under applicable regulations of the Comptroller of the Currency of the United States or applicable State of Florida laws or regulations, having a market value (exclusive of accrued interest) not less than the amount of such deposit, or, if the furnishing of security as provided in (a) of this Section is not permitted by applicable law, (b) in such other manner as may then be required or permitted by applicable State of Florida or Federal laws or regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it shall not be necessary for the Bond Registrar to give security for the deposits of any moneys with them for the payment of the principal of or the redemption premium or the interest on any Bonds issued hereunder, or for the County to give security for any moneys which shall be represented by obligations purchased under the provisions of this Article as an investment of such moneys.

All moneys held by the County and deposited with each Depository shall be credited to the particular Fund or Account to which such moneys belong.

Section 602. Investment of Moneys. Moneys held for the credit of the Construction Fund, the Revenue Fund, the Bond Service Account, the Redemption Account, the Reserve Account, the Junior Lien Bonds Interest and Sinking Account, the Renewal, Replacement and Improvement Fund and the General Reserve Fund

- 69 -

deposited to said Account pursuant to Section 505 of this Resolution or the County may withdraw such earnings and deposit them to the credit of the Revenue Fund.

(d) Investment earnings on moneys on deposit to the credit of the Renewal, Replacement and Improvement Fund may, at the option of the County, be retained in said Fund or withdrawn and deposited to the credit of the Revenue Fund.

(e) Investment earnings on moneys on deposit to the credit of the General Reserve Fund may, at the option of the County be retained in said Fund or withdrawn and deposited to the credit of the Revenue Fund; provided, however, any earnings on moneys in the General Reserve Fund with respect to the Monthly State Loan Requirement shall be applied in accordance with the requirements of said State Law and any investment earnings on moneys held for the credit of the General Reserve Fund for the purpose of payment of the principal of, redemption premium, if any and interest on Subordinated Indebtedness shall be applied in accordance with the documents governing such Subordinated Indebtedness. Investment earnings on moneys held for the credit of the Impact Fee Account shall be applied in accordance with State law.

(f) Investment earnings on moneys on deposit to the credit of the Construction Fund may, at the option of the County, be retained in said Fund or, if deemed to be surplus to the requirements of the Construction Fund, withdrawn and deposited to the credit of the Revenue Fund.

Anything in this paragraph to the contrary notwithstanding, no transfer of investment earnings to the Revenue Fund as permitted herein shall affect the definition of Revenues contained in this Resolution.

The County shall sell or present for payment or redemption any Investments so acquired whenever it shall be necessary so to do in order to provide moneys to meet any payment from such Fund or Account. Neither the County nor any agent thereof shall be liable or responsible for any loss resulting from any investment.

Section 603. Valuation of Investment Obligations. Except as provided in the second paragraph hereof, in computing the amount in any Fund created pursuant to the provisions of this Resolution, obligations purchased as an investment of moneys therein shall be valued at par if purchased at par or at amortized value if purchased at other than par, plus, in each case,

- 71 -

accrued interest. Amortized value, when used with respect to an obligation purchased at a premium above or a discount below par, means the value as of any given time obtained by dividing the total premium or discount at which such obligation was purchased by the number of days remaining to maturity on such obligation at the date of such purchase and by multiplying the amount thus calculated by the number of days having passed since such purchase; and (1) in the case of an obligation purchased at a premium by deducting the product thus obtained from the purchase price, and (2) in the case of an obligation purchased at a discount by adding the product thus obtained to the purchase price. Valuation on any particular date shall include the amount of interest then earned or accrued to such date or any moneys or investments in such Fund. The computation of the amount on deposit in or credited to the Funds created under this Resolution and the valuation of the investments of such amount shall be performed by the County on the last day of each Fiscal Year, and such computation and valuation shall not be required to be performed at other times.

Section 604. **Accounting for Funds.** For the purposes of this Resolution, each Fund created hereunder shall be a series of self-balancing accounts within the book of accounts of the Water and Sewer Utility and shall connote a segregation of accounts, which will support special purpose disclosure reports, not to be construed as a separate set of books of accounts.

Section 605. **Tax Covenants.** The County covenants and agrees that so long as any Bonds remain Outstanding, it shall comply with the requirements of the Code, including any arbitrage rebate covenants contained in any agreement entered into by and between the County and any Depository in connection with the issuance of any Series of Bonds, except to the extent to so comply would not, in the opinion of counsel of recognized standing in the field of law relating to municipal bonds, result in the interest payable on such Bonds being included in gross income for Federal income tax purposes to the Holders thereof under the Code. Notwithstanding anything to the contrary contained herein or otherwise, the County shall not be required to comply with the covenants herein contained to the extent that interest on any Bonds issued hereunder shall be intended by the County, on the date of issuance of such Bonds, to be included in gross income for Federal income tax purposes to the Holders thereof under the Code.

- 72 -

PAGE 25

bonds or security in lieu thereof and for such retainages as shall be in compliance with the laws of the State of Florida and the normally established practices of the County from time to time in effect.

The County further covenants that it will establish and enforce reasonable rules and regulations governing the use of the Water and Sewer Utility and the operations thereof, that all compensation, salaries, fees and wages paid by it in connection with the maintenance, repair and operation of the Water and Sewer Utility will be reasonable, that it will operate the Water and Sewer Utility in an efficient and economical manner, that it will at all times maintain the Water and Sewer Utility or any part thereof in good repair and in sound operating condition and will make all necessary repairs, renewals and replacements, that it will duly observe and comply with all valid requirements of any municipal or governmental authority relative to the Water and Sewer Utility, that it will not create or suffer to be created any lien or charge upon the Water and Sewer Utility or any part thereof or upon the Net Revenues ranking equally with or prior to the Bonds, and that, out of the Net Revenues, it will pay or cause to be discharged, within sixty (60) days after the same shall accrue, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the Water and Sewer Utility or any part thereof or upon the Revenues; provided, however, that nothing contained in this Section shall require the County to pay or cause to be discharged, or make provision for, any such lien or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

Section 704. **Employment of Consulting Engineers.** The County covenants and agrees that so long as any Bonds are outstanding under this Resolution, it will employ an independent engineer or engineering firm or corporation having a favorable reputation for skill and experience in the construction and operation of waterworks and sewer systems. Except for any fees and expenses incurred under the provisions of Section 403 of this Resolution, the cost of employing Consulting Engineers shall be treated as a part of the cost of operation and maintenance of the Water and Sewer Utility.

It shall be the duty of the Consulting Engineers to prepare and file with the County on or before the first day of August in each year a report setting forth such advice and recommendations as they may deem desirable or when the County may request.

The County further covenants that the Consulting Engineers shall at all times have free access to all properties of the Water and Sewer Utility and every part thereof for the purposes

- 74 -

ARTICLE VII.

Particular Covenants.

Section 701. **Payment of Principal, Interest and Premium.** The County covenants that it will properly pay the principal of and the interest on each and every Bond and all other Utility Debt issued under the provisions of this Resolution at the places, on the dates and in the manner specified herein and in said Bonds and any premium required for the retirement of said Bonds and Utility Debt by purchase or redemption, according to the true intent and meaning thereof. Such principal, interest and premium will be payable solely from the Net Revenues and, to the extent provided herein, from Impact Fees and said Net Revenues and Impact Fees are hereby pledged to the payment thereof in the manner and to the extent hereinabove particularly specified.

Bonds and other Utility Debt issued under the provisions of this Resolution shall not be deemed to constitute a debt of the County or a pledge of the faith and credit of the County, but such Bonds and other Utility Debt shall be payable solely from the Funds and Accounts provided therefor from Revenues and, to the extent provided herein, from Impact Fees and the Bonds and other Utility Debt shall not directly or indirectly or contingently obligate the County to levy or to pledge any form of taxation whatever therefor, nor shall any such Bonds and other Utility Debt constitute a charge, lien or encumbrance, legal or equitable, upon any property of the County.

The County further covenants that so long as the Bonds or any of them shall be Outstanding it will cause offices or agencies where the Bonds may be presented for payment to be maintained in the Borough of Manhattan, City and State of New York or in Broward County or both.

Section 702. **Construction of Project and Improvements; Operation of Water and Sewer Utility.** The County further covenants that it will construct the Project and all improvements for the construction or acquisition of which Bonds or other Utility Debt shall be issued under the provisions of this Resolution, or for which moneys repayable from the proceeds of Bonds or other Utility Debt issued under the provisions of this Resolution shall have been advanced to the County, in accordance with the plans theretofore approved by the Consulting Engineers and that upon the completion of the Project and such Improvements it will operate and maintain the same as a part of the Water and Sewer Utility. The County further covenants that any contract with any person for the construction of all or a portion of the Project or any Improvements shall provide for such performance and payment

- 73 -

of inspection and examination and that its books, records and accounts may be examined by the Consulting Engineers at all reasonable times.

Section 705. **Employment of Accountant.** The County covenants and agrees that it will for the purpose of performing and carrying out the duties imposed on the Accountant by this Resolution employ an independent certified public accountant or firm of independent certified public accountants of suitable experience and responsibility.

Section 706. **Insurance.** The County covenants that it will at all times carry insurance, in a responsible insurance company or companies authorized and qualified under the laws of the State of Florida to assume the risk thereof, covering such properties belonging to the Water and Sewer Utility as are customarily insured, and against loss or damage from such causes as are customarily insured against by companies engaged in similar business.

All such policies shall be for the benefit of the County, shall be made payable to the County and shall be deposited with the County, and the County shall have the sole right to receive the proceeds of such policies and to collection and receipt for claims thereunder. The proceeds of any and all such insurance shall be deposited in the name of the County in a Depository.

The County covenants that, immediately after any loss or damage to any properties of the Water and Sewer Utility resulting from any cause, whether or not such loss or damage shall be covered by insurance, it will cause its engineers to prepare plans and specifications for repairing, replacing or reconstructing (either in accordance with the original or a different design) the damaged or destroyed property, and that it will forthwith commence and diligently prosecute the repair, replacement or reconstruction of the damaged or destroyed property unless it shall determine that the repair, replacement or reconstruction of such property is not essential to the efficient or economic operation of the Water and Sewer Utility. In the event that the County shall determine that the repair or replacement of such damaged or destroyed property is not essential to the efficient or economic operation of the Water and Sewer Utility, the proceeds as of such insurance received by the County, at the option of the County, shall be deposited to the credit of either the Redemption Account or the Renewal, Replacement and Improvement Fund.

The proceeds of all insurance referred to in this Section shall be available for and shall, to the extent necessary, be applied to the repair, replacement or reconstruction of the

- 75 -

88-0076365

88-0076366

damaged or destroyed property, and shall be paid out in the manner hereinabove provided for payments from the Construction Fund. If such proceeds are more than sufficient for such purpose, the balance remaining shall be deposited to the credit of the Renewal, Replacement and Improvement Fund. If such proceeds shall be insufficient for such purpose, the deficiency may be supplied out of any moneys in the Renewal, Replacement and Improvement Fund.

All insurance policies shall be open to the inspection of the Bondholders and their representatives at all reasonable times. The Finance Director is hereby authorized in the name of the County to demand, collect, sue and receipt for the insurance money which may become due and payable under any policies payable to it. Any appraisal or adjustment of any loss or damage and any settlement or payment of indemnity therefor which may be agreed upon between the County and any insurer shall be evidenced to the Finance Director by a certificate signed by the officer or officers of the County responsible for managing the Water and Sewer Utility.

Notwithstanding the foregoing provisions of this Section, the County may institute self-insurance programs with regard to such risks as shall be consistent with the practices of municipally-owned utilities operating in a manner similar to the Water and Sewer Utility.

Section 707. Use of Revenues. The County covenants and agrees that, so long as any of the Bonds secured hereby shall be outstanding, none of the Revenues will be used for any purpose other than as provided in this Resolution, and that no contract or contracts will be entered into or any action taken by which the rights of Holders of the Bonds might be impaired or diminished.

Section 708. Records, Accounts and Audits. The County covenants that it will keep the funds and accounts of the Water and Sewer Utility separate from all other funds and accounts of the County or any of its departments, and that it will keep accurate records and accounts of all items of costs and of all expenditures relating to the Water and Sewer Utility and of the Revenues collected and the application of such Revenues, and of the number of users of the Water and Sewer Utility in each classification. Such records and accounts shall be open to the inspection of all interested persons.

The County further covenants that within six months after the close of each Fiscal Year it will cause an audit to be made of its books and accounts pertaining to the Water and Sewer Utility by the Accountant. Within a reasonable time thereafter

- 76 -

PAGE 21

reports of each audit shall be filed with the Board and the Finance Director, and copies of such report shall be mailed to any Bondholder who shall have filed his name and address with the County Administrator for such purpose. Each such audit report shall set forth in respect of said Fiscal Year the same matters as are hereinabove required for the quarterly reports and an opinion of the Accountant (which may be contained in a separate letter) that no default on the part of the County of any covenant in this Resolution has been disclosed by reason of such audit. Such quarterly reports and audit reports shall be open to the inspection of all interested persons.

The County further covenants that it will cause any additional reports or audits relating to the Water and Sewer Utility to be made as required by law or by any applicable rules or regulations of any governmental authority or of any securities exchange on which the Bonds may be listed or traded. Such reports or audits may be extracted from the portions of the County's Consolidated Audited Financial Report relating to the Water and Sewer Utility. The cost of such audits shall be treated as a part of the cost of operation.

Section 709. Mandatory Connections. The County will, to the full extent permitted by law, require all lands, buildings and structures within the County's service area, fronting or abutting on the lines of the Water and Sewer Utility, or any part thereof, or which can use the facilities of the Water and Sewer Utility to connect with and use such facilities within ninety (90) days after notification that service is available.

Except as provided in Section 711 hereof and to the extent permitted by law, the County will not grant a franchise to any person for the operation of a water and sewer system or a water system or a sewer system which would be in competition with the Water and Sewer Utility so long as any Bonds are Outstanding under this Resolution.

Section 710. Supervisory Personnel. The County in operating the Water and Sewer Utility will employ or designate one or more of its qualified employees as manager who has demonstrated ability and experience in operating similar facilities, and will require all employees who may have possession of money derived from the operation of the Water and Sewer Utility to be covered by a fidelity bond, written by a responsible indemnity company in amounts fully adequate to protect the County from loss.

Section 711. Separate Systems. The Board may by resolution determine to own and operate Separate Systems; provided, however, that prior to the adoption of any such resolution designating any facilities as a Separate System, there shall be delivered to the

- 77 -

County Administrator a certificate of the Finance Director containing his determination that the ownership and operation of such Separate Systems will not have a material adverse impact on the Net Revenues of the Water and Sewer Utility and stating his reasons for such determination.

The County may incur Utility Debt to acquire or improve Separate Systems without compliance with any test or limit contained in the Resolution so long as such is payable solely from the revenues generated by such Separate System and the holders of such Utility Debt have no recourse and are in no way payable from the Revenues of the Water and Sewer Utility. The revenues, current expenses and debt service associated with such Separate System and any Utility Debt of the County incurred therefor shall not be included in Revenues, Current Expenses and Principal and Interest Requirements, each as defined in this Resolution.

Any such Separate System may be consolidated with the Water and Sewer Utility upon demonstration of compliance with the tests for the incurrence of Additional Bonds contained in clause (d) of Section 212 of this Resolution. In determining compliance with the test mentioned above, the revenues and current expenses of the Water and Sewer Utility and the debt service on any Utility Debt payable from revenues of such Separate Systems shall be included in Principal and Interest Requirements. Prior to any such consolidation, compliance with the tests set forth in clause (d) of Section 212 shall be demonstrated regardless of whether there shall be any Utility Debt outstanding with respect to such Separate System.

Section 712. No Free Service. The County will not render or cause to be rendered any free services of any nature by the facilities of the Water and Sewer Utility nor will any preferential rates be established for users of the same class; the County including its departments, agencies and instrumentalities, shall avail itself of the facilities of the Water and Sewer Utility, and the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged to the County and any such department, agency or the County shall transfer from its appropriate funds sufficient sums to pay such charges. The moneys so received shall be deemed to be Revenues derived from the operation of the Water and Sewer Utility, and shall be deposited and accounted for in the same manner as other Revenues derived from such operation of the Water and Sewer Utility.

Section 713. Failure to Pay for Services. To the extent permitted by law, upon failure of any user to pay for services rendered within sixty (60) days, the County shall shut off the connection of such user to the Water and Sewer Utility and shall

- 78 -

not furnish him or permit him to receive further service until all obligations owed by him to the County on account of services shall have been paid in full. This covenant shall not, however, prevent the County from causing any connection to be shut off sooner if permitted by law.

Section 714. Enforcement of Collections. The County will diligently enforce and collect the rates, fees and other charges for the services of the Water and Sewer Utility; will take all steps, actions and proceedings for the enforcement and collection of such rates, fees and charges as shall become delinquent to the full extent permitted or authorized by law; and will maintain accurate records with respect thereto. All such rates, fees, charges and revenues herein pledged shall, as collected, be held in trust to be applied as provided in this Resolution and not otherwise.

Section 715. Sale or Other Disposition of the Water and Sewer Utility. Except as provided in this Section, the County shall not sell or otherwise dispose of all or any part of the Water and Sewer Utility.

(a) To the extent permitted by law the County, without restriction, may in any Fiscal Year sell, lease or otherwise dispose of assets forming a part of the Water and Sewer Utility, the aggregate value of which in each such Fiscal Year does not exceed the greater of \$1,000,000 or one half of one per centum (1/2 of 1%) of the book value of the net property, plant and equipment of the Water and Sewer Utility as shown on the audited financial statements of the Water and Sewer Utility for the latest Fiscal Year for which such audited statements are available. The proceeds of a sale pursuant to this clause (a) shall be deposited to the credit of the Renewal, Replacement and Improvement Fund and any rental income received by the County from a lease of such property shall be deposited to the credit of the Revenue Fund.

(b) To the extent permitted by law the County may in any Fiscal Year sell, lease or otherwise dispose of assets forming a part of the Water and Sewer Utility in excess of the amount set forth in clause (a) of this Section, if, before any such transfer, there is delivered to the County Administrator a report of the Consulting Engineer demonstrating that the sale, lease or other disposition of such property will not have an adverse impact on the Net Revenues and stating his reasons therefor. In determining whether to render such report, the Consulting Engineer shall consider the usefulness of the assets to be disposed of to the operations of the Water and Sewer Utility, the uses to

- 79 -

be made of any proceeds of a sale and the rental income to be received with respect to any lease thereof. The proceeds of a sale pursuant to this clause (b) shall be deposited to the credit of the Renewal, Replacement and Improvement Fund and any rental income received by the County from a lease of such property shall be deposited to the credit of the Revenue Fund.

(c) To the extent permitted by law the County may in any Fiscal Year sell, lease or otherwise dispose of any assets forming a part of the Water and Sewer Utility without regard to the limitations and conditions in paragraphs (a) and (b) above if the Board by resolution declares that such assets are not needed or serve no useful purpose in connection with the maintenance and operation of the Water and Sewer Utility. The proceeds of a sale pursuant to this clause (c) shall be deposited to the credit of the Renewal, Replacement and Improvement Fund and any rental income received by the County from a lease of such property shall be deposited to the credit of the Revenue Fund.

(d) To the extent permitted by law, the County may sell the entire Water and Sewer Utility, if, upon the application of the proceeds of any such sale as hereinafter required, there shall be no Bonds deemed to be Outstanding under the provisions of this Resolution and the County shall have paid or made full provision for the payment of all other obligations of the County payable from the Revenues of the Water and Sewer Utility, including but not limited to, Current Expenses then due and payable or to become due and payable, all other Utility Debt payable in any way from the Revenues of the Water and Sewer Utility and all obligations to the State of Florida for State Loans and all fees then due and owing or to become due in the future with respect to Credit Facilities. The proceeds of any sale permitted by this clause (d) shall be applied first to the payment or provision for payment of the obligations, including the Bonds, set forth above, and only after all such obligations shall have been paid or full provision for their payment been made, shall the County apply any of such proceeds to any other lawful purpose of the County. In addition, no such sale shall be consummated nor shall the proceeds of any such sale be applied unless prior to such consummation or application, there shall be delivered an opinion of bond counsel of favorable national reputation for skill in matters relating to tax-exempt municipal bonds to the effect that such sale and the application of the proceeds as required herein will have no adverse impact on the exemption from Federal income taxation of the interest on the Bonds, any other indebtedness of the County payable from the Re-

venues of the Water and Sewer Utility which at the time of its incurrence was exempt from such taxation or any bonds of the State of Florida issued to fund State Loans.

- 80 -

- 81 -

ARTICLE VIII.

Remedies.

Section 801. Extension of Interest Payment. In case the time for the payment of any interest on any Bond shall be extended, whether or not such extension be by or with the consent of the County, such interest so extended shall not be entitled in case of default hereunder to the benefit or security of this Resolution except subject to the prior payment in full of the principal of all Bonds then Outstanding and all interests the time for the payment of which shall not have been extended.

Section 802. Events of Default. Each of the following events is hereby declared an "Event of Default":

(a) payment of the principal and of the redemption premium, if any, of any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) payment of any installment of interest on any of the Bonds shall not be made when the same shall become due and payable; or

(c) the County shall for any reason be rendered incapable of fulfilling its obligations hereunder; or

(d) final judgment for the payment of money shall be rendered against the County as a result of the ownership, control or operation of the Water and Sewer Utility and any such judgment shall not be discharged within sixty (60) days from the entry thereof or an appeal shall not be taken therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, in such manner as to stay the execution of or levy under such judgment, order, decree or process or the enforcement thereof; or

(e) the County admits in writing its inability to pay its debts generally as they become due, or files a petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of a receiver or trustees for itself or for the whole or any part of the Water and Sewer Utility or a receiver or trustee for such purpose is appointed without the consent of the County; or

(f) the County is adjudged insolvent by a court of competent jurisdiction, or is adjudged a bankrupt on a petition in bankruptcy filed against the County, or an order, judgment or decree is entered by a court of competent jurisdiction

appointing, without the consent of the County, a receiver or trustee of the County or of the whole or any part of its property and any of the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within ninety (90) days from the date of entry thereof; or

(g) the County shall file a petition or answer seeking reorganization or any arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof; or

(h) under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the County or of the whole or any substantial part of its property, and such custody or control shall not be terminated within ninety (90) days from the date of assumption of such custody or control; or

(i) the County shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Resolution on the part of the County to be performed and such default shall continue for thirty (30) days after written notice specifying such default and requiring the same to be remedied shall have been given to the County by the holders of not less than ten percent (10%) in aggregate principal amount of the Bonds then Outstanding; provided, however, if the default specified in this clause (i) shall be of a type which cannot be remedied within thirty (30) days, it shall not constitute an event of default if the County shall begin to remedy such default within such thirty-day period.

Section 803. Acceleration of Maturities. Upon the happening and continuance of any Event of Default specified in clauses (a) through (i) of Section 802 of this Article, then and in every such case the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding may, by a notice in writing to the County, declare the principal of all of the Bonds then Outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Bonds or in this Resolution to the contrary notwithstanding; provided, however, that if at any time after the principal of the Bonds have been so declared to be due and payable, and before the entry of final judgment of decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Resolution, moneys shall have accumulated in the Sinking Fund sufficient to pay the principal of all matured Bonds and all arrears of interest, if any, upon all Bonds then Outstanding

- 82 -

- 83 -

(except the principal of any Bonds not then due except by virtue of such declaration and the interest accrued on such Bonds since the last Interest Payment Date), and all amounts then payable by the County hereunder shall have been paid or a sum sufficient to pay the same have been deposited with the Bond Registrar, and every other default in the observance or performance of any covenant, condition, agreement or provision contained in the Bonds or in this Resolution (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this Section) shall have been remedied, then and in every such case the Holders of not less than a majority in aggregate principal amount of the Bonds not then due except by virtue of such declaration and then Outstanding may, by written notice to the County, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

Section 804. Enforcement of Remedies. Upon the happening and continuance of any Event of Default specified in Section 802 of this Article, then and in every such case the Holders of not less than ten per centum (10%) in aggregate principal amount of the Bonds then Outstanding hereunder may proceed to protect and enforce the rights of the Bondholders under state law, or under this Resolution by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as such Bondholder shall deem most effectual to protect and enforce such rights.

Section 805. Pro Rata Application of Funds. Anything in this Resolution to the contrary notwithstanding, if at any time the moneys in the Sinking Fund shall not be sufficient to pay the principal of or the interest on the Bonds as the same become due and payable (either by their terms or by acceleration of maturities under the provisions of Section 803 of this Article), such moneys, together with any moneys then available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become due and payable or shall have been declared due and payable, all such moneys shall be applied:

First: to the payment of the persons entitled thereto of all installments of interest then due and payable, in the order in which such installments become due and payable, and, if the amount available shall not be sufficient to pay in full, any particular installment, then to

- 84 -

the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds;

Second: to the payment of the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which sufficient moneys are held pursuant to the provisions of this Resolution), in the order of their due dates, with interest upon such Bonds at the respective rates specified therein from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full the principal of Bonds due on any particular date, together with such interest, then to the payment of such principal, ratably according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds; and

Third: to the payment of the interest on and the principal of the Bonds, to the purchase and retirement of Bonds and to the redemption of Bonds, all in accordance with the provisions of Article V of this Resolution.

(b) If the principal of all the Bonds shall have become due and payable or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

(c) If the principal of all the Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of Section 803 of this Article, then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys remaining in and thereafter accruing to the Sinking Fund shall be applied in accordance with the provisions of paragraph (a) of this Section.

The provisions of this Section are in all respects subject to the provisions of Section 801 of this Article.

- 85 -

Whenever moneys are to be applied by the County pursuant to the provisions of this Section, such moneys shall be applied by the County at such times, and from time to time, as the County in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future; the deposit of such moneys with the Bond Registrar, or otherwise setting aside such moneys, in trust for the proper purpose, shall constitute proper application by the County; and the County shall incur no liability whatsoever to any Bondholder or to any other person for any delay in applying any such funds, so long as the County acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Resolution as may be applicable at the time of application. Whenever the County shall exercise such discretion in applying such funds, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The County shall give such notice as it may deem appropriate and as otherwise required herein of the fixing of any such date, and shall not be required to make payment to the Holder of any unpaid Bond until such Bond shall be surrendered to it for appropriate endorsement.

Section 806. Effect of Discontinuance of Proceedings. In case any proceeding taken by any Bondholder on account of any default shall have been discontinued or abandoned for any reason, then and in every such case the County and the Bondholder shall be restored to their former positions and rights hereunder, respectively, and all rights and remedies of the Bondholders shall continue as though no such proceeding had been taken.

Section 807. Restrictions on Individual Bondholder Actions. No Holder of any of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Resolution, or to enforce any right hereunder except in the manner herein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the benefit of all Holders of such Bonds.

Section 808. No Remedy Exclusive. No remedy herein conferred upon the Bondholders is intended to be exclusive of any other remedy or remedies herein provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder.

Section 809. Delay Not a Waiver. No delay or omission of any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Article to the Bondholder may be exercised from time to time and as often as may be deemed expedient.

Section 810. Right to Enforce Payment of Bonds. Nothing in this Article shall affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on his Bond, or the obligation of the County to pay the principal of and interest on each Bond to the Holder thereof at the time and place in said Bond expressed.

- 87 -

ARTICLE IX.

Execution of Instruments by Bondholders
and Proof of Ownership of Bonds.

Section 901. Execution of Instruments by Bondholders and Proof of Ownership of Bonds. Any request, direction, consent or other instrument in writing required or permitted by this Resolution to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders or their attorneys or legal representatives. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Resolution and shall be conclusive in favor of the County with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the verification of any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him, or by an affidavit of a witness to such execution. Where such execution is on behalf of a person other than an individual such verification or affidavit shall also constitute sufficient proof of the authority of the signer thereof.

(b) The fact of the ownership of Bonds shall be proved by the registration books required to be maintained pursuant to Article II of this Resolution.

Nothing contained in this Article shall be construed as limiting the County to such proof, it being intended that the County may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of the Holder of any Bond shall bind every future Holder of the same Bond in respect of anything done by the County in pursuance of such request or consent.

Notwithstanding any of the foregoing provisions of this Section, the County shall not be required to recognize any person as a Holder of any Bond or to take any action at his request unless such Bond shall be deposited with it.

- 88 -

(j) to permit Bonds to be issued in denominations smaller than \$5,000, or

(k) to comply with requirements of entities providing Credit Facilities, Reserve Account Insurance Policies and Reserve Account Letters of Credit.

At least thirty (30) days prior to the adoption of any supplemental resolution for any of the purposes of this Section, the County Administrator shall cause a notice of the proposed adoption of such supplemental resolution to be published once in each week for two (2) successive weeks in a Daily Newspaper of general circulation published in the County, and in a Daily Newspaper of general circulation or a financial journal published in the Borough of Manhattan, City and State of New York. Such notice shall briefly set forth the nature of the proposed supplemental resolution and shall state that copies thereof are on file at the office of the County Administrator for inspection by all Bondholders.

Section 1002. Supplemental Resolution with Bondholders' Consent. Subject to the terms and provisions contained in this Section, and not otherwise, the Holders of not less than fifty-one per centum (51%) in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, anything contained in this Resolution to the contrary notwithstanding, to consent to and approve the adoption of such resolution or resolutions supplemental hereto as shall be deemed necessary or desirable by the County for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution or in any supplemental resolution; provided, however, that nothing herein contained shall permit, or be construed as permitting, (a) an extension of the maturity of the principal of or the interest on any Bond issued hereunder, or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of Revenues other than the lien and pledge created by this Resolution, or (d) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental resolution. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders of the adoption of any supplemental resolution as authorized in Section 1001 of this Article.

The consent of the Holders of any Series of Additional Bonds to be issued hereunder shall be deemed given if the underswriters or initial purchasers for resale consent in writing to such sup-

- 90 -

ARTICLE X.

Supplemental Resolutions.

Section 1001. Supplemental Resolution without Bondholders' Consent. The Board may, from time to time and at any time adopt such resolutions supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental resolution shall thereafter form a part hereof):

(a) to cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Resolution or in any supplemental resolution, or

(b) to grant to or confer upon the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders, or

(c) to add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of this Resolution other conditions, limitations and restrictions thereafter to be observed, or

(d) to add to the covenants and agreements of the County in this Resolution other covenants and agreements thereafter to be observed by the County or to surrender any right or power herein reserved to or conferred upon the County, or

(e) to permit the issuance of Bonds in coupon form, if as a condition precedent to the adoption of such supplemental resolution, there shall be delivered to the County an opinion of Bond Counsel to the effect that the issuance of Bonds in coupon or bearer form are then permitted by law to be issued and that the interest on such Bonds would be exempt from Federal income taxation, or

(f) to permit the County to issue Bonds the interest on which is not exempt from Federal income taxation, or

(g) to qualify the Bonds or any of them for registration under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or

(h) to qualify this Resolution as an "indenture" under the Trust Indenture Act of 1939, as amended, or

(i) to create additional Sinking Funds for Series of Additional Bonds as permitted by Section 505 hereof, or

- 89 -

21

plemental resolution and the nature of the amendment effected by such supplemental resolution is disclosed in the official statement or other offering document pursuant to which such Series of Additional Bonds is offered and sold to the public.

If at any time the County shall determine that it is necessary or desirable to adopt any supplemental resolution for any of the purposes of this Section, the County Administrator shall cause notice of the proposed adoption of such supplemental resolution to be published once in each week for two (2) successive weeks in a Daily Newspaper of general circulation published in the County, and in a Daily Newspaper of general circulation or a financial journal published in the Borough of Manhattan, City and State of New York, and, on or before the date of the first publication of such notice, it shall also cause a similar notice to be mailed, postage prepaid, to all registered owners of Bonds then Outstanding at their addresses as they appear on the registration books. Such notice shall briefly set forth the nature of the proposed supplemental resolution and shall state that the copies thereof are on file at the office of the County Administrator for inspection by all Bondholders. The County Administrator shall not, however, be subject to any liability to any Bondholder by reason of its failure to cause the notice required by this Section to be mailed and any such failure shall not affect the validity of such supplemental resolution when consented to and approved as provided in this Section.

Whenever, at the time within one year after the date of the first publication of such notice, the County shall deliver to the Finance Director an instrument or instruments in writing purporting to be executed by the Holders of not less than fifty-one per centum (51%) in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed supplemental resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Board may adopt such supplemental resolution in substantially such form, without liability or responsibility to any holder of any Bond, whether or not such Holder shall have consented thereto.

If the Holders of not less than fifty-one per centum (51%) in aggregate principal amount of the Bonds then Outstanding at the time of the adoption of such supplemental resolution shall have consented to and approved the adoption thereof as herein provided, no Holder of any Bond shall have any right to object to the adoption of such supplemental resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Board from adopting

- 91 -

the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any supplemental resolution pursuant to the provisions of this Section, this Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution of the County and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Resolution as so modified and amended.

Section 1003. Supplemental Resolutions Part of Resolution. Any supplemental resolution adopted in accordance with the provisions of this Article and approved as to legality by the General Counsel shall thereafter form a part of this Resolution, and all of the terms and conditions contained in any such supplemental resolution as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Resolution for any and all purposes. In case of the adoption and approval of any supplemental resolution, express reference may be made thereof in the text of any Bonds issued thereafter, if deemed necessary or desirable by the County.

- 92 -

JUL 24

88-007635

prior to their maturities or mandatory redemption dates, a statement to the effect that such Bonds are being paid at maturity and any Term Bonds are being redeemed in amounts and at times which will satisfy the Amortization Requirements therefor, (b) a description of the Government Obligations so held by the Bond Registrar or other appropriate financial institution, acting as escrow agent, and (c) that this Resolution has been repealed and cancelled in accordance with the provisions of this Section.

With respect to Variable Rate Bonds or Optional Tender Bonds, prior to the release of this Resolution, there shall be filed with the County Administrator, the following: (i) a resolution adopted by the Board determining (which determination may be based upon opinions of bond counsel or investment bankers) that the rights of the owners of such Variable Rate Bonds or Optional Tender Bonds to receive payment of interest at the Variable Rate as provided in the documents pursuant to which such Bonds were issued and the right to receive payment of the purchase price of such Bonds upon tender for purchase, as provided in the documents pursuant to which such Bonds were issued, either pursuant to a Credit Facility provided therefor or otherwise will not be materially adversely impaired by the release of this Resolution pursuant to this Article XI; (ii) a resolution, adopted by the Board, which may be the same resolution specified in clause (i) above, specifying the uses to which any Current Excess Interest Earnings (as hereinafter defined) may be applied, which may include the financing of Improvements or Capital Expenditures, as defined in this Resolution, for the Water and Sewer Utility or Current Expenses of the Water and Sewer Utility to the extent that expenditure of such sums for such purpose reduces the required Revenues, or, if the County no longer owns the Water and Sewer Utility, the capital expenditures for other lawful purposes of the County, in each event, such uses shall be for facilities the construction or acquisition of which would, but for the receipt of such Current Excess Interest Earnings, have been constructed or acquired using proceeds of unissued Bonds or other bonds of the County or paid from future revenues of the County; and (iii) there shall have been furnished to the County, as a condition of the release of this Resolution, an opinion of Bond Counsel to the effect that such release will not have an adverse effect on the Federal income tax exemption of interest on any of such Bonds as are then exempt from such taxation.

For the purposes of this Section, "Current Excess Interest Earnings" shall mean for each period for which interest is received by the escrow agent on the Government Obligations held in escrow for the Holders of the outstanding Bonds, the excess, if any, of interest received on such Government Obligations over the amount of interest paid on the Variable Rate Bonds in such

- 94 -

PAGE 21

ARTICLE XI.

Defeasance.

Section 1101. Cessation of Interests of Bondholders. If, when the Bonds secured hereby (a) shall have become due and payable in accordance with their terms or (b) shall have been duly called for redemption or (c) irrevocable instructions to call the Bonds for redemption or to pay the Bonds at their respective maturities or combination of such payment and redemption shall have been given by the County, the whole amount of the principal and the interest and premium, if any, so due and payable upon all of the Bonds then Outstanding shall be paid or sufficient moneys, or Government Obligations the principal of and the interest (which with respect to any Variable Rate Bonds shall be assumed to be the maximum interest rate permitted under the documents governing such Variable Rate Bonds) on which when due will provide sufficient moneys, shall be held by the Bond Registrar or other bank, trust company or other appropriate financial institution, acting as escrow agent, for such purpose under the provisions of this Resolution, and provision shall also be made for paying all other sums payable hereunder by the County, then and in that case the right, title and interest of the Holders of the Bonds secured hereby in the Net Revenues, Funds and Accounts mentioned in this Resolution shall thereupon cease, determine and become void, the County shall have no obligation with respect to such Bonds except for the payment of the principal of, redemption premium, if any, and interest thereon solely from the moneys or Government Obligations deposited pursuant to this Section, and the Board in such case, shall repeal and cancel this Resolution and may apply any surplus in any account in the Sinking Fund and all balances remaining in any other Funds or Accounts other than moneys held for the redemption or payment of Bonds or the interest thereon to any lawful purpose of the County as the Board shall determine; otherwise this Resolution shall be, continue and remain in full force and effect; provided, however, that in the event Government Obligations shall be deposited with and held by the Bond Registrar or other bank, trust company or other appropriate financial institution, acting as escrow agent, as hereinabove provided, and in addition to the requirements set forth in Article XII of this Resolution, the County shall within thirty (30) days after such Government Obligations shall have been deposited with the Bond Registrar or other bank, trust company or other appropriate financial institution, acting as escrow agent, cause a notice to be published in a Daily Newspaper of general circulation published in the County, and in a Daily Newspaper of general circulation or a financial journal published in the Borough of Manhattan, City and State of New York, setting forth (a) the date, if any, designated for the redemption of the Bonds or if a portion of the Outstanding Bonds are not being redeemed

- 93 -

88-007635

period. The agreement pursuant to which such Government Obligations are held by the escrow agent shall provide for withdrawal of such Current Excess Interest Earnings when received by the escrow agent and payment of such sums to the County for expenditure in the manner provided in the resolution mentioned in clause (ii) of the preceding paragraph; provided, however, to the extent that such Current Excess Interest Earnings are derived from Government Obligations described in clause (iii) of the definition of Government Obligations, this paragraph shall not apply.

All moneys and obligations held by the Bond Registrar or other bank, trust company or other appropriate financial institution, acting as escrow agent, pursuant to this Section shall be held in trust and the principal of and interest on said obligations when received, and said moneys, applied to the payment, then due, of the principal of, and the interest and the premium, if any, on the Bonds payable therefrom.

- 95 -

ARTICLE XII.

Miscellaneous Provisions.

Section 1201. Effect of Covenants. All covenants, stipulations, obligations and agreements of the County contained in this Resolution shall be deemed to be covenants, stipulations, obligations and agreements of the County and of the Board and of each department and agency of the County to the full extent authorized or permitted by law, and all such covenants, stipulations, obligations and agreements shall bind or inure to the benefit of the successor or successors thereof from time to time and any officer, board, body or commission to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

Except as otherwise provided in this Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the County or upon the Board by the provisions of this Resolution shall be exercised or performed by the Board, or by such other officers, board, body or commission as may be required by law to exercise such powers or to perform such duties.

No covenant, stipulation, obligation or agreement herein contained shall be deemed to be a covenant, stipulation, obligation or agreement of any member, agent or employee of the Board in his individual capacity, and neither the members of the Board nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 1202. Manner of Giving Notice. Any notice, demand, direction, request or other instrument authorized or required by this Resolution to be given to or filed with the County or the Board shall be deemed to have been sufficiently given or filed for all purposes of this Resolution if and when sent by registered mail, return receipt requested, to the County, the Board or the County Administrator, if addressed to the County, the Board or the County Administrator, respectively, at

Broward County Governmental Center
115 South Andrews Avenue
Fort Lauderdale, Florida 33301

Attention: County Administrator and Director of the County
Finance and Administrative Services Department
and

- 96 -

Broward County Office of Environmental Services
2401 North Powerline Road
Pompano Beach, Florida 33069

Attention: Director of the Utilities Division

All documents received by the County and the Board under the provisions of this Resolution shall be retained in their possession, subject at all reasonable times to the inspection of the County, any Bondholder, and the agents and representatives thereof.

Section 1203. Successorship of Bond Registrar. Any bank or trust company with or into which the Bond Registrar may be merged or consolidated, or to which the assets and business of such Bond Registrar may be sold, shall be deemed the successor of such Bond Registrar for the purposes of this Resolution. If the position of the Bond Registrar shall become vacant for any reason, the Board shall, within thirty (30) days thereafter, appoint a bank or trust company located in the same city, as the Bond Registrar to fill such vacancy. The County shall have the right at any time to remove the Bond Registrar and to appoint a successor Bond Registrar; provided, however, that no such removal and appointment shall cause a delay in the payment of principal of, redemption premium, if any, or interest on any Bond Outstanding under this Resolution.

Section 1204. Successorship of County Officers. In the event that the offices of Chairperson, Finance Director, County Administrator or General Counsel shall be abolished or any two or more of such offices shall be merged or consolidated, or in the event of a vacancy in any such office by reason of death, resignation, removal from office or otherwise, or in the event any such officer shall become incapable of performing the duties of his office by reason of sickness, absence from the County or otherwise, all powers conferred and all obligations and duties imposed upon such officer shall be performed by the officer succeeding to the principal functions thereof or by the officer upon whom such powers, obligations and duties shall be imposed by law.

Section 1205. Substitute Publication. If, because of the temporary or permanent suspension of publication of any Daily Newspaper or financial journal or for any other reason, the Finance Director or the County shall be unable to publish in a Daily Newspaper or financial journal any notice required to be published by any provision of this Resolution, the County shall give such notice in such other manner as in its judgment shall most effectively approximate such publication, and the giving of such notice in such manner for all purposes of this Resolution

- 97 -

shall be deemed to be in compliance with the requirement for the publication thereof.

Section 1206. Inconsistent Resolutions. All resolutions and parts thereof which are inconsistent with any of the provisions of this Resolution are hereby declared to be inapplicable to the provisions of this Resolution.

Section 1207. Further Acts. The officers and agents of this County are hereby authorized and directed to do all the acts and things required of them by the Bonds and this Resolution, for the full, punctual and complete performance of all of the terms, covenants, provisions and agreements contained in the Bonds and this Resolution.

Section 1208. Headings Not Part of Resolution. Any headings preceding the texts of the several Articles and Sections hereof and any table of contents, marginal notes or footnotes appended to copies hereof shall be solely for convenience of reference, and shall not constitute a part of this Resolution, nor shall they effect its meaning, construction or effect.

Section 1209. County and Bondholders Alone Have Rights under Resolution. Except as herein otherwise expressly provided, nothing in this Resolution, expressed or implied, is intended or shall be construed to confer upon any person, firm or corporation, other than the County and the Holders of the Bonds issued under and secured by this Resolution, any right, remedy or claim, legal or equitable, under or by reason of the Resolution or any provisions hereof, this Resolution and all its provisions being intended to be and being for the sole and exclusive benefit of the County and the Holders from time to time of the Bonds issued hereunder.

Section 1210. Effect of Partial Invalidity. In case any one or more of the provisions of this Resolution or of any Bonds or coupons issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Resolution or of the Bonds or coupons, but this Resolution and the Bonds and coupons shall be construed and enforced as if such illegal or invalid provision had not been contained therein. The Bonds are issued and this Resolution is adopted with the intent that the laws of the State of Florida shall govern their construction.

Section 1211. Resolution Effective. This Resolution shall take effect immediately upon its adoption.

- 98 -

PAGE 21

Adopted by the Board of County Commissioners of Broward County, Florida, this 4 day of April, 1988.

L. A. Hester
Chairman

C. L. Hester
County Administrator and ex-officio Clerk of the Board of County Commissioners

STATE OF FLORIDA }
COUNTY OF BROWARD } SS:

I, L. A. Hester, County Administrator in and for Broward County, Florida, and Ex-Officio Clerk of the Board of County Commissioners of said County, DO HEREBY CERTIFY that the above and foregoing is a true and correct copy of a resolution adopted by the Board of County Commissioners at its regular meeting held on the ___ day of ___, 1988, as appears in record in the Minutes of said Board of County Commissioners.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this ___ day of ___, A.D. 1988.

L. A. HESTER
COUNTY ADMINISTRATOR

By: _____ Deputy

(S E A L)

- 99 -

PAGE 21

STATE OF FLORIDA }
 }SS
COUNTY OF BROWARD }

I, ROGER J. DESJARLAIS, County Administrator, in and for Broward County, Florida, and ex-Officio Clerk of the Board of County Commissioners of said County, DO HEREBY CERTIFY that the above and foregoing is a true and correct copy of Resolution 1988-4066 as the same appears in the minutes of said Board of County Commissioners meeting held on the 6th day of September 1988 Item #85, without exhibits.

RESOLUTION NO. 2012-117

IN WITNESS WHEREOF, I have hereunto set my hand and official seal
this 18th day of April 2004.



ROGER J. DESJARLAIS
COUNTY ADMINISTRATOR

Grace Notaro
Grace Notaro, Deputy Clerk

Resolution 2012-117

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF BROWARD COUNTY, FLORIDA, AUTHORIZING THE ISSUANCE OF WATER AND SEWER UTILITY REVENUE BONDS, SERIES 2012A, TO BE ISSUED IN AN AGGREGATE PRINCIPAL AMOUNT NOT EXCEEDING \$180,000,000 (THE "SERIES 2012A BONDS") TO BE APPLIED, TOGETHER WITH OTHER LEGALLY AVAILABLE FUNDS, IF ANY, FOR THE PURPOSES OF (1) PAYING THE COST OF IMPROVEMENTS TO THE COUNTY'S WATER AND SEWER UTILITY AND REIMBURSING PRIOR COSTS OF IMPROVEMENTS TO THE UTILITY SYSTEM, (2) PROVIDING FOR THE PAYMENT OF THE COSTS OF ANY CREDIT FACILITIES, IF IN THE BEST INTERESTS OF THE COUNTY, (3) PROVIDING FOR FUNDING OF THE RESERVE ACCOUNT REQUIREMENT OR A RESERVE ACCOUNT CREDIT FACILITY, IF IN THE BEST INTEREST OF THE COUNTY, AND (4) PROVIDING FOR THE COSTS OF ISSUANCE OF THE SERIES 2012A BONDS; AUTHORIZING THE ISSUANCE OF WATER AND SEWER UTILITY REVENUE REFUNDING BONDS, SERIES 2012B, TO BE ISSUED IN AN AGGREGATE PRINCIPAL AMOUNT NOT EXCEEDING \$175,000,000 (THE "SERIES 2012B BONDS") TO BE APPLIED, TOGETHER WITH OTHER LEGALLY AVAILABLE FUNDS, IF ANY, FOR THE PURPOSES OF (1) REFUNDING A PORTION OF THE COUNTY'S WATER AND SEWER UTILITY REVENUE AND REVENUE REFUNDING BONDS, SERIES 2003 (THE "SERIES 2003 BONDS"), (2) REFUNDING ALL OR A PORTION OF THE COUNTY'S WATER AND SEWER UTILITY REVENUE BONDS, SERIES 2003A (THE "SERIES 2003A BONDS"); (3) PROVIDING FOR THE PAYMENT OF THE COSTS OF ANY CREDIT FACILITIES, IF IN THE BEST INTERESTS OF THE COUNTY, AND (4) PROVIDING FOR THE COSTS OF ISSUANCE OF THE SERIES 2012B BONDS; AUTHORIZING THE ISSUANCE OF WATER AND SEWER UTILITY REVENUE REFUNDING BONDS, SERIES 2012C (TAXABLE), TO BE ISSUED IN AN AGGREGATE PRINCIPAL AMOUNT NOT EXCEEDING \$50,000,000 (THE "SERIES 2012C BONDS," COLLECTIVELY WITH THE SERIES 2012A BONDS AND THE SERIES 2012B BONDS, THE "SERIES 2012 BONDS") TO BE APPLIED, TOGETHER WITH OTHER LEGALLY AVAILABLE FUNDS, IF ANY, FOR THE PURPOSES OF (1) REFUNDING A PORTION OF THE SERIES 2003 BONDS, (2) REFUNDING A PORTION OF THE COUNTY'S WATER AND SEWER UTILITY REVENUE REFUNDING BONDS, SERIES 2003B (THE "SERIES 2003B BONDS"); (3) PROVIDING FOR THE PAYMENT OF THE COSTS OF ANY CREDIT FACILITIES, IF IN THE BEST INTERESTS OF THE COUNTY, AND (4) PROVIDING FOR THE COSTS OF ISSUANCE OF THE SERIES 2012C BONDS; PROVIDING FOR THE USE OF PROCEEDS OF THE

SERIES 2012C BONDS; DELEGATING TO THE COUNTY ADMINISTRATOR, WITHIN THE PARAMETERS SET FORTH HEREIN, THE AUTHORITY TO PROVIDE CERTAIN TERMS, PROVISIONS AND PROVIDERS OF SERVICES FOR THE SERIES 2012 BONDS; AUTHORIZING THE EXECUTION AND DIRECTING THE AUTHENTICATION AND DELIVERY OF THE SERIES 2012 BONDS; PROVIDING FOR A BOOK-ENTRY SYSTEM; FINDING THE NECESSITY FOR A NEGOTIATED SALE OF THE SERIES 2012 BONDS; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT OR AGREEMENTS PROVIDING FOR THE SALE OF THE SERIES 2012 BONDS TO THE UNDERWRITERS NAMED THEREIN AND DELEGATING TO THE COUNTY ADMINISTRATOR THE AUTHORITY TO CONSUMMATE SUCH SALE AND TO AWARD THE SERIES 2012 BONDS PURSUANT TO THE BOND PURCHASE AGREEMENT; APPROVING THE FORM AND AUTHORIZING THE DISTRIBUTION AND USE OF A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING THE EXECUTION, DISTRIBUTION AND USE OF A FINAL OFFICIAL STATEMENT OR FINAL OFFICIAL STATEMENTS RELATING TO THE SERIES 2012 BONDS; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT AND SUPPLEMENT TO CONSTRUCTION ACCOUNT AND RESERVE ACCOUNT TRUST INDENTURE AND APPOINTING REGIONS BANK AS TRUSTEE TO ACT THEREUNDER; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT OR AGREEMENTS AND APPOINTING REGIONS BANK AS ESCROW AGENT TO ACT THEREUNDER; AUTHORIZING THE COUNTY ADMINISTRATOR TO NEGOTIATE AND OBTAIN A MUNICIPAL BOND INSURANCE POLICY AS A CREDIT FACILITY AND ANY AGREEMENTS RELATED THERETO, IF NECESSARY, AND PROVIDING THAT SUCH AGREEMENTS SHALL SUPERSEDE ANY INCONSISTENT PROVISIONS IN THE RESOLUTION RELATING TO ANY SERIES OF THE SERIES 2012 BONDS; APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE CERTIFICATE; APPOINTING REGIONS BANK AS BOND REGISTRAR AND PAYING AGENT FOR THE SERIES 2012 BONDS; AUTHORIZING PROPER OFFICIALS TO DO ALL THINGS DEEMED NECESSARY IN CONNECTION WITH THE ISSUANCE, SALE, EXECUTION AND DELIVERY OF THE SERIES 2012 BONDS; PROVIDING FOR CONFLICTS, SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, Broward County, Florida (the "County"), a political subdivision of the State of Florida (the "State") and a chartered, home rule county pursuant to the Constitution and the laws of the State, now owns and operates a water and sewer utility (the "Water and Sewer Utility"); and

WHEREAS, all capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed thereto in Section 2(b) hereof; and

WHEREAS, under and pursuant to Resolution No. 88-4066, adopted on September 6, 1988 (the "Original Resolution"), by the Board of County Commissioners (the "Board") of the County, as amended and supplemented by Resolution No. 88-4913, adopted by the Board on November 1, 1988, and by Resolution No. 2003-89, adopted by the Board on February 18, 2003 (collectively, the "Resolution"), the County now desires to authorize pursuant to this Series Resolution (the "2012 Bonds Series Resolution") three Series of Bonds; and

WHEREAS, the County desires to issue Water and Sewer Utility Revenue Bonds, Series 2012A (the "Series 2012A Bonds") in the aggregate amount of not exceeding \$180,000,000, to be applied, together with other legally available funds, if any, for the purpose of paying all or a portion of the Costs of: (i) acquiring and constructing certain Improvements, as more fully described in materials to be held on file with the County (the "2012A Project") to the Water and Sewer Utility; (ii) reimbursing certain 2012A Project costs as provided by Resolution 2011-246 adopted by the Board on April 12, 2011; (iii) funding the increase in the Reserve Account Requirement or paying the cost of a Reserve Account Credit Facility, if in the best interest of the County; (iv) providing for the payment of the costs of any Credit Facilities, if in the best interests of the County; and (v) paying the costs of issuance of the Series 2012A Bonds; and

WHEREAS, the County, pursuant to the Resolution and Resolution No. 2003-89, adopted by the Board on February 18, 2003 (the "2003 Bonds Series Resolution"), previously issued its Water and Sewer Utility Revenue and Revenue Refunding Bonds, Series 2003J (the "Series 2003 Bonds") as Additional Bonds and Refunding Bonds for the purpose of paying all or a portion of the Costs of: (i) acquiring and constructing certain capital improvements to the Water and Sewer Utility; (ii) refinancing certain Commercial Paper Notes issued by the County to finance a portion of the improvements to the Water and Sewer Utility; and (iii) refunding on a current basis certain debt then Outstanding; and

WHEREAS, the County, pursuant to the Resolution and Resolution No. 2005-220, adopted by the Board on March 15, 2005 (the "2005 Bonds Series Resolution") has also previously issued its Water and Sewer Utility Revenue Bonds, Series 2005A (the "Series 2005A Bonds") as Additional Bonds, for the purpose of financing all or a portion of the Costs of: (i) acquiring and constructing certain capital improvements to the Water and Sewer Utility; (ii) refinancing certain Commercial Paper Notes issued by the County to finance a portion of the improvements to the Water and Sewer Utility; (iii) paying the costs of issuing the Series 2005A Bonds; and (iv) making a deposit to the Reserve Account; and

WHEREAS, the County, pursuant to the Resolution and Resolution No. 2003-425, adopted by the Board on June 10, 2003 (the "2003B Bonds Series Resolution") has also previously issued its Water and Sewer Utility Revenue Refunding Bonds, Series 2003B (the "Series 2003B Bonds") as Refunding Bonds, for the purpose of financing all or a portion of the Costs of: (i) refunding, on a current basis, that portion of the County's Water and Sewer Utility Revenue

3

WHEREAS, the County desires to provide herein for the refunding of a portion of the Series 2003 Bonds and a portion of the Series 2003B Bonds (such refunded Series 2003 Bonds and Series 2003B Bonds hereinafter referred to collectively as the "Series 2012C Refunded Bonds," and collectively with the Series 2012B Refunded Bonds, the "Refunded Bonds") under the provisions and conditions hereof through the issuance of the Series 2012C Bonds as Refunding Bonds; and

WHEREAS, the County deems it appropriate to: (a) delegate to the County Administrator authorization to finalize the terms of the Series 2012 Bonds and to determine whether it is in the best interests of the County to obtain one or more Municipal Bond Insurance Policies as Credit Facilities for the Series 2012 Bonds, all subject to the limitations established in this 2012 Bonds Series Resolution, (b) designate Regions Bank as the initial Paying Agent and Bond Registrar for the Series 2012 Bonds and (c) designate Regions Bank to act as trustee under the First Supplemental Indenture; and

WHEREAS, the County deems it in the best financial interests of the County and the users of the Water and Sewer Utility that the Series 2012 Bonds be sold at a public offering by negotiated sale to the Underwriters named herein on the date and at the time provided in the Bond Purchase Agreement as provided in this 2012 Bonds Series Resolution, and to authorize the distribution and use of a Preliminary Official Statement and to authorize the distribution, use, execution and delivery of a final Official Statement (the "Official Statement") (which may be undertaken as two or three separate documents if the Series 2012A Bonds, the Series 2012B Bonds and the Series 2012C Bonds are not priced on the same sale date), all relating to the negotiated sale of the Series 2012 Bonds; and

WHEREAS, there have been prepared with respect to the issuance and sale of the Series 2012 Bonds and submitted to the County forms of:

(a) a Bond Purchase Agreement with respect to the Series 2012 Bonds (which may be undertaken as two or three separate documents if the Series 2012A Bonds, the Series 2012B Bonds and the Series 2012C Bonds are not priced on the same sale date) between the County and Citigroup Global Markets Inc., as the authorized representative of the underwriting group named therein (collectively, the "Underwriters"), attached hereto as Exhibit "A" (the "Bond Purchase Agreement");

(b) a Preliminary Official Statement relating to the Series 2012 Bonds, attached hereto as Exhibit "B" (the "Preliminary Official Statement");

(c) a Continuing Disclosure Certificate attached hereto as Exhibit "C" (the "Continuing Disclosure Certificate"); and

(d) one or more Escrow Deposit Agreement(s) relating to the Refunded Bonds attached hereto as Exhibit "E" (collectively, the "Escrow Deposit Agreement"); and

5

Refunding Bonds, Series 1993, maturing on and after October 1, 2004; (ii) paying the cost of the Credit Facility related to the Series 2003B Bonds; (iii) paying the costs of issuing the Series 2003B Bonds; and (iv) paying interest accruing on the Series 2003B Bonds from August 1, 2003 to August 5, 2003; and

WHEREAS, the Resolution provides that Refunding Bonds may be issued under the Resolution for the purpose of providing funds for refunding all or any portion of Outstanding Bonds of any one or more Series by payment at maturity or redemption at a selected redemption date or dates, or a combination of such payment at maturity and redemption, and that certain other matters relating to said Refunding Bonds shall be determined in a Series Resolution; and

WHEREAS, Section 307 of the Original Resolution, as amended, provides that the County may call bonds for redemption and defease such Bonds by providing an escrow fund for payment of such Bonds to be paid at their maturity or earlier redemption date; and

WHEREAS, Sections 212 and 213 of the Original Resolution, as amended, provide that any Additional Bonds and Refunding Bonds may be secured by Net Revenues on a parity with the Outstanding Bonds that have a parity senior lien on the Net Revenues (the "Outstanding Parity Bonds") and, to the extent provided by law and in the Resolution, Impact Fees; and

WHEREAS, the County desires to issue Water and Sewer Utility Revenue Refunding Bonds, Series 2012B (the "Series 2012B Bonds," collectively with the Series 2012A Bonds, the "Tax-Exempt Series 2012 Bonds") in the aggregate amount of not exceeding \$175,000,000, to be applied, together with other legally available funds, if any, for the purpose of paying all or a portion of the Costs of: (i) refunding a portion of the Series 2003 Bonds; (ii) refunding all or a portion of the Series 2005A Bonds; (iii) paying the costs of any Credit Facilities, if in the best interest of the County; and (iv) paying the costs of issuance of the Series 2012B Bonds; and

WHEREAS, the County desires to provide herein for the refunding of a portion of the Series 2003 Bonds and all or a portion of the Series 2005A Bonds (such refunded Series 2003 Bonds and Series 2005A Bonds hereinafter referred to collectively as the "Series 2012B Refunded Bonds") under the provisions and conditions hereof through the issuance of the Series 2012B Bonds as Refunding Bonds; and

WHEREAS, the County desires to issue Water and Sewer Utility Revenue Refunding Bonds, Series 2012C (Taxable) (the "Series 2012C Bonds," collectively with the Tax-Exempt Series 2012 Bonds, the "Series 2012 Bonds") in the aggregate amount of not exceeding \$50,000,000, to be applied, together with other legally available funds, if any, for the purpose of paying all or a portion of the Costs of: (i) refunding a portion of the Series 2003 Bonds; (ii) refunding a portion of the Series 2003B Bonds; (iii) paying the costs of any Credit Facilities, if in the best interest of the County; and (iv) paying the costs of issuance of the Series 2012C Bonds; and

4

(e) a First Amendment and Supplement to Construction Account and Reserve Account Trust Indenture attached hereto as Exhibit "F" (the "First Supplemental Indenture"); and

WHEREAS, it is now desirable to provide for the sale and issuance of the Series 2012 Bonds and the execution and delivery of certain documents in connection therewith.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF BROWARD COUNTY, FLORIDA:

SECTION 1. Findings. The Board of County Commissioners of the County hereby finds, determines and declares that:

(a) Pursuant to Section 218.385, Florida Statutes, as amended, the County hereby approves a negotiated sale of the Series 2012 Bonds, based upon the following findings as to the reasons requiring such negotiated sale:

(i) In order to attain the desired interest rate, it is necessary to be able to sell the Series 2012 Bonds when market conditions are most favorable. The uncertainty of the current and near future municipal bond market demand that the Underwriters have the maximum time and flexibility to price and market the Series 2012 Bonds, in order to obtain the most favorable interest rates available. The utilization of a competitive sale by public bidding is not in the best interest of the County and the users of the Water and Sewer Utility due to the volatility of the municipal bond market and the need to sell the Series 2012 Bonds quickly when market conditions are favorable;

(ii) The County has entered into negotiations for the sale of the Series 2012 Bonds to the Underwriters which negotiations have resulted in the preparation by the Underwriters of the proposed form of Bond Purchase Agreement between the County and the Underwriters, which has been presented to this meeting by the Underwriters;

(iii) The terms and conditions for the sale and purchase of the Series 2012 Bonds within the parameters set forth herein and as otherwise set forth in the form of Bond Purchase Agreement are fair and reasonable;

(iv) For the foregoing reasons, it is found and determined that it is necessary and desirable and in the best interests of the County to sell the Series 2012 Bonds in a negotiated sale and to authorize the County Administrator (or in her absence, her designee) to execute a Bond Purchase Agreement for the sale of the Series 2012 Bonds as provided in Section 6 hereof; and

(b) The County will apply the proceeds from the sale of the Series 2012A Bonds, together with other legally available funds, if any, to: (i) pay the Cost of the 2012A Project; (ii) reimburse certain 2012A Project costs as provided by Resolution 2011-246 adopted by the Board on April 12, 2011; (iii) pay the cost of any Credit Facilities, if in the best interests of the County;

6

(iv) fund the increase in the Reserve Account Requirement relating to the issuance of the Series 2012A Bonds or pay the cost of a Reserve Account Credit Facility, if in the best interests of the County; and (v) pay the costs of issuance of the Series 2012A Bonds; and

(c) The County will apply the proceeds of the Series 2012B Bonds together with other legally available funds, if any, to: (i) refund the 2012B Refunded Bonds; (ii) pay the cost of any Credit Facilities, if in the best interests of the County; and (iii) pay the costs of issuance of the Series 2012C Bonds; and

(d) The County will apply the proceeds of the Series 2012C Bonds together with other legally available funds, if any, to: (i) refund the 2012C Refunded Bonds; (ii) pay the cost of any Credit Facilities, if in the best interests of the County; and (iii) pay the costs of issuance of the Series 2012C Bonds; and

(e) It is in the best interests of the County and the Bondholders for the Series 2012A Construction Account and the Reserve Account be held by and administered by the Trustee pursuant to the First Supplemental Indenture (all as hereinafter defined and described); and

(f) The Series 2012 Bonds shall not be deemed to constitute an indebtedness of the County within the meaning of any constitutional or statutory provision or limitation and the County is not obligated to pay the principal of, the premium, if any, or the interest on the Series 2012 Bonds except from Net Revenues and, to the extent allowed by law, Impact Fees; and the full faith and credit of the County are not pledged to the payment of the principal of, the premium, if any, or the interest on the Series 2012 Bonds. The issuance of the Series 2012 Bonds shall not directly, indirectly or contingently obligate the County to levy or to pledge any taxes whatsoever therefor or to make any appropriation for the payment of the principal of, the premium, if any, or the interest on the Series 2012 Bonds except as provided in this 2012 Bonds Series Resolution; and

(g) The sale and issuance of the Series 2012 Bonds and the use of the proceeds thereof, as herein provided, serve a proper public purpose; and

(h) For the foregoing reasons and as required by the Resolution, the County has deemed and does hereby find and determine that it is desirable and in the best interests of the County and the users of the Water and Sewer Utility to issue the Series 2012 Bonds and to sell the Series 2012 Bonds at a negotiated sale under the terms of this 2012 Bonds Series Resolution.

SECTION 2. Recitals, Definitions and Construction.

(a) Recitals. The recitals contained in the foregoing "WHEREAS" clauses are incorporated herein by this reference.

(b) Definitions. All capitalized terms used herein, which are not defined herein, shall have the meanings specified in the Resolution or the Bond Purchase Agreement, as

7

"Trustee" means initially, Regions Bank as a party to the First Supplemental Indenture described in Section 15 hereof.

(c) Rules of Construction. Any reference to any Article, Section or provision of the Constitution or Laws of the State, or of federal laws, or rules or regulations, shall include such provisions as amended, modified, revised, supplemented or superseded from time to time; provided that no such change shall be deemed applicable by reason of this provision if such change by its terms is inapplicable to any particular Bonds or would, in any way, constitute an unlawful impairment of the rights of the County or any Bondholder.

Terms used herein which are relevant to the provisions of the Code (as defined in the Resolution) but which are not defined herein shall have the meanings given to them in the Code, unless the context indicates another meaning.

SECTION 3. Authorization of Series 2012 Bonds; Terms and Provisions Applicable to Series 2012 Bonds.

(a) Authorization of the Series 2012 Bonds.

There is hereby authorized revenue bonds of the County designated as the "Broward County, Florida Water and Sewer Utility Revenue Bonds, Series 2012A" to be issued under and pursuant to Section 212 of the Resolution. The aggregate principal amount of the Series 2012A Bonds shall not exceed One Hundred Eighty Million Dollars (\$180,000,000), with the exact aggregate principal amount of said Series 2012A Bonds to be determined by the County Administrator prior to the execution of the Bond Purchase Agreement pursuant to Section 6 hereof. The Series 2012A Bonds shall be issued for the purposes of providing funds, together with other legally available funds, if any, to: (i) pay the Cost of the 2012A Project; (ii) reimburse certain 2012A Project costs as provided by Resolution 2011-246 adopted by the Board on April 12, 2011; (iii) fund the increase in the Reserve Account Requirement relating to the issuance of the Series 2012A Bonds or pay the cost of a Reserve Account Credit Facility, if in the best interests of the County; (iv) pay the cost of any Credit Facilities, if in the best interests of the County; and (v) pay the costs of issuance of the Series 2012A Bonds.

There is also hereby authorized revenue refunding bonds of the County designated collectively as the "Broward County, Florida Water and Sewer Utility Revenue Refunding Bonds, Series 2012B" to be issued under and pursuant to the Resolution as Refunding Bonds. The aggregate principal amount of the Series 2012B Bonds shall not exceed One Hundred Seventy-Five Million Dollars (\$175,000,000), with the exact aggregate principal amount of said Series 2012B Bonds to be determined by the County Administrator prior to the execution of the Bond Purchase Agreement pursuant to Section 6 hereof. The Series 2012B Bonds shall be issued for the purposes of providing funds, together with other legally available funds, if any, to: (i) refund the Series 2012B Refunded Bonds; (ii) pay the cost of any Credit Facilities, if in the best interests of the County; and (iii) pay the costs of issuance of the Series 2012B Bonds.

9

applicable, unless the context otherwise clearly requires. Unless the context otherwise requires, the capitalized words and terms defined in this Section shall have the following meanings:

"Bond Counsel" shall mean collectively Bryant Miller Olive P.A. and the Law Offices of Steve E. Bullock, P.A. or another attorney or firm of attorneys satisfactory to the Underwriters and the County and nationally recognized as experienced in matters relating to the issuance and tax exemption of interest on bonds of states and political subdivisions thereof.

"Bond Insurer" shall mean the provider of the Municipal Bond Insurance Policy, if any.

"Book-Entry System" or "Book-Entry Only System" means a system under which either (a) Bond certificates are not issued and the ownership of Bonds is reflected solely by the bond register kept by the Bond Registrar or (b) physical Bond certificates in fully registered form are issued to DTC (or to a similar securities depository) or to its nominee as the Registered Owner, with the Bond certificates held by and "immobilized" in the custody of such securities depository, and under which records maintained by persons other than the Bond Registrar constitute the written record that identifies and records the ownership and transfer of the beneficial interests of the Bonds.

"DTC" means The Depository Trust Company, New York, New York, a limited purpose trust company and clearing corporation and clearing agency under New York law, and its successors and assigns.

"Financial Advisor" shall mean collectively Public Financial Management, Inc. and Fidelity Financial Services, L.C., as co-financial advisors to the County for the Series 2012 Bonds.

"First Amendment and Supplement to Construction Account and Reserve Account Trust Indenture" or "First Supplemental Indenture" means the First Amendment and Supplement to Construction Account and Reserve Account Trust Indenture, amending and supplementing that certain Construction Account and Reserve Account Trust Indenture dated as of February 1, 2009, between the County and the Trustee authorized pursuant to Section 15 hereof.

"Interest Payment Date" means the date or dates on which interest on the Series 2012 Bonds shall be due and payable, as described in the Series 2012 Bonds and within the parameters set forth in Section 3(b) of this 2012 Bonds Series Resolution.

"Mayor" means the Mayor or Vice-Mayor of the County.

"Municipal Bond Insurance Policy" means the policy or policies of financial guaranty insurance securing the Series 2012 Bonds, if any.

"Paying Agent" means initially, Regions Bank, or thereafter either the County or any other bank or trust company designated as such by the County Administrator pursuant to Section 3(g) hereof.

8

There is also hereby authorized revenue refunding bonds of the County designated collectively as the "Broward County, Florida Water and Sewer Utility Revenue Refunding Bonds, Series 2012C" to be issued under and pursuant to the Resolution as Refunding Bonds. The aggregate principal amount of the Series 2012C Bonds shall not exceed Fifty Million Dollars (\$50,000,000), with the exact aggregate principal amount of said Series 2012C Bonds to be determined by the County Administrator prior to the execution of the Bond Purchase Agreement pursuant to Section 6 hereof. The Series 2012C Bonds shall be issued for the purposes of providing funds, together with other legally available funds, if any, to: (i) refund the Series 2012C Refunded Bonds; (ii) pay the cost of any Credit Facilities, if in the best interests of the County; and (iii) pay the costs of issuance of the Series 2012C Bonds.

The Series 2012 Bonds shall be executed substantially in the form or forms and manner set forth herein and in the Resolution and shall be deposited with the Bond Registrar for authentication and delivery, but prior to or simultaneously with the delivery of the Series 2012 Bonds by the Bond Registrar, there shall be filed with the County the following:

(i) copies, certified by the County Administrator, of this 2012 Bonds Series Resolution and the Resolution; and

(ii) an opinion of the County Attorney stating that the signer is of the opinion that the issuance of the Series 2012 Bonds has been duly authorized and that all conditions precedent to the delivery of the Series 2012 Bonds have been fulfilled; and

(iii) a certificate of the Finance Director to the effect that no event of default, as defined in Section 802 of the Resolution, and no event which with the passage of time, the giving of notice or both would become an event of default has occurred, within the twelve (12) consecutive calendar months prior to the date of such certificate, and is continuing; and

(iv) a certificate of the Finance Director demonstrating that the percentage derived by dividing the Net Revenues for the last Fiscal Year for which the financial statements of the Water and Sewer Utility were reported, adjusted as permitted in the Resolution, by the Maximum Principal and Interest Requirements, including the Principal and Interest Requirements with respect to the Series 2012A Bonds issued to finance or refinance the Cost of the 2012A Project, for any future Fiscal Year is not less than one hundred twenty per centum (120%); and

(v) a certificate of Consulting Engineer setting forth the projected additional Net Revenues for the Fiscal Year following the Fiscal Year in which the Completion Date of the 2012A Project is expected to occur, which additional Net Revenues are attributable to such 2012A Project; and

(vi) an opinion of Bond Counsel approved by the County, to the effect that upon the issuance of the Series 2012B Bonds and the Series 2012C Bonds issued as Refunding Bonds and the application of the proceeds thereof as provided in the Escrow

10

Deposit Agreement, the Refunded Bonds will no longer be deemed to be Outstanding under the Resolution; and

(vii) a verification report from a verification agent regarding the sufficiency of the portion of the proceeds of the sale of the Series 2012B Bonds and the Series 2012C Bonds, together with other available moneys, to pay the principal of, and interest on the Refunded Bonds in accordance with the refunding plan of the County; and

(viii) such documents as shall be required by the Finance Director to show that provision has been duly made in accordance with the provisions of this 2012 Bonds Series Resolution for the use of the proceeds of the Series 2012 Bonds.

When (i) the documents mentioned above in this Section shall have been filed with the County Administrator, (ii) the Series 2012 Bonds shall have been executed by the County and authenticated by the Bond Registrar as required by the Resolution and this 2012 Bonds Series Resolution, and (iii) the Underwriters have paid to the County the purchase price of the Series 2012 Bonds, then the Bond Registrar shall deliver such Series 2012 Bonds at one time to or upon the order of the Underwriters as set forth in the Bond Purchase Agreement and in this 2012 Bonds Series Resolution in Section 6. The Finance Director shall be entitled to rely upon this 2012 Bonds Series Resolution as to all matters stated herein.

The proceeds (excluding accrued interest and any premium) of the Series 2012 Bonds shall be applied by the Finance Director in the manner provided in Section 4 of this 2012 Bonds Series Resolution.

(b) Form, Denominations, Date, Interest Rates and Maturity Dates. The Series 2012 Bonds are issuable only in fully registered form and shall be in substantially the form thereof set forth in Exhibit "D" to this 2012 Bonds Series Resolution, with such appropriate variations, omissions and insertions as may be required therein and as may be required to differentiate the three Series, and approved by the County Administrator pursuant to the Bond Purchase Agreement. The Series 2012 Bonds shall be issued in denominations of \$5,000 or any multiple thereof, or such other denominations as determined by the County Administrator. The Series 2012 Bonds shall be dated on such date determined by the County Administrator and shall bear interest from their dated date. Interest on the Series 2012 Bonds shall be payable semiannually on April 1 and October 1 of each year (or on such other dates determined by the County Administrator and set forth in the Bond Purchase Agreement), commencing on such date as shall be determined by the County Administrator and set forth in the Bond Purchase Agreement. The Series 2012 Bonds shall mature on such date, in such year or years, but not later than thirty (30) years from the date thereof, shall bear interest at such fixed or variable rate or rates, may be subject to mandatory redemption and optional redemption, and optional and mandatory tender for purchase, if necessary, all as determined and established in the Bond Purchase Agreement and this 2012 Bonds Series Resolution. The Series 2012 Bonds shall be sold to the Underwriters as provided in Section 6 hereof at not less than ninety-eight percent (98%) (including underwriters' discount, but excluding any original issue discount) of the original

11

Administrator, with the advice of Bond Counsel. From proceeds of the Series 2012B Bonds and other funds available therefor, if any, there shall be deposited pursuant to the Escrow Deposit Agreement a sum which, together with the principal and income from Government Obligations to be purchased pursuant to such agreement, will be sufficient to make timely payments of all presently outstanding principal and interest in respect to the Series 2012B Refunded Bonds, as the same come due and/or redeemable. Such funds and principal and income from investments shall also be sufficient to pay when due all expenses described in the Escrow Deposit Agreement or required to be paid pursuant to the terms of the Resolution.

In connection with the issuance of the Series 2012B Bonds, the Board hereby authorizes and directs the County Administrator, with the advice of the Finance Director, the Financial Advisor and Bond Counsel to: (i) determine the portions of the Series 2003 Bonds and the Series 2005A Bonds to be redeemed, and dates for redemption of the Series 2003 Bonds and the Series 2005A Bonds, (ii) give or cause to be given any and all such calls and notices related to such redemptions and defeasance as required by the Resolution, the 2003 Bonds Series Resolution and the 2005A Bonds Series Resolution, (iii) determine and name a bank, financial institution or trust company to serve as Escrow Agent under the Escrow Deposit Agreement and under this 2012 Bonds Series Resolution, and (iv) determine and name an independent certified public accounting firm to provide a verification report for the Series 2012B Refunded Bonds.

Series 2012C Refunding. Subject and pursuant to the provisions hereof, the Series 2012C Bonds are authorized to be issued in the aggregate principal amount of not exceeding \$50,000,000 for the purpose of refunding the Series 2012C Refunded Bonds; provided, however, with respect to the portion of the Series 2003 Bonds to be refunded from the proceeds of the Series 2012C Bonds, the present value of the debt service savings resulting therefrom shall be at least four percent (4%), after comparing the debt service on the Series 2003 Bonds to be refunded from the proceeds of the Series 2012C Bonds with the anticipated debt service on the portion of the Series 2012C Bonds to be used to effectuate such refunding, and with respect to the portion of the Series 2003B Bonds to be refunded with the proceeds of the Series 2012C Bonds, the present value of the debt service savings resulting therefrom shall be at least four percent (4%), after comparing the debt service on the Series 2003B Bonds to be refunded from the proceeds of the Series 2012C Bonds with the anticipated debt service on the portion of the Series 2012C Bonds to be used to effectuate such refunding, all as determined by the Financial Advisor in a certificate to be presented at the time of the sale. The intent of the determination and certification of the net present value savings described herein is to comply with the general guidelines contained in the County's Debt Policy, specifically the County's Administrative Code, Chapter 22, Part XVIII, Exhibit 22(D)9 regarding refunding bonds.

The County hereby authorizes and approves the Escrow Deposit Agreement for the refunding of the Series 2012C Refunded Bonds in substantially the form attached as Exhibit "E" hereto. The Mayor and the County Administrator are hereby authorized to execute and deliver the Escrow Deposit Agreement, substantially in the form of Exhibit "E" hereto with such changes, omissions, additions and filling in of the blanks as may be approved by the County Administrator, with the advice of Bond Counsel. From proceeds of the Series 2012C Bonds and

13

principal amount of the Series 2012 Bonds and at a true interest cost rate not to exceed five and one-half percent (5.50%) per annum.

The Series 2012 Bonds shall be numbered consecutively from RA-1, RB-1 and RC-1 and upwards. Subject to the foregoing, the aggregate principal amount, number of Series, maturities, interest rates and other terms of the Series 2012 Bonds shall be as approved and determined by the County Administrator and set forth in the Bond Purchase Agreement, with the execution and delivery of the Bond Purchase Agreement by the Mayor and the attestation thereof by the County Administrator being conclusive evidence of the County's approval of the final details and prices of the Series 2012 Bonds. The Series 2012 Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law with respect thereto. The execution and delivery of the Series 2012 Bonds substantially in the form mentioned above is hereby authorized, and the execution of the Series 2012 Bonds for and on behalf of the County, with a facsimile or manual signature, by the Mayor, with the official seal of the Board impressed or imprinted thereon and attested, with a facsimile or manual signature, by the County Administrator, are hereby authorized and shall be conclusive evidence of any such approval.

(c) Refunding.

Series 2012B Refunding. Subject and pursuant to the provisions hereof, the Series 2012B Bonds are authorized to be issued in the aggregate principal amount of not exceeding \$175,000,000 for the purpose of refunding the Series 2012B Refunded Bonds; provided, however, with respect to the portion of the Series 2003 Bonds to be refunded from the proceeds of the Series 2012B Bonds, the present value of the debt service savings resulting therefrom shall be at least three percent (3%), after comparing the debt service on the Series 2003 Bonds to be refunded from the proceeds of the Series 2012B Bonds with the anticipated debt service on the portion of the Series 2012B Bonds to be used to effectuate such refunding, and with respect to the portion of the Series 2005A Bonds to be refunded with the proceeds of the Series 2012B Bonds, the present value of the debt service savings resulting therefrom shall be at least three percent (3%), after comparing the debt service on the Series 2005A Bonds to be refunded from the proceeds of the Series 2012B Bonds with the anticipated debt service on the portion of the Series 2012B Bonds to be used to effectuate such refunding, all as determined by the Financial Advisor in a certificate to be presented at the time of the sale. The intent of the determination and certification of the net present value savings described herein is to comply with the general guidelines contained in the County's Debt Policy, specifically the County's Administrative Code, Chapter 22, Part XVIII, Exhibit 22(D)9 regarding refunding bonds.

The County hereby authorizes and approves the Escrow Deposit Agreement for the refunding of the Series 2012B Refunded Bonds in substantially the form attached as Exhibit "E" hereto. The Mayor and the County Administrator are hereby authorized to execute and deliver the Escrow Deposit Agreement, substantially in the form of Exhibit "E" hereto with such changes, omissions, additions and filling in of the blanks as may be approved by the County

12

other funds available therefor, if any, there shall be deposited pursuant to the Escrow Deposit Agreement a sum which, together with the principal and income from Government Obligations to be purchased pursuant to such agreement, will be sufficient to make timely payments of all presently outstanding principal and interest in respect to the Series 2012C Refunded Bonds, as the same come due and/or redeemable. Such funds and principal and income from investments shall also be sufficient to pay when due all expenses described in the Escrow Deposit Agreement or required to be paid pursuant to the terms of the Resolution.

In connection with the issuance of the Series 2012C Bonds, the Board hereby authorizes and directs the County Administrator, with the advice of the Finance Director, the Financial Advisor and Bond Counsel to: (i) determine the portions of the Series 2003 Bonds and the Series 2003B Bonds to be redeemed, and dates for redemption of the Series 2003 Bonds and the Series 2003B Bonds, (ii) give or cause to be given any and all such calls and notices related to such redemptions and defeasance as required by the Resolution, the 2003 Bonds Series Resolution and the 2003B Bonds Series Resolution, (iii) determine and name a bank, financial institution or trust company to serve as Escrow Agent under the Escrow Deposit Agreement and under this 2012 Bonds Series Resolution, and (iv) determine and name an independent certified public accounting firm to provide a verification report for the Series 2012C Refunded Bonds.

(d) Optional Redemption. Certain of the Series 2012 Bonds shall be subject to redemption prior to maturity at the option of the County, in whole or in part at any time, at such times and at the redemption prices approved and determined by the County Administrator, as set forth in the Bond Purchase Agreement; provided, however, the redemption price on the Series 2012 Bonds shall not exceed one hundred and one percent (101%) and the Series 2012 Bonds subject to redemption shall be callable for optional redemption no later than twelve (12) years from their date of issuance. The execution, attestation, seal and delivery of the Bond Purchase Agreement by the Mayor and the County Administrator shall be conclusive evidence of the County's approval of the optional redemption provisions contained therein relating to the Series 2012 Bonds.

(e) Sinking Fund; Mandatory Sinking Fund Redemption. The "Broward County Water and Sewer Utility Revenue Bonds Series 2012 Sinking Fund" is hereby created and designated and the County Administrator shall determine the necessity, if any, of separate subaccounts therein and the means of funding thereof, as set forth in the Bond Purchase Agreement. The Series 2012 Bonds consisting of Term Bonds, if any, (as defined in the Resolution) shall be subject to mandatory redemption prior to maturity to the extent of the Amortization Requirements (as defined in the Resolution) therefor at the principal amount of such Series 2012 Bonds to be redeemed, plus accrued interest to the date fixed for redemption, but without premium, for which there is an Amortization Requirement due on such Series 2012 Bonds. The Amortization Requirements and redemption date or dates for the Series 2012 Bonds consisting of Term Bonds shall be as approved and determined by the County Administrator, all as set forth in the Bond Purchase Agreement. The execution and delivery of the Bond Purchase Agreement by the Mayor and the County Administrator shall be conclusive evidence

14

of the County's approval of the mandatory sinking fund redemption provisions contained therein relating to the Series 2012 Bonds that are issued as Term Bonds.

(f) Reserve Account Deposit Requirement for Series 2012 Bonds. It shall be determined whether a deposit of funds is necessary upon the issuance of the Series 2012 Bonds in order to meet the Reserve Account Deposit Requirement established by the Resolution. The County Administrator may determine, if so required, whether the deposit of a Reserve Account Credit Facility in lieu of the deposit of cash and securities in the Reserve Account is in the best interest and is advantageous to the County. The determinations required to be made by the County Administrator pursuant to this Section 3(f) regarding a Reserve Account Credit Facility shall be made prior to the execution of the Bond Purchase Agreement and shall be set forth in an exhibit to said Bond Purchase Agreement together with all of the other details of the Series 2012 Bonds required to be determined by the County Administrator. The County Administrator shall provide by certificate, placed on file with the tax certificate for the Series 2012 Bonds, the deposits to be made in the Reserve Account including the use of any Reserve Account Credit Facility. The execution and delivery of the Bond Purchase Agreement by the Mayor and the County Administrator shall be conclusive evidence of the County's approval of the determinations to be made by the County Administrator pursuant to this Section 3(f).

(g) Designation of Paying Agent and Bond Registrar. The County hereby appoints and authorizes Regions Bank to act as Paying Agent and Bond Registrar for the Series 2012 Bonds under this 2012 Bonds Series Resolution and the Resolution; provided, however, that if the County Administrator determines that it is necessary or in the best interests of the County in the future that a different Paying Agent and Bond Registrar be appointed for the Series 2012 Bonds, the County Administrator shall appoint a successor Paying Agent and Bond Registrar.

(h) Interest Payment by Wire Transfer. Any Holder of at least \$1,000,000 in principal amount of any Series 2012 Bonds shall be entitled, upon giving appropriate notice to the Paying Agent, to receive periodic payments of interest on such Holder's Series 2012 Bonds by wire transfer.

SECTION 4. Use of Proceeds; Construction Fund. Subject to the provisions of Section 213 of the Resolution, as applicable, the proceeds received from the sale of the Series 2012 Bonds herein authorized shall be withdrawn, transferred and applied for the purposes stated in and in a manner consistent with the "Estimated Sources and Uses of Funds" section of the Official Statement, the Escrow Deposit Agreement and the Bond Purchase Agreement. The specific amounts to be deposited in the funds and accounts established by the Resolution and by this 2012 Bonds Series Resolution shall be set forth in a certificate to be delivered by the Finance Director simultaneously with the delivery of the Series 2012 Bonds.

The amount on deposit in the Reserve Account immediately following the issuance of the Series 2012 Bonds shall be equal to the Reserve Account Requirement with respect to the Outstanding Parity Bonds and the Outstanding Series 2012 Bonds.

15

system from time to time subject to the covenants with the beneficial owners of the Series 2012 Bonds.

Neither the County nor the Paying Agent shall be liable for the failure of the depository of the Series 2012 Bonds to perform its obligations as described in the Official Statement, nor for the failure of any participant in the system maintained by the depository to perform any obligation the participant may have or incur to a beneficial owner of any Series 2012 Bonds.

SECTION 8. Approval of the Preliminary Official Statement and Final Official Statements. The use and distribution by the Underwriters of the Preliminary Official Statement in connection with the offering of the Series 2012 Bonds for sale by the Underwriters in substantially the form presented to this meeting and attached hereto as Exhibit "B" is hereby approved, subject to such determinations, changes, modifications, deletions and additions as the County Administrator upon the advice of the County Attorney, disclosure counsel to the County, and Bond Counsel may deem necessary and appropriate, the execution and delivery of the certificate, described in the succeeding sentence by the County Administrator being conclusive evidence of the County's approval of any such changes. The County Administrator is hereby authorized and directed to execute and deliver to the Underwriters in connection with the actual Preliminary Official Statement issued and distributed in connection with the sale of the Series 2012 Bonds a certificate deeming said Preliminary Official Statement "final" for purposes of Securities and Exchange Commission ("SEC") Rule 15c-12. The Mayor and County Administrator are each hereby authorized and directed to execute and deliver a final Official Statement (which may be undertaken as up to three separate Official Statements if any of the Series 2012A Bonds, the Series 2012B Bonds and the Series 2012C Bonds are not priced on the same sale date) in the name and on behalf of the County, and thereupon to cause such Official Statement to be delivered to the Underwriters within seven (7) Business Days of the execution of the Bond Purchase Agreement, with such variations, omissions and insertions as may be determined by said County Administrator. The use and distribution of a final Official Statement in substantially the form of the Preliminary Official Statement and with such terms and provisions as modified to incorporate the final terms of sale of the Series 2012 Bonds, is hereby authorized, directed and approved, subject to such determinations, changes, modifications, deletions and additions as the County Administrator, upon the advice of the County Attorney, disclosure counsel to the County and Bond Counsel, may deem necessary and appropriate, the execution of the final Official Statement for and on behalf of the County by the Mayor and the County Administrator being conclusive evidence of the County's approval of any such changes.

SECTION 9. Credit Facility and Reserve Account Credit Facility; Rights of Credit Facility Provider. In order to produce the lowest true interest cost possible for the Series 2012 Bonds, the County Administrator is hereby authorized to secure the Municipal Bond Insurance Policy as a Credit Facility and/or a Reserve Account Credit Facility with respect to any or all series of the Series 2012 Bonds, and to execute and deliver an insurance commitment with the Bond Insurer if the County Administrator determines that obtaining the Municipal Bond Insurance Policy as a Credit Facility and/or a Reserve Account Credit Facility (as set forth in

There is hereby created within the Construction Fund a special account designated "Series 2012A Construction Account" to be held as further described in Section 15 hereof. There shall be deposited in the Series 2012A Construction Account the amount specified in the certificate to be delivered by the Finance Director pursuant to this 2012 Bonds Series Resolution. The moneys on deposit to the credit of the Series 2012A Construction Account shall be applied to pay costs of the 2012A Project pursuant to the provisions of Article IV of the Resolution (and to reimburse certain 2012A Project costs as provided by Resolution 2011-246 adopted by the Board on April 12, 2011) and shall be invested as provided in Article VI of the Resolution.

SECTION 5. Authorization of Authentication and Delivery of Series 2012 Bonds. Following the execution of the Series 2012 Bonds as provided in Section 3(b) hereof, the County Administrator shall deliver the Series 2012 Bonds to the Bond Registrar for authentication. The Bond Registrar is hereby authorized and directed to authenticate and deliver the Series 2012 Bonds to or on the order of the Underwriters upon payment therefor by such Underwriters.

SECTION 6. Award of Series 2012 Bonds in Negotiated Sale; Approval of Bond Purchase Agreement. The Board hereby authorizes and directs the Mayor to execute and the County Administrator to attest to and seal the Bond Purchase Agreement in substantially the form approved at this meeting and attached hereto as Exhibit "A" and to deliver the Bond Purchase Agreement to the Underwriters for their execution. Based upon the findings set forth in Section 1(a) of this 2012 Bonds Series Resolution, the Board hereby approves the negotiated sale of the Series 2012 Bonds to the Underwriters upon the terms and conditions herein and as set forth in the Bond Purchase Agreement, with such additions, deletions and completions as may be approved by the County Administrator. The aggregate principal amounts, maturities, interest rates, prices, optional and mandatory redemption provisions, optional and mandatory tender for purchase provisions, if any, and other terms of the Series 2012 Bonds shall be established by the County Administrator within the parameters thereof set forth in Section 3 of this 2012 Bonds Series Resolution. Upon compliance by the Underwriters with the requirements of Section 218.385 and Section 287.133, Florida Statutes, as amended, the Mayor and County Administrator are hereby authorized to execute, attest, seal and deliver the Bond Purchase Agreement, in the form attached hereto, subject to such variations, omissions and insertions as may be necessary to evidence the terms of the Series 2012 Bonds. The execution and delivery of the Bond Purchase Agreement by the Mayor and the attestation by the County Administrator shall be conclusive evidence of the County's approval of any such variations, omissions and insertions.

SECTION 7. System of Certificated and Uncertificated Registration. There is hereby established a system of registration with respect to the Series 2012 Bonds as permitted by Chapter 279, Florida Statutes, pursuant to which both certificated and uncertificated registered Series 2012 Bonds are issued. The system shall be as described in the Official Statement. The Series 2012 Bonds shall be initially issued as uncertificated, book-entry only bonds through the Book-Entry Only System maintained by DTC which will act as securities depository for the Series 2012 Bonds. The County reserves the right to amend, discontinue or reinstitute this

16

Section 3(f) hereof) is in the best interests of the County. The County is hereby authorized to provide for the payment of any premiums on or fees for such Credit Facility and/or Reserve Account Credit Facility from the proceeds of the issuance of the Series 2012 Bonds, and the County Administrator is authorized to execute and deliver such agreements as may be necessary to secure such Credit Facility and Reserve Account Credit Facility, with the County Administrator's execution of any such agreements to be conclusive evidence of the County's approval thereof. Any such agreements with Credit Facilities providers or Reserve Account Credit Facilities providers shall supersede any inconsistent provisions in the Resolution or this 2012 Bonds Series Resolution.

The additional terms and conditions with respect to any Bond Insurer and the Municipal Bond Insurance Policy are as follows:

(a) Notices to be Given to the Bond Insurer. While any Municipal Bond Insurance Policy is in effect, the County shall furnish to the Bond Insurer:

- (i) as soon as practicable after the filing thereof, a copy of any financial statement of the Water and Sewer Utility and a copy of any audit and annual report of the County;
- (ii) a copy of any notice to be given to the registered owners of the Series 2012 Bonds and any certificate rendered pursuant to the Resolution relating to the security for the Series 2012 Bonds; and
- (iii) such additional information as the Bond Insurer may reasonably request.

The County will permit the Bond Insurer to discuss the affairs, finances and accounts of the County or any information the Bond Insurer may reasonably request regarding the security for the Series 2012 Bonds with appropriate officers of the County. The County will permit the Bond Insurer to have access to and to make copies of all books and records relating to the Series 2012 Bonds at any reasonable time.

Notwithstanding any other provision of the Resolution, the County shall immediately notify the Bond Insurer if at any time there are insufficient moneys to make any payments of principal and interest required hereunder and upon the occurrence of any event of default hereunder.

Any provision of the Resolution and this 2012 Bonds Series Resolution expressly recognizing or granting rights in or to the Bond Insurer may not be amended in any manner which affects the rights of the Bond Insurer hereunder without the prior written consent of the Bond Insurer.

(b) Bond Insurer Right to Direct Accounting. If the Bond Insurer is not then in default in the performance of any of its obligations under the Municipal Bond Insurance Policy, the Bond Insurer shall have the right to direct an accounting of the Water and Sewer Utility at

18

the County's expense and the County's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from the Bond Insurer shall be deemed a default hereunder; provided, however, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any registered owner of the Series 2012 Bonds.

(c) Consent of Bond Insurer in Addition to Bondholder Consent. If the Bond Insurer is not then in default in the performance of any of its obligations under the Municipal Bond Insurance Policy, unless otherwise provided in the Resolution, the Bond Insurer's consent shall be required in addition to Bondholder consent, when required, for the following purposes: (i) execution and delivery of any amendment or change to or modification of the Resolution; (ii) removal of the Paying Agent and selection and appointment of any successor paying agent; and (iii) initiation or approval of any action not described in (i) or (ii) above which requires Bondholder consent.

(d) Consent of Bond Insurer in the Event of Insolvency. If the Bond Insurer is not then in default in the performance of any of its obligations under the Municipal Bond Insurance Policy, any reorganization or liquidation plan with respect to the County must be acceptable to the Bond Insurer. In the event of any reorganization or liquidation, the Bond Insurer shall have the right to vote on behalf of all Bondholders who hold the Bond Insurer insured Series 2012 Bonds absent a default by the Bond Insurer under the Municipal Bond Insurance Policy insuring the Series 2012 Bonds.

(e) Consent of Bond Insurer Upon Default. If the Bond Insurer is not then in default in the performance of any of its obligations under the Municipal Bond Insurance Policy, anything in this 2012 Bonds Series Resolution to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, the Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the 2012 Bondholders under this 2012 Bonds Series Resolution.

(f) Payment by Bond Insurer Not a Defeasance. Notwithstanding anything herein to the contrary, in the event that the principal and/or interest due on the Series 2012 Bonds shall be paid by the Bond Insurer pursuant to the Municipal Bond Insurance Policy, the Series 2012 Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the County, and the pledge of the security for the Series 2012 Bonds and all covenants, agreements and other obligations of the County to the registered owners shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of such registered owners.

(g) Payment Procedure. Unless otherwise required by the Bond Insurer (if the Bond Insurer is not then in default in the performance of any of its obligations under the Municipal Bond Insurance Policy), the County and any Paying Agent agree to comply with the following provisions:

19

with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

(5) In the event that the Paying Agent has notice that any payment of principal of or interest on a Series 2012 Bond which has become due for payment and which is made to a Bondholder by or on behalf of the County has been deemed a preferential transfer and therefore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Paying Agent shall, at the time the Bond Insurer is notified pursuant to (g)(1) above, notify all registered owners that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from the Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Paying Agent shall furnish to the Bond Insurer its records evidencing the payments of principal of and interest on the Series 2012 Bonds which have been made by the Paying Agent and subsequently recovered from registered owners and the dates on which such payments were made.

(6) In addition to those rights granted the Bond Insurer under this 2012 Bonds Series Resolution, the Bond Insurer shall, to the extent it makes payment of principal of or interest on Series 2012 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Municipal Bond Insurance Policy, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Paying Agent shall note the Bond Insurer's rights as subrogee on the registration books of the County maintained by the Paying Agent upon receipt from the Bond Insurer of proof of the payment of interest thereon to the registered owners of the Series 2012 Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Paying Agent shall note the Bond Insurer's rights as subrogee on the registration books of the County maintained by the Paying Agent upon surrender of the Series 2012 Bonds by the registered owners thereof together with proof of the payment of principal thereof.

(h) Provisions Regarding the Paying Agent.

(i) The Paying Agent may be removed at any time, at the request of the Bond Insurer, for any breach of duty set forth in the Resolution or this 2012 Bonds Series Resolution, including any circumstance whereby the County is then acting as its own Paying Agent and has breached such duty.

(ii) The Bond Insurer shall receive prior written notice of any Paying Agent resignation.

(iii) Any successor Paying Agent, if applicable, shall not be appointed unless the Bond Insurer approves such successor in writing.

21

(1) At least one day prior to all Interest Payment Dates, the Paying Agent will determine whether there are sufficient funds in the funds and accounts held under the Resolution, including the amounts held by the Trustee pursuant to Section 15 hereof, to pay the principal of or interest on the Series 2012 Bonds on such Interest Payment Date. If the Paying Agent determines that there are insufficient funds in such funds or accounts, the Paying Agent shall notify the Bond Insurer. Such notice shall specify the amount of the deficiency, the Series 2012 Bonds to which such deficiency is applicable and whether such Series 2012 Bonds will be deficient as to principal or interest, or both. If the Paying Agent has not so notified the Bond Insurer at least one day prior to an Interest Payment Date, the Bond Insurer will make payments of principal or interest due on the Series 2012 Bonds on or before the first day next following the date on which the Bond Insurer shall have received notice of nonpayment from the Paying Agent.

(2) The Paying Agent shall, after giving notice to the Bond Insurer as provided in (1) above, make available to the Bond Insurer and, at Bond Insurer's direction, to its insurance trustee (the "Insurance Trustee"), the registration books of the County maintained by the Paying Agent and all records relating to the funds and accounts maintained under the Resolution.

(3) The Paying Agent shall provide the Bond Insurer and the Insurance Trustee with a list of registered owners of Series 2012 Bonds entitled to receive principal or interest payments from the Bond Insurer under the terms of the Municipal Bond Insurance Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the registered owners of Series 2012 Bonds entitled to receive full or partial interest payments from the Bond Insurer, and (ii) to pay principal upon Series 2012 Bonds surrendered to the Insurance Trustee by the registered owners of Series 2012 Bonds entitled to receive full or partial principal payments from the Bond Insurer.

(4) The Paying Agent shall, at the time it provides notice to the Bond Insurer pursuant to (g)(1) above, notify registered owners of Series 2012 Bonds entitled to receive the payment of principal or interest thereon from the Bond Insurer (i) as to the fact of such entitlement, (ii) that the Bond Insurer will remit to them all or a part of the interest payments next coming due upon proof of Bondholder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered owner's right to payment, (iii) that should they be entitled to receive full payment of principal from the Bond Insurer, they must surrender their Series 2012 Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such Series 2012 Bonds to be registered in the name of the Bond Insurer) for payment to the Insurance Trustee, and not the Paying Agent, and (iv) that should they be entitled to receive partial payment of principal from the Bond Insurer, they must surrender their Series 2012 Bonds for payment thereon first to the Paying Agent who shall note on such Series 2012 Bonds the portion of the principal paid by the Paying Agent, and then, along

20

(i) Bond Insurer as Third Party Beneficiary. To the extent that the Resolution or this 2012 Bonds Series Resolution confers upon or gives or grants to the Bond Insurer any right, remedy or claim under or by reason of the Resolution, the Bond Insurer is hereby explicitly recognized as being a third-party beneficiary under the Resolution or this 2012 Bonds Series Resolution and may enforce any such right, remedy or claim conferred, given or granted.

(j) Parties Interested Herein. Nothing in the Resolution or this 2012 Bonds Series Resolution or expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the County, the Bond Insurer, the Paying Agent, and the registered owners of the Series 2012 Bonds, any right, remedy or claim under or by reason of the Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this 2012 Bonds Series Resolution contained by and on behalf of the County shall be for the sole and exclusive benefit of the County, the Bond Insurer, the Paying Agent and the registered owners of the Series 2012 Bonds.

(k) Notwithstanding any other provision herein to the contrary, no consent of the Bond Insurer shall be required if the Bond Insurer has defaulted in its obligations under the Municipal Bond Insurance Policy.

SECTION 10. Additional Redemption Notice Requirements; Conditional Notice of Redemption.

(a) In addition to the requirements of the Resolution, further notice of redemption shall be sent at least thirty (30) days before the redemption date by registered or certified mail or overnight delivery service to one or more registered securities depositories holding a substantial amount of the Series 2012 Bonds and to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA"). No defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed in the Resolution.

(b) In the case of an optional redemption, any notice of redemption may state that (1) it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Bond Registrar, Paying Agent or a fiduciary institution acting as escrow agent no later than the redemption date or (2) the County retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described in this subsection. Any such notice of Conditional Redemption shall be captioned "Conditional Notice of Redemption." Any Conditional Redemption may be rescinded at any time prior to the redemption date if the Finance Director delivers a written direction to the Bond Registrar directing the Bond Registrar to rescind the redemption notice. The Bond Registrar shall give prompt notice of such rescission to the affected Bondholders. Any Series 2012 Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and neither the

22

rescission nor the failure by the County to make such funds available shall constitute an Event of Default under the Resolution. The Bond Registrar shall give immediate notice to the securities information repositories and the affected Bondholders that the redemption did not occur and that the Series 2012 Bonds called for redemption and not so paid remain Outstanding.

SECTION 11. Authorization of Further Actions; Additional Covenants and Agreements. The Mayor, the County Administrator, the Finance Director, the County Attorney and other proper officers, employees and agents of the County are hereby authorized and directed to do all acts and things and to execute and deliver any and all documents and certificates which they deem necessary or advisable in order to consummate the issuance of the Series 2012 Bonds and otherwise to carry out, give effect to and comply with the terms and intent of this 2012 Bonds Series Resolution, the Series 2012 Bonds and the documents herein described. In the event that the Mayor, the Vice Mayor, the County Administrator, the Finance Director or the County Attorney is unable to execute and deliver the documents herein contemplated, such documents shall be executed and delivered by the respective designee of such officer or official or any other duly authorized officer or official of the County. The County Administrator or her designee is hereby authorized and directed to apply and attest the official seal of the County to any agreement or instrument authorized or approved herein or in the Resolution that requires such a seal and attestation.

SECTION 12. Federal Tax Provisions and Information Return. In addition to the other covenants and agreements of the County in this 2012 Bonds Series Resolution, the County hereby covenants and agrees that it will restrict the use of the proceeds of the Tax-Exempt Series 2012 Bonds in such manner and to such extent as may be necessary so that the Tax-Exempt Series 2012 Bonds will not constitute private activity bonds, arbitrage bonds or hedge bonds under Sections 141, 148 or 149(g) of the Code (as defined in the Resolution), respectively.

The Mayor, the County Administrator, or the Finance Director, and any other officer having responsibility for the issuance of the Tax-Exempt Series 2012 Bonds is authorized and directed, alone or in conjunction with any of the foregoing or with any other officer, employee or agent or consultant to the County, to give:

(i) an appropriate certificate of the County for inclusion in the transcript of proceedings for the Tax-Exempt Series 2012 Bonds, setting forth the reasonable expectations of the County regarding the amount and use of all of the proceeds of the Tax-Exempt Series 2012 Bonds, the facts, circumstances and estimates on which those expectations are based and other facts and circumstances relevant to the tax treatment of interest on the Tax-Exempt Series 2012 Bonds, all as of the date of delivery of and payment for the Tax-Exempt Series 2012 Bonds; and

(ii) the statement setting forth the information required by Section 149(e) of the Code, which shall be based on the relevant information provided by the County.

23

The Board hereby approves the First Supplemental Indenture, in substantially the form attached hereto as Exhibit "F" and, incorporated herein by reference is hereby approved and adopted by the County. The County is hereby authorized to enter into said First Supplemental Indenture, and the Mayor and County Administrator are hereby directed to execute such First Supplemental Indenture on behalf of the County in the manner provided by law. The First Supplemental Indenture shall be subject to such changes, insertions or omissions as may be approved by the Finance Director, including incorporation of the provisions recommended by the County Attorney and Bond Counsel, and the execution of the First Supplemental Indenture by the Mayor and attestation by the County Administrator shall be conclusive evidence of such approval. The Board hereby authorizes and approves Regions Bank, Jacksonville, Florida to act as trustee under the First Supplemental Indenture.

SECTION 16. Severability; Resolution Controlling. In case any one or more of the provisions of this 2012 Bonds Series Resolution or any document approved hereby shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this 2012 Bonds Series Resolution or such document, as the case may be, and such other provisions shall be construed and enforced as if such illegal or invalid provision had not been contained herein or therein. All resolutions or proceedings, or parts thereof, in conflict with the provisions hereof or of the Resolution are to the extent of such conflict hereby repealed or amended to the extent of such inconsistency.

SECTION 17. Governing Law. The Series 2012 Bonds are to be issued, this 2012 Bonds Series Resolution is adopted and the Bond Purchase Agreement and such other instruments necessary for the issuance of the Series 2012 Bonds shall be executed and delivered with the intent that the laws of the State of Florida shall govern their construction.

(Remainder of this page intentionally left blank)

SECTION 13. Authorization and Approval of Continuing Disclosure Certificate. The Board hereby authorizes and approves the Continuing Disclosure Certificate substantially in the form attached as Exhibit "C" hereto. For the benefit of the holders and beneficial owners from time to time of the Series 2012 Bonds, the County agrees, in accordance with and as an obligated person with respect to the Series 2012 Bonds under SEC Rule 15c2-12 (the "Rule"), to provide or cause to be provided such financial information and operating data, financial statements and notices, in such manner as may be required for purposes of paragraph (b)(5) of the Rule, all as more specifically set forth in the Continuing Disclosure Certificate. The Finance Director is hereby authorized and directed to execute and deliver the Continuing Disclosure Certificate, in substantially the form attached hereto as Exhibit "C", with such changes, insertions and omissions and such filling-in of blanks therein as may be approved by the Finance Director. The execution of the Continuing Disclosure Certificate, for and on behalf of the County by the Finance Director, shall be deemed conclusive evidence of the County's approval of the Continuing Disclosure Certificate. Notwithstanding any other provisions of this 2012 Bonds Series Resolution, any failure by the County to comply with any provisions of the Continuing Disclosure Certificate or this Section 13 shall not constitute a default under the Resolution or this 2012 Bonds Series Resolution and the remedies therefor shall be solely as provided in the Continuing Disclosure Certificate.

The Finance Director is further authorized and directed to establish, or cause to be established, procedures in order to ensure compliance by the County with the Continuing Disclosure Certificate, including the timely provision of information and notices. Prior to making any filing in accordance with such agreement, the Finance Director shall consult with, as appropriate, the County Attorney, Bond Counsel or disclosure counsel to the County. The Finance Director, acting in the name and on behalf of the County, shall be entitled to rely upon any legal advice provided by the County Attorney, the Bond Counsel or the disclosure counsel to the County in determining whether a filing should be made.

SECTION 14. Selection of Printer. The County Administrator is hereby authorized and directed to select a printer for the Preliminary Official Statement and the final Official Statement for the Series 2012 Bonds, and the payment to said printer of its reasonable fees for the printing and delivery of the Preliminary Official Statement and the final Official Statement is hereby authorized.

SECTION 15. Approval of the First Supplemental Indenture; Trustee. In consideration of the acceptance of the Series 2012 Bonds by those who shall hold the same from time to time, the First Supplemental Indenture attached hereto as Exhibit "F" shall be deemed to be and shall constitute a contract between the County and such Bondholders. The covenants and agreements therein set forth to be performed by the County shall be for the equal benefit, protection and security of the holders of any and all of the Series 2012 Bonds, all of which shall be equal rank and without preference, priority or distinction as to lien or otherwise, of any of the Series 2012 Bonds over any other Bond by reason of priority in issue, except as expressly provided therein.

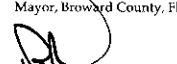
24

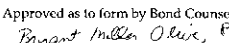
SECTION 18. Effective Date. This 2012 Bonds Series Resolution shall take effect immediately upon its adoption.

Adopted by the Board of County Commissioners of Broward County, Florida this 28th day of February, 2012.




Mayor, Broward County, Florida


County Administrator and Ex-Officio
Clerk of the Board of County
Commissioners

Approved as to form by Bond Counsel

Bryant Miller Olive, P.A.
Law Offices of Steve E. Bullock, P.A.
Bryant Miller Olive P.A. and
Law Offices of Steve E. Bullock, P.A.

j:\wexes\docs\clients\25279\009\ordres\00605747.doc

APPENDIX E

FORM OF CO-BOND COUNSEL OPINION

_____, 2012

Board of County Commissioners of
Broward County, Florida
Fort Lauderdale, Florida

Re: \$140,625,000 Broward County, Florida Water and Sewer Utility Revenue Bonds, Series 2012A, \$110,920,000 Broward County, Florida Water and Sewer Utility Revenue Refunding Bonds, Series 2012B and \$47,655,000 Broward County, Florida Water and Sewer Utility Revenue Refunding Bonds, Series 2012C (Taxable)

Ladies and Gentlemen:

We have acted as Co-Bond Counsel in connection with the issuance by Broward County, Florida (the “Issuer”), of its \$140,625,000 Water and Sewer Utility Revenue Bonds, Series 2012A (the “Series 2012A Bonds”), its \$110,920,000 Water and Sewer Utility Revenue Refunding Bonds, Series 2012B (the “Series 2012B Bonds”) and its \$47,655,000 Water and Sewer Utility Revenue Refunding Bonds, Series 2012C (Taxable) (the “Series 2012C Bonds” and, collectively with the Series 2012A Bonds and the Series 2012B Bonds, the “Series 2012 Bonds”), pursuant to the Constitution and laws of the State of Florida, and other applicable provisions of law and Resolution No. 88-4066 duly adopted by the Board of County Commissioners of the Issuer (the “Board”) on September 6, 1988, as amended and supplemented and particularly as supplemented by Resolution No. 2012-117, duly adopted by the Board on February 28, 2012 (collectively, the “Resolution”). Any capitalized undefined terms used herein shall have the meaning set forth in the Resolution.

The Series 2012A Bonds are being issued for the principal purposes of paying all or a portion of the Costs of: (i) acquiring and constructing certain Improvements, as more fully described in materials on file with the County (the “2012A Project”) to the County’s Water and Sewer Utility; (ii) reimbursing certain 2012A Project costs, as provided by Resolution 2011-246 adopted by the Board on April 12, 2011; (iii) funding the increase in the Reserve Account Requirement relating to the issuance of the Series 2012A Bonds; and (iv) issuing the Series 2012A Bonds. The Series 2012B Bonds are being issued for the principal purposes of paying all or a portion of the Costs of: (i) advance refunding a portion of the Issuer’s Water and Sewer Utility Revenue and Revenue Refunding Bonds, Series 2003 (the “Series 2003 Bonds”); (ii) advance refunding a portion of the Issuer’s Water and Sewer Utility Revenue Bonds, Series 2005A (the “Series 2005A Bonds”); and (iii) issuing the Series 2012B Bonds. The Series 2012C Bonds are being issued for the principal purposes of paying all or a portion of the Costs of: (i) advance refunding a portion of the Series 2003 Bonds, (ii) advance refunding a portion of the Issuer’s Water and Sewer Utility Revenue Refunding Bonds, Series 2003B (the “Series 2003B Bonds”), and (iii) issuing the Series 2012C Bonds.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Resolution and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation. We have not undertaken an independent audit, examination, investigation or inspection of such matters and have relied solely on the facts, estimates and circumstances described in such proceedings and certifications. We have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

In rendering this opinion, we have examined and relied upon the opinion of even date herewith of the County Attorney for the Issuer, as to the due creation and valid existence of the Issuer, the due adoption of the Resolution, the due execution and delivery of the Series 2012 Bonds and the compliance by the Issuer with all conditions contained in the ordinances and resolutions of the Issuer precedent to the issuance of the Series 2012 Bonds.

The Series 2012 Bonds are payable from and secured by a pledge of the Net Revenues on parity and equal status with the non-refunded portion of the Series 2003 Bonds, the non-refunded portion of the Series 2003B Bonds, the non-refunded portion of the Series 2005A Bonds and the Issuer's outstanding Water and Sewer Utility Revenue Bonds, Series 2009A (collectively, the "Outstanding Parity Bonds"). Pursuant to the terms, conditions and limitations contained in the Resolution, the Issuer has reserved the right to issue obligations in the future which shall have a lien on the Net Revenues equal to that of the Series 2012 Bonds and the Outstanding Parity Bonds.

The Series 2012 Bonds do not constitute general obligations or indebtedness of the Issuer within the meaning of any constitutional, statutory or other limitation of indebtedness and the holders thereof shall never have the right to compel the exercise of any ad valorem taxing power of the Issuer or taxation in any form on any real or personal property for the payment of the principal of or interest on the Series 2012 Bonds.

The opinions set forth below are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the federal income tax laws of the United States of America.

Based on our examination, we are of the opinion that under existing law:

1. The Resolution constitutes a valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms.
2. The Series 2012 Bonds are valid and binding limited obligations of the Issuer enforceable in accordance with their terms, payable solely from the Net Revenues, all in the manner and to the extent provided therefor in the Resolution.
3. The Resolution creates a valid lien upon the Net Revenues for the security of the Series 2012 Bonds on parity with the Outstanding Parity Bonds and any Additional Bonds or Refunding Bonds hereafter issued, all in the manner and to the extent provided in the Resolution.
4. Interest on the Series 2012A Bonds and Series 2012B Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Series 2012A Bonds and Series 2012B Bonds will be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the

issuance of the Series 2012A Bonds and Series 2012B Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted in the Resolution to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2012A Bonds and Series 2012B Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2012A Bonds and Series 2012B Bonds.

5. Interest on the Series 2012C Bonds is **not** excludable from gross income for federal tax purposes under Section 103 of the Code.

The opinion in paragraph 5 above is not intended or written to be used, and cannot be used, by an owner of the Series 2012C Bonds for purposes of avoiding United States federal income tax penalties that may be imposed on such owner of the Series 2012C Bonds. Any owner of the Series 2012C Bonds should seek advice based on such owner's particular circumstances from an independent tax advisor.

It is to be understood that the rights of the owners of the Series 2012 Bonds and the enforceability thereof may be subject to the exercise of judicial discretion in accordance with general principles of equity, to the valid exercise of the sovereign police powers of the State of Florida and of the constitutional powers of the United States of America and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

For purposes of this opinion, we have not been engaged or undertaken to review and, therefore, express no opinion herein regarding the accuracy, completeness or adequacy of the Official Statement or any other offering material relating to the Series 2012 Bonds. This opinion should not be construed as offering material, an offering circular, prospectus or official statement and is not intended in any way to be a disclosure statement used in connection with the sale or delivery of the Series 2012 Bonds. Furthermore, we are not passing on the accuracy or sufficiency of any CUSIP numbers appearing on the Series 2012 Bonds. In addition, we have not been engaged to and, therefore, express no opinion as to compliance by the Issuer or the underwriter or underwriters with any federal or state statute, regulation or ruling with respect to the sale and distribution of the Series 2012 Bonds or regarding the perfection or priority of the lien on the Net Revenues created by the Resolution, except as described in paragraph 3 above. Further, we express no opinion regarding federal income or state tax consequences arising with respect to the Series 2012 Bonds other than as expressly set forth herein.

Our opinions expressed herein are predicated upon present law, facts and circumstances, and we assume no affirmative obligation to update the opinions expressed herein if such laws, facts or circumstances change after the date hereof.

Very truly yours,

BRYANT MILLER OLIVE P.A.

LAW OFFICES OF STEVE E. BULLOCK, P.A.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F

FORM OF CO-DISCLOSURE COUNSEL OPINION

On the date of issuance of the Series 2012 Bonds in definitive form, Edwards Wildman Palmer LLP and the Law Offices of Carol D. Ellis, P.A., Co-Disclosure Counsel, propose to render their approving opinion in substantially the following form. Unless otherwise defined below, all capitalized terms used in this opinion shall have the meanings set forth in the Series Resolution.

_____, 2012

Mayor and Board of County Commissioners
of Broward County, Florida

\$140,625,000
BROWARD COUNTY, FLORIDA
WATER AND SEWER UTILITY
REVENUE BONDS,
SERIES 2012A

\$110,920,000
BROWARD COUNTY, FLORIDA
WATER AND SEWER UTILITY
REVENUE REFUNDING BONDS,
SERIES 2012B

\$47,655,000
BROWARD COUNTY, FLORIDA
WATER AND SEWER UTILITY
REVENUE REFUNDING BONDS,
SERIES 2012C
(TAXABLE)

Ladies and Gentlemen:

We have served as disclosure counsel to Broward County, Florida (the “County”) in connection with the issuance by the County of its \$140,625,000 Water and Sewer Utility Revenue Bonds, Series 2012A (the “Series 2012A Bonds”), its \$110,920,000 Water and Sewer Utility Revenue Refunding Bonds, Series 2012B (the “Series 2012B Bonds”) and its \$47,655,000 Water and Sewer Utility Revenue Refunding Bonds, Series 2012C (Taxable) (the “Series 2012C Bonds” and collectively with the Series 2012A Bonds and Series 2012B Bonds, the “Series 2012 Bonds”).

In connection with the issuance and delivery of this opinion, we have considered such matters of law and fact and have relied upon such certificates and other information furnished to us as we deemed appropriate. We are not expressing any opinion or views herein on the authorization, issuance, delivery or validity of the Series 2012 Bonds and we have assumed, but not independently verified, that the signatures on all documents and certificates that we have examined are genuine.

To the extent that the opinions expressed herein relate to or are dependent upon the determination that the proceedings and actions related to the authorization, issuance and sale of the Series 2012 Bonds are lawful and valid under the laws of the State of Florida, or that the Series 2012 Bonds are valid and binding obligations of the County enforceable in accordance with their respective terms, or that the interest on the Series 2012A Bonds and Series 2012B Bonds is excluded from gross income of the owners of the Series 2012A Bonds and Series 2012B Bonds for federal income tax purposes, we understand that you are relying upon the opinions delivered on the date hereof of Bryant Miller Olive P.A. and the Law Offices of Steve E. Bullock, P.A., Co-Bond Counsel, and no opinion is expressed herein as to such matters.

The scope of our engagement with respect to the issuance of the Series 2012 Bonds was not to establish factual matters and because of the wholly or partially non-legal character of many of the determinations involved in the preparation of the Official Statement, dated March 9, 2012 (the "Official Statement"), we are not passing on and do not assume any responsibility for, except as set forth in the next paragraph, the accuracy or completeness of the contents of the Official Statement (including, without limitation, any appendices, schedules, and exhibits thereto) and we make no representation that we have independently verified the accuracy, completeness or fairness of such statements. As your counsel, we have participated in the preparation of the Official Statement and in discussions and conferences with representatives of the County from the Department of Finance and Administrative Services, the Department of Water and Wastewater Services and the County Attorney's Office, Public Financial Management, Inc. and Fidelity Financial Services, L.C., Co-Financial Advisor to the County, Hazen and Sawyer, P.C., Consulting Engineer, Bryant Miller Olive P.A. and the Law Offices of Steve E. Bullock, P.A., Co-Bond Counsel, representatives of Citigroup Global Markets Inc., serving as the representative on behalf of the underwriters (the "Underwriters") named in the Purchase Agreement dated March 9, 2012, between the Underwriters and the County, and Greenspoon Marder P.A., Fort Lauderdale, Florida, counsel to the Underwriters, in which the contents of the Official Statement and related matters were discussed.

Based solely on the basis of our participation in the preparation of the Official Statement, our examination of certificates, documents, instruments and records and the above-mentioned discussions, nothing has come to our attention which would lead us to believe that the Official Statement (except for the financial and statistical data in the Official Statement, including, without limitation, the appendices thereto, and the matters set forth therein under the captions "DESCRIPTION OF THE SERIES 2012 BONDS – Book-Entry Only System" and in APPENDICES A, B, C, D and E as to which no opinion is expressed) is not a fair and accurate summary of the matters purported to be summarized therein or that the Official Statement (except as set forth parenthetically above) contained as of its date or as of the date hereof, any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. We are also of the opinion that the County's continuing disclosure undertaking satisfies the requirements set forth in Rule 15c2-12(b)(5)(i) of the Securities Exchange Act of 1934, as amended.

In reaching the conclusions expressed herein, we have with your concurrence, assumed and relied on the genuineness and authenticity of all signatures not witnessed by us; the authenticity of all documents, records, instruments, items and letters submitted to us as originals; the conformity with originals of all items submitted to us as certified or photostatic copies and examined by us; the legal capacity and authority of the persons who executed the documents; the accuracy of all warranties, representations and statements of fact contained in the documents and instruments submitted to us in connection with the purchase and sale of the Series 2012 Bonds; that neither you nor the Underwriters have any actual knowledge or any reason to believe that any portion of the Official Statement is not accurate; and the continuing accuracy on this date of any certificates supplied to us regarding the matters addressed herein, which assumptions we have not verified. As to questions of fact material to our opinions, we have relied upon and assumed the correctness of the public records and certificates by and representations of public officials and other officers and representatives of various parties to this transaction. We have no actual knowledge of any factual information that would lead us to form a legal opinion that the public records or the certificates which we have relied upon contain any untrue statement of a material fact.

We are further of the opinion that, assuming the Series 2012 Bonds are the legal, valid and binding obligations of the County, the Series 2012 Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

The opinions set forth herein are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the United States of America. The only opinions rendered hereby shall be those expressly stated herein, and no opinion shall be implied or inferred as a result of anything contained herein or omitted herefrom.

This opinion may be relied upon solely by the County and only in connection with the transaction to which reference is made above and may not be used or relied upon by any other person for any purposes whatsoever without our prior written consent.

Respectfully submitted,

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX G

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$140,625,000
BROWARD COUNTY, FLORIDA
WATER AND SEWER UTILITY
REVENUE BONDS,
SERIES 2012A

\$110,920,000
BROWARD COUNTY, FLORIDA
WATER AND SEWER UTILITY
REVENUE REFUNDING BONDS,
SERIES 2012B

\$47,655,000
BROWARD COUNTY, FLORIDA
WATER AND SEWER UTILITY
REVENUE REFUNDING BONDS,
SERIES 2012C
(TAXABLE)

THIS CONTINUING DISCLOSURE CERTIFICATE (this "Certificate") dated _____, 2012, is executed and delivered by BROWARD COUNTY, FLORIDA, a political subdivision of the State of Florida and a public body corporate and politic (the "County"), in connection with the issuance of its \$140,625,000 Water and Sewer Utility Revenue Bonds, Series 2012A (the "Series 2012A Bonds"), its \$110,920,000 Water and Sewer Utility Revenue Refunding Bonds, Series 2012B (the "Series 2012B Bonds"), and its \$47,655,000 Water and Sewer Utility Revenue Refunding Bonds, Series 2012C (Taxable) (the "Series 2012C Bonds," and collectively with the Series 2012A Bonds and Series 2012B Bonds, the "Series 2012 Bonds"). The Series 2012A Bonds are being issued for the purposes of providing funds, together with other legally available funds, to: (i) pay the Cost of the 2012A Project (as defined in the Official Statement) for the County's Water and Wastewater Utility (referred to in the Bond Resolution as the "Water and Sewer Utility"); (ii) reimburse certain 2012A Project costs; (iii) fund the increase in the Reserve Account Requirement relating to the issuance of the Series 2012A Bonds; and (iv) pay the costs of issuance of the Series 2012A Bonds. The Series 2012B Bonds are being issued for the purposes of providing funds, to: (i) refund a portion of the County's Water and Sewer Utility Revenue and Revenue Refunding Bonds, Series 2003 and a portion of the County's Water and Sewer Utility Revenue Bonds, Series 2005A (such refunded Series 2003 Bonds and refunded Series 2005A Bonds hereinafter referred to collectively as the "2012B Refunded Bonds"); and (ii) pay the costs of issuance of the Series 2012B Bonds. The Series 2012C Bonds are being issued for the purposes providing funds, to: (i) refund a portion of the Series 2003 Bonds and all or a portion of the County's Water and Sewer Utility Revenue Refunding Bonds, Series 2003B (the "Series 2003B Bonds") (such Refunded Series 2003 Bonds and Series 2003B Bonds hereinafter referred to collectively as the "Series 2012C Refunded Bonds" and, collectively with the Series 2012B Refunded Bonds, as the "Refunded Bonds"); and (ii) pay the cost of issuance of the Series 2012C Bonds.

The Series 2012 Bonds are payable from and secured by a lien on and pledge of certain investment income and revenue derived from the operation of the Water and Wastewater Utility of the County (the "Utility"), in the manner provided in Resolution No. 88-4066, adopted by the Board of County Commissioners of the County (the "Board") on September 6, 1988, as amended and supplemented (the "Bond Resolution") and Resolution No. 2012-117 adopted by the Board on February 28, 2012 (the "Series Resolution" and together with the Bond Resolution, the "Resolution"). Each capitalized term used in this Certificate but not otherwise defined herein has the meaning assigned to it in Article I below or in the Resolution. Pursuant to the Resolution, the County certifies as follows:

A. The County has determined to issue and sell the Series 2012 Bonds, and the Series 2012 Bonds will be issued pursuant to the Resolution and secured by the Net Revenues and, to the extent allowed by law, Impact Fees (as defined in the Bond Resolution).

B. The County has determined to comply with the requirements of the Rule to the extent applicable to the Series 2012 Bonds.

The County agrees, in accordance with the provisions of the Rule, for the benefit of the holders and beneficial owners from time to time of the Series 2012 Bonds, as follows:

ARTICLE I Definitions and Interpretation

In addition to the words and terms defined elsewhere in this Certificate or by reference to the Resolution, unless the context or use clearly indicates another or different meaning or intent:

“Accounting Principles” means the accounting principles applied from time to time in the preparation of the Financial Statements, initially generally accepted accounting principles as recommended from time to time by the Governmental Accounting Standards Board of the American Institute of Certified Public Accountants.

“Annual Financial Information” means the following information and operating data for the applicable Fiscal Year concerning the Utility and contained in the Official Statement in the table entitled “Retail Water and Wastewater Billing” under the caption “THE WATER AND WASTEWATER UTILITY” and the historical data contained in the table entitled “Historical and Projected Net Revenues, Debt Service and Debt Service Coverage” under the caption “Overview of Financial Operations”.

“Dissemination Agent” shall mean the County, or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

“Filing Date” means the 180th day following the end of each Fiscal Year.

“Financial Statements” means the audited financial statements of the County with respect to the Utility for the applicable Fiscal Year, which may be part of the County’s consolidated audited financial report.

“Fiscal Year” means each fiscal year of the County ending on September 30th.

“MSIR” shall mean any other municipal securities information repository other than the MSRB as may be required by law or applicable legislation, from time to time, to receive continuing disclosure documents for purposes of the Rule.

“MSRB” means the Municipal Securities Rulemaking Board.

“Official Statement” means the Official Statement with respect to the Series 2012 Bonds dated March 9, 2012.

“Rule” means Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934.

“SEC” means the Securities and Exchange Commission.

The captions and headings in this Certificate are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Sections, subsections, paragraphs, subparagraphs or clauses hereof. Reference to a Section means a section of this Certificate, unless otherwise indicated.

ARTICLE II
The Undertaking

Section 2.1. The County hereby agrees, in accordance with the Rule, for so long as the Rule shall be in effect, to provide or cause to be provided to each MSIR, the following annual financial information and operating data commencing with the Fiscal Year ended September 30, 2012:

(a) its Annual Financial Information for the preceding Fiscal Year not later than the Filing Date for that Fiscal Year; and

(b) when and if available, the Financial Statements for each Fiscal Year prepared in accordance with the Accounting Principles.

Section 2.2. The Annual Financial Information is expected to be available on or before the Filing Date.

Section 2.3. The Financial Statements described in subsection 2.1(b) above are expected to be available on or before the Filing Date.

Section 2.4. The County agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to each MSIR in the appropriate format required by law or applicable regulation, notice of the occurrence of any of the following events with respect to the Series 2012 Bonds:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit facility providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2012 Bonds, or other material events affecting the tax status of the Series 2012 Bonds;
- (vii) modifications to rights of holders of the Series 2012 Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution or sale of any property securing repayment of the Series 2012 Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of the County;

(xiii) consummation of a merger, consolidation, or acquisition involving the County, or sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

With regard to the reportable event described in subsection (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

Section 2.5. The County agrees to provide or cause to be provided, in a timely manner, to each MSIR, notice of a failure of the County to provide the Annual Financial Information with respect to the Utility on or prior to the Filing Date.

Section 2.6. The County reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information to the extent necessary or appropriate in the judgment of the County; provided that, the County agrees that any such modification will be done in a manner consistent with the Rule and Section 4.2 below. The County reserves the right to terminate its obligation to provide the Annual Financial Information and notices of material events, as set forth above, if and when the County no longer remains an “obligated person” with respect to the Series 2012 Bonds within the meaning of the Rule, or in the event that the Rule shall be repealed, rescinded, or invalidated.

Section 2.7. The County agrees that its undertaking pursuant to the Rule is intended to be for the benefit of the holders of the Series 2012 Bonds and shall be enforceable by the holders of the Series 2012 Bonds; provided that, the right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the County’s obligations described herein and any failure by the County to comply with the provisions of this undertaking shall not be an event of default with respect to the Series 2012 Bonds or under the Resolution.

The County has complied with the requirements as described in section (b)(5) of the Rule of each undertaking made by the County on or after July 3, 1995.

The County has not undertaken to give notice of the occurrence of any event other than described in Sections 2.4 and 2.5 above. Neither the Underwriters nor the Bond Registrar and Paying Agent have undertaken to give notice of the occurrence of any event described in the Rule.

A failure by the County to comply with the undertaking described above must be reported by the County in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2012 Bonds in the secondary market. Consequently, such failure may adversely affect the transferability and liquidity of the Series 2012 Bonds and their market price.

Section 2.8 The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

ARTICLE III Operating Rules

Section 3.1. Reference to Other Documents. It shall be sufficient for purposes of Section 4.2 hereof if the County provides the Annual Financial Information by specific reference to documents (i) either (1) provided to each MSIR, or (2) filed with the SEC, or (ii) if such a document is an Official Statement, available from the MSRB.

Section 3.2. Submission of Information. Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time.

Section 3.3. Material Event Notices. Each Event Notice as described in Section 2.4 above shall be so captioned and shall prominently state the title, date and CUSIP numbers of the Series 2012 Bonds.

Section 3.4. Transmission of Information and Notices. Unless otherwise required by law and, in the County's sole determination, subject to technical and economic feasibility, the County shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of the County's information and notices.

ARTICLE IV Termination, Amendment and Enforcement

Section 4.1. Termination. (a) the County's obligations under this Certificate shall terminate upon legal defeasance, prior redemption or payment in full of all of the Series 2012 Bonds.

(b) This Certificate or any provision hereof, shall be null and void in the event that the County (1) delivers an opinion of counsel, addressed to the County, to the effect that those portions of the Rule which require the provisions of this Certificate or any of such provisions, do not or no longer apply to the Series 2012 Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to each MSIR.

Section 4.2. Amendment. (a) This Certificate may be amended by a written Certificate of the appropriate officer of the County, without the consent of the holders of the Series 2012 Bonds if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the County, or the type of business conducted thereby, (2) this Certificate as so amended would have complied with the requirements of the Rule as of the date of this Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the County shall have received an opinion of counsel addressed to the County, to the same effect as set forth in clause (2) above and further to the effect that the amendment does not materially impair the interests of the holders of the Series 2012 Bonds and (4) the County delivers copies of such opinion and amendment to each MSIR.

(b) In addition to subsection (a) above, this Certificate may be amended and any provision of this Certificate may be waived, without the consent of the holders of the Series 2012 Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date hereof which is applicable to this Certificate; (2) the County shall have received an opinion of counsel to the effect that performance by the County under this Certificate as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule; and (3) the County shall have delivered copies of such opinion and amendment to each MSIR.

(c) To the extent any amendment to this Certificate results in a change in the type of financial information or operating data provided pursuant to this Certificate, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change.

(d) If an amendment is made to the basis on which financial statements are prepared, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. Notice of any such amendment shall be provided by the County to either the MSRB or each MSIR.

(e) The County agrees to make filings through the Electronic Municipal Market Access System ("EMMA"), as required by the MSRB.

Section 4.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Certificate shall constitute a contract with and inure solely to the benefit of the holders from time to time of the Series 2012 Bonds. Beneficial owners of Series 2012 Bonds shall be third-party beneficiaries of this Certificate.

(b) Except as provided in this subparagraph (b), the provisions of this Certificate shall create no rights in any person or entity. The obligations of the County to comply with the provisions of this Certificate shall be enforceable by the holders of the Series 2012 Bonds including beneficial owners thereof. The Bondholder's right to enforce the provisions of this Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the County's obligations under this Certificate and the Resolution. In consideration of the third-party beneficiary status of beneficial owners of the Series 2012 Bonds pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of the Series 2012 Bonds for purposes of this subsection (b).

(c) Any failure by the County to perform in accordance with this Certificate and the Resolution shall not constitute a default under the Resolution and any rights and remedies provided by the Resolution upon the occurrence of a default shall not apply to any such failure.

(d) This Certificate shall be construed and interpreted in accordance with the laws of the State of Florida, and any suits and actions arising out of this Certificate shall be instituted in a court of competent jurisdiction in the State of Florida; provided, however, that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Section 4.4. Sources of Payments; Extent of Covenants; No Personal Liability. The County shall be required to use only Net Revenues and, to the extent allowed by law, Impact Fees (as defined in the Bond Resolution) to pay any costs and expenses to be incurred in the performance of this Certificate, and the performance of the obligations hereunder shall be subject to the availability of Net Revenues and, to the extent allowed by law, Impact Fees (as defined in the Bond Resolution) for that purpose. This Certificate does not and shall not constitute a general obligation of the County. All covenants, stipulations, obligations and agreements of the County contained in this Certificate are and shall be deemed to be covenants, stipulations, obligations and agreements of the County to the full extent authorized by law. No covenant, stipulation, obligation or agreement of the County contained in this Certificate shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future officer, agent or employee of the County in other than that person's official capacity.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, we have hereunto executed this Certificate this __ day of _____,
2012.

BROWARD COUNTY, FLORIDA

Attest:

County Administrator and Ex Officio Clerk of
the Board of County Commissioners

By: _____
Mayor

(SEAL)

