



City of  
**DEERFIELD  
BEACH**

# Comprehensive Annual Financial Report

*Deerfield Beach, Florida*  
*Fiscal Year ended September 30, 2006*

*Deerfield Beach Middle School  
Aquatic Center & Athletic Complex  
Completed September 2005*



*City of*

**D E E R F I E L D**  

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**B E A C H**

**CITY OF DEERFIELD BEACH, FLORIDA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006**

Prepared by:  
Office of Management and Budget  
Sally S. Siegel, Director

CITY OF DEERFIELD BEACH, FLORIDA  
 Comprehensive Annual Financial Report  
 For the Year Ended September 30, 2006

TABLE OF CONTENTS

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal .....	i
Organizational Chart .....	vi
List of Elected and Appointed Officials .....	vii
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report .....	1
Management's Discussion and Analysis .....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets .....	14
Statement of Activities .....	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	17
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets .....	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities ...	20
Statement of Net Assets – Proprietary Funds .....	21
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds .....	23
Statement of Cash Flows – Proprietary Funds .....	24
Statement of Fiduciary Net Assets – Fiduciary Funds .....	26
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds .....	27
Notes to the Financial Statements .....	28
Required Supplementary Information:	
Budgetary Comparison Schedule – General Fund .....	54
Schedules of Funding Progress – Pension Trust Funds .....	55
Schedules of Employer Contributions – Pension Trust Funds .....	55
Notes to Required Supplementary Information .....	56
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds .....	59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds .....	61
Non-major Special Revenue Funds:	
Combining Balance Sheet .....	63
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	65
Schedule of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual – Road and Bridge Tax Fund .....	67
Schedule of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual – Community Development Block Grant Fund .....	68
Schedule of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual – Community Redevelopment Agency Fund .....	69

Non-major Debt Service Funds:	
Combining Balance Sheet .....	70
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	71
Fiduciary Funds:	
Combining Statement of Fiduciary Net Assets – Pension Trust Funds .....	72
Combining Statement of Changes in Fiduciary Net Assets – Pension Trust Funds .....	73

## **STATISTICAL SECTION**

### *Financial Trends:*

Net Assets by Component .....	75
Changes in Net Assets .....	76
Governmental Activities Tax Revenues by Source .....	78
Fund Balances of Governmental Funds .....	79
Changes in Fund Balances of Governmental Funds .....	80

### *Revenue Capacity:*

General Governmental Tax Revenues by Source .....	81
Assessed Value and Estimated Actual Value of Taxable Property .....	82
Direct and Overlapping Property Tax Rates .....	83
Principal Property Taxpayers .....	84
Property Tax Levies and Collections .....	85
Water Sold by Type of Customer .....	86
Water and Sewer Rates .....	87

### *Debt Capacity:*

Ratios of Outstanding Debt by Type .....	88
Ratios of General Bonded Debt Outstanding .....	89
Direct and Overlapping Governmental Activities Debt .....	90
Legal Debt Margin Information .....	91
Pledged-Revenue Coverage .....	92

### *Demographic and Economic Information:*

Demographic and Economic Statistics .....	93
Principal Employers .....	94
Full-time Equivalent City Government Employees by Function .....	95

### *Operating Information:*

Operating Indicators by Function .....	96
Capital Asset Statistics by Function .....	97

March 30, 2007

Citizens of Deerfield Beach  
The Honorable Albert R. Capellini  
Members of the City Commission  
Ada Graham-Johnson, Interim City Manager

It is my pleasure to submit to you the Comprehensive Annual Financial Report of the City of Deerfield Beach, Florida for the fiscal year ended September 30, 2006.

Local ordinances and state statute require that the City of Deerfield Beach issue a report on the financial position and activity within twelve months of the close of each fiscal year. Additionally, the financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and this report must be audited in accordance with generally accepted auditing standards by an independent firm of certified public accountants.

This report consists of management's representations concerning the finances of the City. Consequently, the responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed to safeguard City assets from loss, theft or misappropriation and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. We believe that the data as presented is accurate in all material aspects; that it fairly presents the City's financial position and the results of operations and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity are included.

The report contains four sections, namely the introductory section, the financial section, required supplementary information and the statistical section. Listed below is a summary of each section and the information presented:

- The introductory section includes the table of contents, a listing of City officials, the City's organization chart and this letter of transmittal.
- The financial section contains the auditor's report, the management discussion and analysis (MD&A), the entity-wide financial statements and separate fund statements for governmental activities, proprietary activities and trust and agency funds. It also includes the notes to the financial statements which provide additional information related to the financial statements.
- The required supplementary information includes budgetary data for the General Fund as well as selected pension data for the City's defined benefit pension plans.

- The statistical sections contain various charts and graphs detailing comparative and trend information on the City's revenues, expenditures, taxes, debt, population and other pertinent information.

McGladrey & Pullen, LLP, a firm of licensed certified public accountants, audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Deerfield Beach for the fiscal year ended September 30, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Deerfield Beach's financial statements for the fiscal year ended September 30, 2006, are fairly presented in conformity with GAAP. The independent auditor's report is included in the financial section of this report.

In addition to meeting the requirements set forth above, the independent audit was also designed to meet the special needs of federal and state grantor agencies as provided for in the Federal Single Audit Act, Office of Management and Budget's (OMB) Circular A-133 and Florida Single Audit Act in accordance with Chapter 10.550, Rules of the Auditor General. These standards require the independent auditor to report not only on the fair presentation of the basic financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Deerfield Beach's separately issued Single Audit Report.

This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report on the basic financial statements.

### **Profile of the City of Deerfield Beach**

Incorporated in 1925, the City of Deerfield Beach operates under the commission/manager form of government. The City Commission develops legislation and policies to direct the City but employs a professional City Manager to oversee operations. The Mayor, elected at-large to a four-year term, acts as the formal representative of the City and presides over Commission meetings. The public elects four City Commissioners who serve four-year terms.

Since 1990, the population within the city limits has increased 55.6% while the population of Broward County has grown by approximately 42.9%. The size of the City has increased by approximately 4.6 square miles. This boost in population as well as geographic size is due in part to annexations that occurred in 1999 and 2004 as well as the influx of new residents relocating from other areas.

The City of Deerfield Beach provides a broad range of municipal services. These services include public safety, sanitation, water and sewer, recreational and cultural activities, public improvements, planning, zoning, highways and streets and general administrative services. It does not provide primary or secondary education or health care, as these are the responsibility of the Broward County School District and North Broward Hospital District respectively. Both of these entities are independent special districts that are not part of the City of Deerfield Beach. As such, financial data for them or for any other government has not been included in the financial statements in this report.

Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Community Redevelopment Agency (CRA) is reported as a special revenue fund of the primary government.

For financial planning and control, the City prepares and adopts an annual operating budget in accordance with Florida Statute Chapter 166.241. The legally adopted budget is at the departmental

level for current expenditures with separate appropriations established for debt service, interfund transfers, intergovernmental expenditures and miscellaneous fiscal transactions. Budgetary control is internally administered at a more restrictive level. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund this comparison is presented on page 54 as part of the required supplementary information. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the other supplementary information section.

## **Factors Affecting Economic Condition**

### Local Economy

Home to over 77,000 residents, Deerfield Beach is located on the east coast of Florida in Broward County. The City is primarily a residential community and offers commercial development such as shopping facilities, office buildings, restaurants, tourist lodgings and light industry. Locally, the City of Deerfield Beach continues to monitor the State legislature's actions regarding property tax reform. The State is considering a variety of alternatives to address the public's outcry over rising property taxes. This increase has been attributed to the rapid escalation in property values throughout Florida over the past few years as the state has become a popular mecca for citizens relocating from other areas of the country. It appears that almost any change to the property tax system will result in reduced ad valorem revenue for Deerfield Beach. This has been the subject of much discussion by the City Commission as the fiscal 2008 budget process is about to begin and this issue will undoubtedly drive many of the decisions made during the budgetary development.

### Long-term Financial Planning and Relevant Financial Policies

The City of Deerfield Beach incorporates its financial and budgetary policies into the annual budget which serves as the foundation for the City's financial planning and control. Historical trends coupled with current and anticipated economic performance guide the development of this document. Individual departments evaluate and forecast personnel, operating and equipment needs for both the short and long term. These requests are reviewed and adjusted by the city manager and ultimately modified and approved by the city commission. Relevant policies that work in conjunction with the City's financial planning process include the following:

**Fund Reserves** – The City's general guideline is to maintain undesignated fund balance in the general fund at a level sufficient to provide for temporary financing of unforeseen needs of an emergency nature and to permit the orderly adjustment to changes resulting from the decline in a source of revenue. The level of fund balance in the general fund will be a minimum of 5% of total expenditures, exclusive of debt service, operating transfers and non-recurring costs. Additionally, an emergency reserve fund, which is part of the general fund balance, shall be maintained at a level of at least \$1.0 million and shall be used only in case of an emergency.

**Capital Improvements** - The City makes all capital improvements in accordance with an adopted capital improvement program which is updated annually. The capital improvement budget is coordinated with the development of the operating budget and in compliance with the Comprehensive Plan's Capital Improvement Element. Assets will be maintained at a level that is adequate to protect the City's capital investment as well as minimize future maintenance and replacement costs. The most economical means of financing capital assets shall be employed.

**Debt** – Debt financing shall be secured for non-routine items that are considered to be major purchases. The City confines short and long term borrowing to capital projects or improvements which carry a benefit that exceeds five years and cannot be financed from current revenues. Bond issuances for capital projects shall not be for time frames that exceed the useful life of a project. When appropriate, special assessment revenue or self supporting bonds shall be issued as opposed to general obligation bonds, so that those benefiting from the improvements will absorb all or part of the cost of the debt.

Cash Management - The City has adopted a cash management policy that is conservative and emphasizes capital preservation. To ensure the safety of the City's funds, all investments are with depositories that are qualified under Florida law and thus are fully collateralized in accordance with Chapter 280 of the state statutes. All monies, except those held by the utility sinking fund and the four pension funds, are invested in either the state investment pool for local governments, or in an account which is maintained with the City's primary depository, is subject to a 10% reserve requirement, and pays interest at a rate that is equal to the weekly average federal funds rate minus twenty five basis points; or in an investment account managed by a bank trust department in strict accordance with the City's formal investment policy.

The yield on investments during fiscal 2006 was 4.73%, as compared to an average federal funds rate of 4.65% for the same period.

Cash and investments held by the utility sinking fund and the four pension funds is the responsibility of independent trustees.

Additional information on the City's cash management activities can be found in Note III (A) of the Notes to the Financial Statements.

Risk Management - To finance its risks of general liability, automobile liability, physical damage, dental and vision coverage, professional liability, unemployment compensation and worker's compensation, the City maintains a program of self insurance, supplemented with commercial insurance of limited coverage, that is sufficient to protect resources at the lowest reasonable cost.

The risk management function is accounted for within the general fund. The current portion of the liability related to the various claims which were reasonably determinable at the end of the fiscal year has been accrued in that fund and the long term portion has been provided for in the government-wide financial statements.

Details of the City's insurance programs can be found in Note IV (B) of the Notes to the Financial Statements.

Employee Retirement System - The City maintains three defined benefit pension plans and one defined contribution plan. Each year, independent actuaries engaged by the pension boards calculate the amount of the annual required contribution (ARC) that the City must make to the defined benefit pension plans to ensure that the plans will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City funds 100% of each year's ARC to the defined benefit pension plans as determined by their actuaries.

A more detailed discussion of the City's pension plans can be found in Note IV (D) (E) of the Notes to the Financial Statements.

### **Major Initiatives**

During the past year there have been some noteworthy events in the City that have or will have a positive impact on the area:

- Construction was completed in March 2007 on the mitigation operations center located at the FAU Research Park. This facility houses a fire station, fire administration offices and the City's emergency operations center. The building was designed to withstand a category 4 hurricane in keeping with the City's commitment to hurricane preparation.

- Construction is continuing on the new public works facility. Completion is anticipated in mid 2007 and the new facility will provide for the relocation of the current public works operations.
- Revenue bonds backed by electric franchise fees were issued by the City in December 2006. This funding was utilized for the mitigation operations center and public works facility projects.
- The City's parks and recreation department completed its first fiscal year of operating the International Fishing Pier. The overall results were positive as the City has been able to improve the maintenance of the facility while generating sufficient revenue to support the pier's operations.
- Fiscal year 2006 saw the start of construction of the north boardwalk in the Community Redevelopment Area (CRA) in Deerfield Beach. Upon completion, this project will provide continuous access from the north beach pavilion to the Ocean Way promenade. It will also allow for pedestrian access from AIA to the beach along N.E. 2<sup>nd</sup> Street. Aside from the aesthetic enhancement to the beach area, this will promote safety for beach goers.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Deerfield Beach for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2005. This was the 26<sup>th</sup> consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Additionally, the City of Deerfield Beach also received the GFOA's Distinguished Budget Presentation Award for its annual budget for fiscal year 2005-06 for the 10<sup>th</sup> consecutive year. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

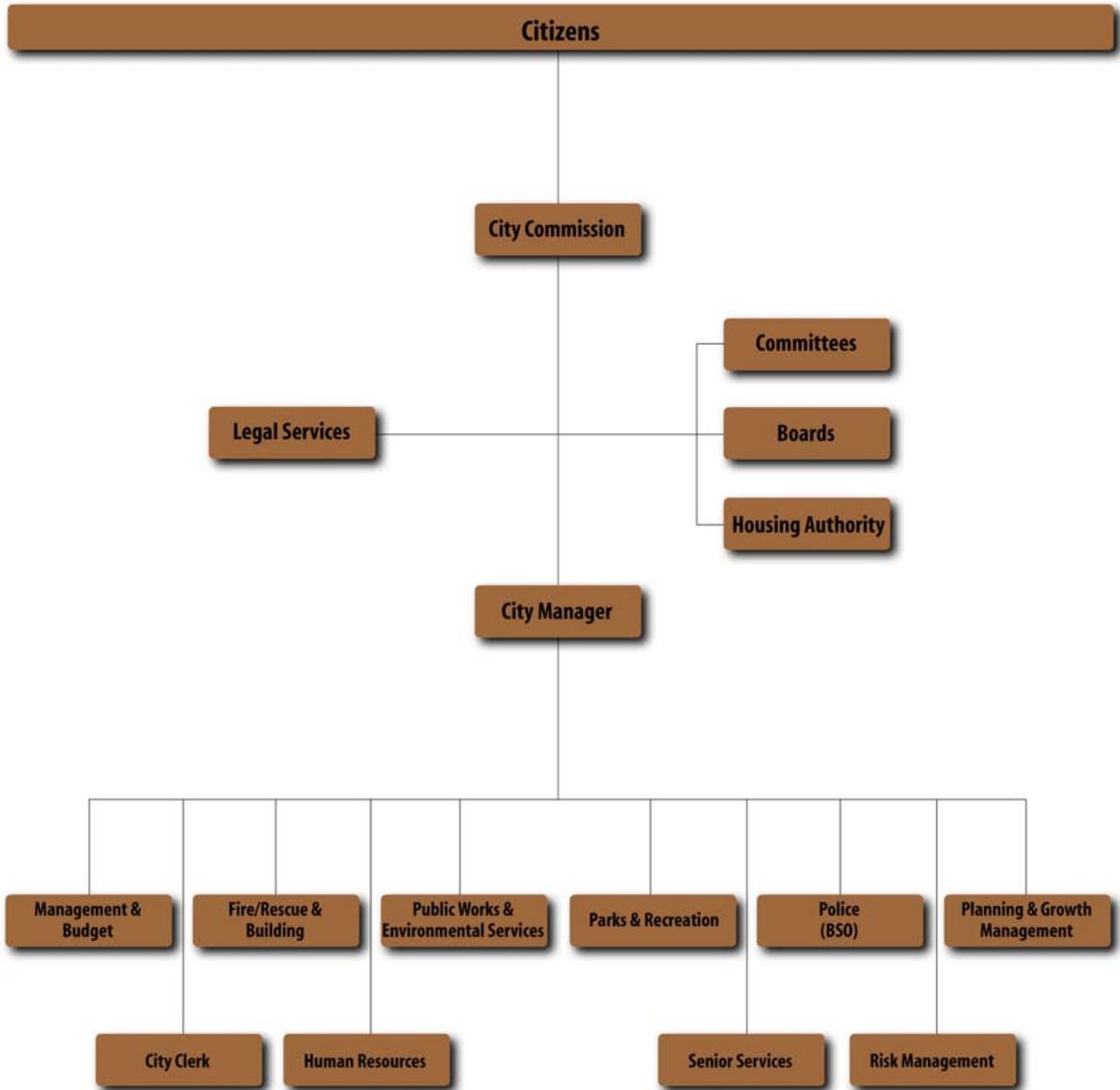
Thank you for your continuing interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner. I also express my appreciation to all members of the management and budget department staff who assisted and contributed to the preparation of this report. Special appreciation is extended to Hugh Dunkley, Assistant Finance Director whose dedicated service made this report and the year a success.

Respectfully submitted,

*Sally S. Siegel*

Sally Siegel  
Finance Director

# City of Deerfield Beach Organization Chart



City of Deerfield Beach, Florida  
List of Elected and Appointed Officials  
September 30, 2006

Elected Officials

Mayor	Albert R. Capellini
Vice Mayor	Pam Militello
Commissioner	Steve Gonot
Commissioner	Sylvia Poitier
Commissioner	Martin Popelsky

Appointed Officials

Acting City Manager	Ada Graham-Johnson
City Attorney	Andrew S. Maurodis
Acting City Clerk	Samantha L. Gillyard
Director of Parks & Recreation	Vincent Kendrick
Finance Director	Sally S. Siegel
Fire Chief	Anthony P. Stravino
Director of Human Resources	Marva J. Gordon
Director of Planning & Growth Management	Gerald R. Ferguson
Police Chief	Jay Fernandez
Director of Public Works & Environmental Services	Carl Peter
Risk Manager	Linda Hayden
Director of Senior Services	Donna Defronzo

# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report

To the Honorable Mayor and Members of the  
City Commission  
City of Deerfield Beach, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Deerfield Beach, Florida (the "City"), as of and for the year ended September 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Deerfield Beach Municipal Firemen's Pension Trust Fund, City of Deerfield Beach Non-uniformed Employees' Retirement Plan and the City of Deerfield Beach Municipal Police Officer's Retirement Plan, which statements represent 95% of the total assets and 71% of total revenue of the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Deerfield Beach Municipal Firemen's Pension Trust Fund, City of Deerfield Beach Non-uniformed Employees' Retirement Plan and the City of Deerfield Beach Municipal Police Officer's Retirement Plan is based solely 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 the 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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Deerfield Beach, Florida as of September 30, 2006, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 30, 2007 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

Management's discussion and analysis, the budgetary comparison information and the pension fund schedule of funding progress and employer contributions on pages 3 through 13, page 54 and page 55, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has 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.

*McGladrey & Pullen, LLP*

Fort Lauderdale, Florida  
March 30, 2007



*City of*

**D E E R F I E L D**

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**B E A C H**

**City of Deerfield Beach, Florida**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2006

The management of the City of Deerfield Beach (City) presents this narrative overview and analysis to facilitate both a short and long term analysis of the financial activities of the City of Deerfield Beach for the fiscal year ended September 30, 2006. This Management's Discussion and Analysis is based on currently known facts, decisions and conditions that existed as of the date of the independent auditor's report. The information presented is in accordance with Governmental Accounting Standards Board Statement Number 34 (GASB 34). We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - v of this report.

### **Financial Highlights**

- The total assets of the City of Deerfield Beach at September 30, 2006 increased \$8.6 million from \$185.4 million to \$194.0 million, or 4.6% from the prior year. This increase was due primarily to increases in property tax revenue and operating grants related to Hurricane Wilma.
- The City's total liabilities decreased slightly, by \$0.1 million, from \$84.0 million to \$83.9 million from the prior year.
- The assets of the City of Deerfield Beach exceeded its liabilities at the close of the most recent fiscal year by \$110.1 million (net assets). Of this amount, \$51.4 million was from governmental funds and \$58.7 million was from business-type activities.
- As of the close of the current fiscal year, the City of Deerfield Beach's governmental funds reported combined ending fund balances of \$29.4 million. Slightly more than 76 percent of this total amount, \$22.4 million, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$9.7 million, or 12.3 percent of total general fund expenditures.

### **Overview of the Financial Statements**

This discussion and analysis serves as an introduction to the City of Deerfield Beach's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other 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 the City of Deerfield Beach's finances, in a manner similar to a private-sector business and include both long term and short term information about the City's financial status.

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

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

**City of Deerfield Beach, Florida**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2006

Examples of such items include earned but uncollected ad valorem taxes and earned, but unused compensated absences.

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

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate Community Redevelopment Agency (CRA) for which the City is financially accountable. Although legally separate, the CRA's governing body is identical to the City Commission, and because the services of the CRA are exclusively for the benefit of the City and its residents, it is included as an integral part of the primary government.

The government-wide financial statements can be found on pages 14 - 16 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Deerfield Beach uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for activities where the emphasis is placed on available financial resources, rather than upon net income determination. Therefore, unlike the government-wide financial statements, governmental fund financial statements focus on the acquisition and use of current 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 information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Deerfield Beach maintains 16 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 those funds that are considered significant (major) to the City as a whole. These financial statements report two major funds: general fund and general construction fund. 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 that are found on pages 59 - 66 of this report.

The City of Deerfield Beach adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17 and 19 of this report.

**City of Deerfield Beach, Florida**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2006

**Proprietary funds.** Proprietary funds are used to account for activities where the emphasis is placed on net income determination. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements with greater detail. The City of Deerfield Beach uses enterprise funds to account for its water and sewer operations as well as its solid waste activities. The enterprise funds, both of which are considered to be major funds of the City, are reported separately as proprietary fund financial statements in the basic financial statements.

The basic proprietary fund financial statements can be found on pages 21 - 25 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Deerfield Beach's own programs. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 26 - 27 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28 - 53 of this report and should be read in conjunction with the City's financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) concerning the City of Deerfield Beach's progress in funding its obligation to provide pension benefits to its employees, budgetary comparisons for the general fund and the budget to accounting principles generally accepted in the United States of America reconciliation schedule. RSI can be found on page 54 - 56 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the RSI on pensions. Combining and individual fund statements and schedules can be found on pages 59 - 73 of this report.

### **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 City of Deerfield Beach, assets exceeded liabilities by \$110.1 million at the close of fiscal year 2006.

The largest portion of the City of Deerfield Beach's net assets (72.6%) reflects its investment in capital assets (e.g., land, buildings, equipment, improvements, utility plants and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City of Deerfield Beach uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Deerfield Beach's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Deerfield Beach, Florida**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2006

**City of Deerfield Beach's Net Assets**

	Governmental Activities		Business-type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Current and other assets	\$38,630,303	\$47,703,250	\$20,764,137	\$17,117,260	\$59,394,440	\$64,820,510
Capital assets	<u>69,974,447</u>	<u>57,021,745</u>	<u>64,639,801</u>	<u>63,572,920</u>	<u>134,614,248</u>	<u>120,594,665</u>
Total assets	<u>108,604,750</u>	<u>104,724,995</u>	<u>85,403,938</u>	<u>80,690,180</u>	<u>194,008,688</u>	<u>185,415,175</u>
Current liabilities	6,750,577	5,821,643	4,501,061	2,628,630	11,251,638	8,450,273
Long-term liabilities	<u>50,453,303</u>	<u>55,153,631</u>	<u>22,165,811</u>	<u>20,434,891</u>	<u>72,619,114</u>	<u>75,588,522</u>
Total liabilities	<u>57,203,880</u>	<u>60,975,274</u>	<u>26,666,872</u>	<u>23,063,521</u>	<u>83,870,752</u>	<u>84,038,795</u>
Net assets:						
Invested in capital assets, net of related debt	36,427,927	33,334,631	43,564,678	44,493,424	79,992,605	77,828,055
Restricted	8,343,884	5,166,154	4,755,659	4,404,024	13,099,543	9,570,178
Unrestricted	<u>6,629,059</u>	<u>5,260,129</u>	<u>10,416,729</u>	<u>8,729,211</u>	<u>17,045,788</u>	<u>13,989,340</u>
Total net assets	<u>\$51,400,870</u>	<u>\$43,760,914</u>	<u>\$58,737,066</u>	<u>\$57,626,659</u>	<u>\$110,137,936</u>	<u>\$101,387,573</u>

An additional portion of the City of Deerfield Beach's net assets (11.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$17.0 million) may be used to meet the government's ongoing obligations to citizens and creditors.

The net assets of business-type activities increased \$1.1 million to \$58.7 million in 2006. The City generally can only use these net assets to finance the continuing operations of the specific enterprise activity that it relates to.

The City's current and other assets decreased by \$5.4 million from \$64.8 million to \$59.4 million. This decrease is primarily due to the use of cash and investments for the addition of capital assets throughout the fiscal year.

Capital assets increased \$14.0 million from \$120.6 million to \$134.6 million, or 11.6% from the prior year. This increase is primarily due to the construction of a new public works facility, new mitigation operations center, deep injection well and concentrate pumping station.

Current liabilities increased by 33.2% from \$8.5 million to \$11.3 million. This increase is the result of outstanding payables at fiscal year end to vendors for current construction projects.

The City's total noncurrent liabilities decreased \$3.0 million from \$75.6 million to \$72.6 million, or less than four percent from the prior year. This was due to various changes in amounts due for compensated absences, insurance claims payable and bonds, loans and leases payable.

**City of Deerfield Beach, Florida**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2006**

**City of Deerfield Beach's Change in Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 19,458,010	\$ 17,274,521	\$ 33,535,202	\$ 33,170,886	\$ 52,993,212	\$ 50,445,407
Operating grants/contributions	14,957,903	4,459,951	-	-	14,957,903	4,459,951
Capital grants/contributions	732,532	1,521,244	224,577	111,760	957,109	1,633,004
<b>General revenues:</b>						
Taxes	52,616,703	46,072,064	-	-	52,616,703	46,072,064
Grants and contributions not restricted to specific programs and miscellaneous	1,859,788	3,112,942	-	-	1,859,788	3,112,942
Unrestricted investment earnings	<u>1,913,598</u>	<u>1,183,078</u>	<u>545,719</u>	<u>377,479</u>	<u>2,459,317</u>	<u>1,560,557</u>
<b>Total revenues</b>	<u>91,538,534</u>	<u>73,623,800</u>	<u>34,305,498</u>	<u>33,660,125</u>	<u>125,844,032</u>	<u>107,283,925</u>
<b>Expenses:</b>						
General government	16,392,601	16,465,472	-	-	16,392,601	16,465,472
Economic environment	1,083,068	1,104,229	-	-	1,083,068	1,104,229
Public safety	48,317,723	34,156,399	-	-	48,317,723	34,156,399
Human services	2,447,371	2,489,242	-	-	2,447,371	2,489,242
Physical environment	5,063,502	4,640,670	-	-	5,063,502	4,640,670
Transportation	3,121,928	2,839,192	-	-	3,121,928	2,839,192
Culture and recreation	5,682,273	4,777,558	-	-	5,682,273	4,777,558
Interest on long term-debt	1,790,112	1,713,398	-	-	1,790,112	1,713,398
Water and sewer	-	-	17,699,651	18,577,991	17,699,651	18,577,991
Solid waste	-	-	15,495,440	14,118,216	15,495,440	14,118,216
<b>Total expenses</b>	<u>83,898,578</u>	<u>68,186,160</u>	<u>33,195,091</u>	<u>32,696,207</u>	<u>117,093,669</u>	<u>134,077,458</u>
<b>Increase in net assets</b>						
before transfers	<u>7,639,956</u>	<u>5,437,640</u>	<u>1,110,407</u>	<u>963,918</u>	<u>8,750,363</u>	<u>6,401,558</u>
Transfers	-	-	-	-	-	-
<b>Increase in net assets</b>	<u>7,639,956</u>	<u>5,437,640</u>	<u>1,110,407</u>	<u>963,918</u>	<u>8,750,363</u>	<u>6,401,558</u>
Net assets, October 1	<u>43,760,914</u>	<u>38,323,274</u>	<u>57,626,659</u>	<u>56,662,741</u>	<u>101,387,573</u>	<u>94,986,015</u>
<b>Net assets, September 30</b>	<u>\$ 51,400,870</u>	<u>\$ 43,760,914</u>	<u>\$ 58,737,066</u>	<u>\$ 57,626,659</u>	<u>\$ 110,137,936</u>	<u>\$ 101,387,573</u>

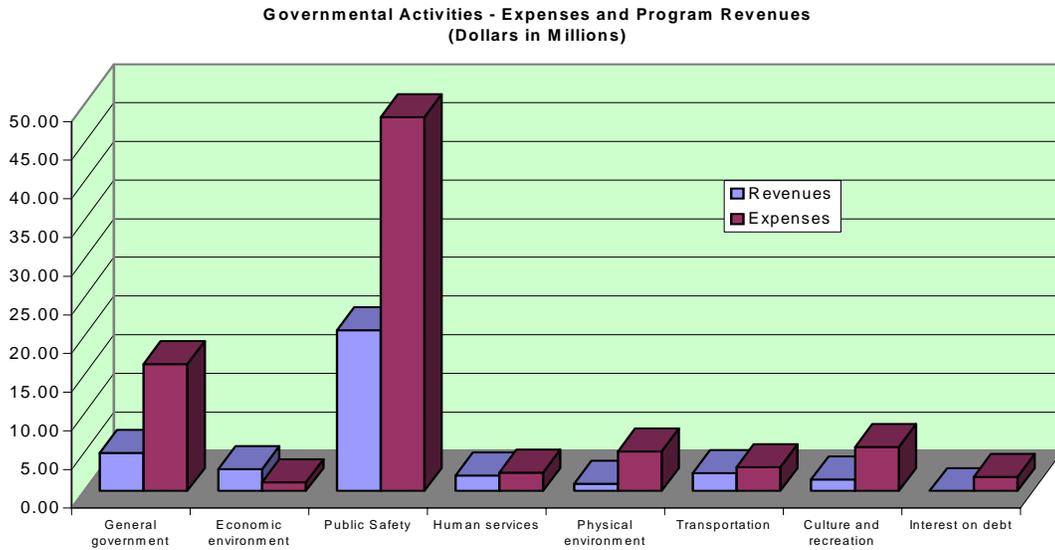
**Governmental activities.** Governmental activities increased the City's net assets by \$7.6 million after transfers, thereby accounting for 87.3% of the total growth in total net assets. The City's total revenues totaled \$91.5 million in governmental activities. Of revenues, 57.4% is generated from taxes, 21.3% is from charges for services, operating grants/contributions comprise 16.3%, capital grants/contributions make up 1.0%, grants and contributions not restricted to specific programs and miscellaneous revenues equals 2.0%, and unrestricted investment earnings generates 2.0%. Operating grants/contributions experienced the largest increase in fiscal year 2006 due to monies received from both FEMA and the State of Florida for reimbursement of expenses related to Hurricane Wilma. Tax revenue also rose significantly as a result of spiraling property values and the associated ad valorem taxes generated from

**City of Deerfield Beach, Florida**  
 Management's Discussion and Analysis  
 For the Year Ended September 30, 2006

the increased selling prices of local property. Another component of this revenue category is the increased permit fees generated from the aftermath of Hurricane Wilma.

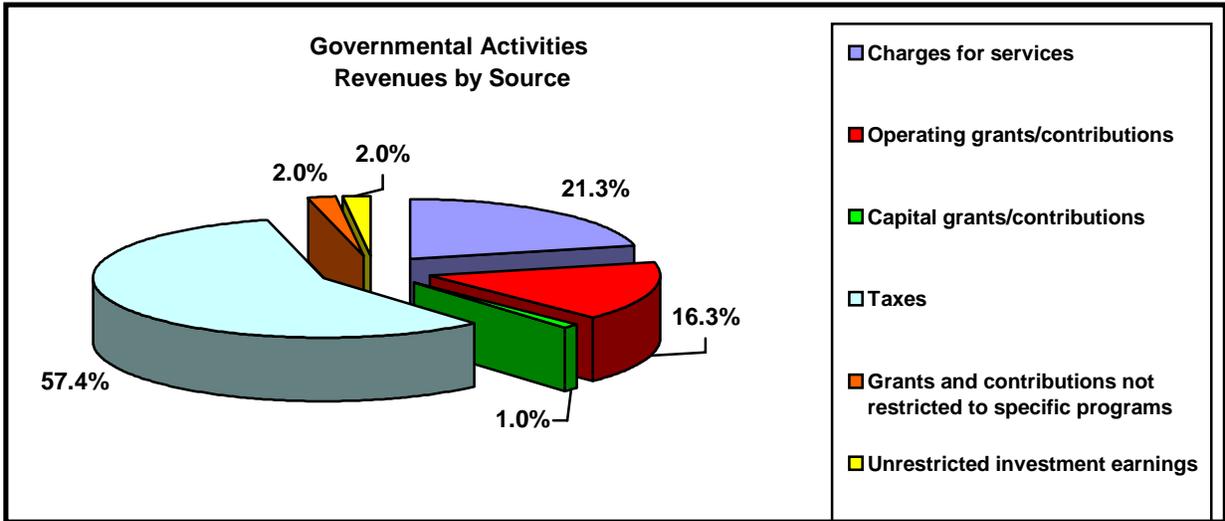
The City's expenses cover a broad range of services, with approximately 57.6% of governmental activity expenses related to public safety (fire/rescue and police protection). Public safety expenses constitute the largest component of the change in total expenses due to the cost of funding an additional police zone as well as additional capital expenditures for the fire/rescue department. The City's total revenues exceeded its expenses for governmental activities by a 9.1% margin and business-type activities had 3.2% more revenues than expenses.

The next chart compares program revenues and expenses for the individual governmental activities for the current year. As the chart reflects, all governmental activities relied on general revenues to support the function.



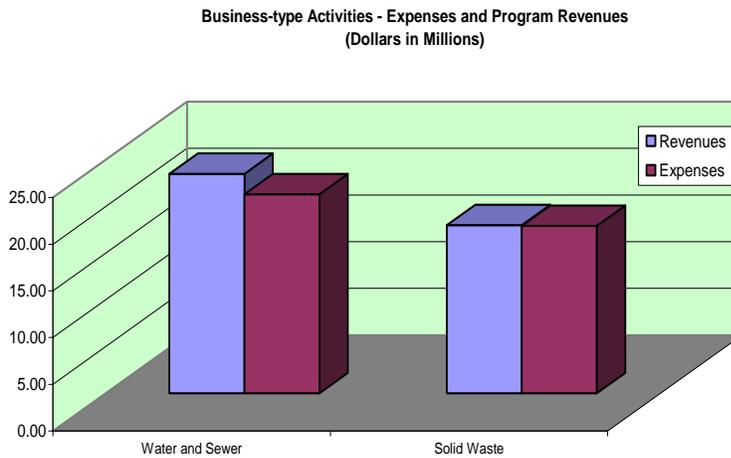
The next chart shows the percent of the total for each source of revenue supporting governmental activities.

**City of Deerfield Beach, Florida**  
 Management's Discussion and Analysis  
 For the Year Ended September 30, 2006



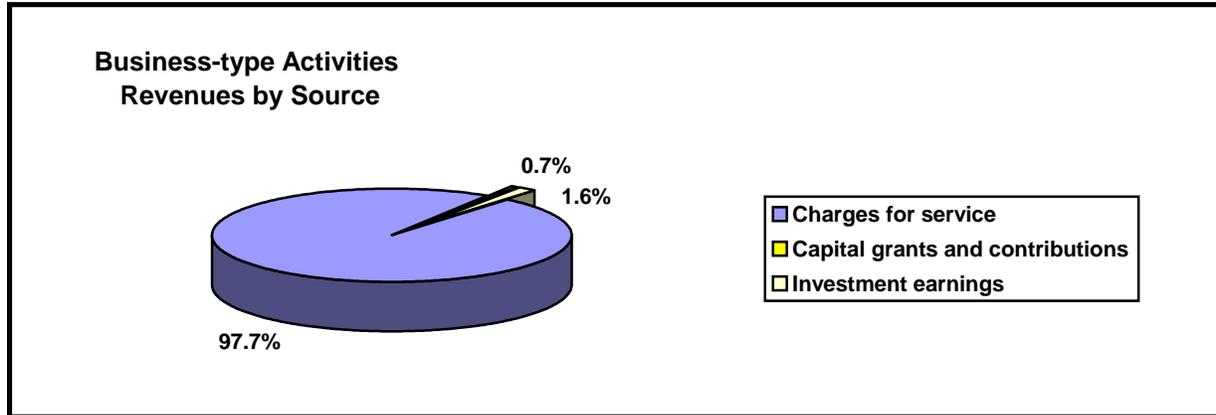
**Business-type activities.** Business-type activities increased the City's net assets by \$1.1 million after transfers, thereby accounting for 12.7% of the total growth in net assets. The overall change in net assets for business-type activities remained constant with the prior year due primarily to the slight increase in all revenue types and a decrease in water/sewer overall expenses.

The following chart compares program revenues to expenses by individual business-type activity for the current year. These business-type activities recover more costs through program revenues than governmental activities and the water and sewer fund, generating sufficient revenues to cover current expenses.



**City of Deerfield Beach, Florida**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2006

The following chart shows that almost 98% of revenues from business-type activities are generated by charges for services.



### **Financial Analysis of the City's Funds**

The City of Deerfield Beach uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City of Deerfield Beach's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Deerfield Beach's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Deerfield Beach's governmental funds reported combined ending fund balances of \$29.4 million, a decrease of \$8.1 million from the prior year's ending balances of \$37.5 million. A portion of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$2.2 million), 2) to generate income to pay for the perpetual care of the municipal cemetery (\$1.9 million), or 3) for a variety of other restricted purposes (\$1.1 million).

The general fund is the chief operating fund of the City of Deerfield Beach. At the end of the current fiscal year, unreserved fund balance of the general fund was \$9.7 million, while total fund balance reached \$11.9 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 12.3% of total general fund expenditures, while total fund balance represents approximately 15.1% of that same amount.

The unreserved fund balance of the City of Deerfield Beach's general fund increased by \$0.3 million during the current fiscal year. Key factors in this growth are as follows:

- Ad valorem revenues increased by \$3.6 million due to increased assessed values on property transactions and new construction in Deerfield Beach.
- Charges for service increased by \$1.2 million in fiscal year 2006 primarily as a result of increased license and permit fees which can be attributed to repairs from damage due to Hurricane Wilma.

**City of Deerfield Beach, Florida**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2006

- Public safety expenditures increased by \$14.1 million, or 41.2%. A significant portion of this increase was due to costs incurred by the city as a result of damages sustained during Hurricane Wilma, which occurred during October 2005. This increase was partially offset by an increase in operating grant revenue from federal and state sources. Additional increases in personnel costs as per labor agreements, as well as funding for an additional police zone for an entire fiscal year with Broward Sheriff's Office, also led to the overall increase in public safety expenditures.
- Culture and recreation costs increased by \$0.9 million as the city staffed the aquatic center and operated the international municipal pier for the entire fiscal year. The increased costs associated with the pier also provided a revenue stream of over \$0.1 million through charges for services for pier admittance as well as parking fees in the municipal lot adjacent to the pier.

The general construction fund balance decreased by \$12.2 million primarily due to the expenditure of funds for a few sizable capital projects within the city. One such project, the new public works facility, is scheduled for completion in the spring of 2007 and will contain garage facilities for the city's equipment and vehicle fleet as well as administrative offices. Another significant project is the City's mitigation operations center (MOC). This structure was designed to withstand a category 4 hurricane and it houses a fire station, fire department administrative offices and the city's emergency operations center.

**Proprietary funds.** The City of Deerfield Beach's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Restricted net assets in the water and sewer fund totaled \$4.7 million at the end of fiscal year 2006. Unrestricted net assets of the water and sewer fund at the end of the year amounted to \$10.4 million, and those for the solid waste fund amounted to less than \$0.1 million. Factors concerning the finances of these two funds have already been addressed in the discussion of the City of Deerfield Beach's business-type activities.

### **General Fund Budgetary Highlights**

The difference between the original budget and the final amended budget was an increase of \$9,000,000. The increases were allocated as follows: \$250,000 to city attorney, \$50,000 to public works, \$1,800 to management and budget, \$75,000 to parks and recreation, \$300,000 to fire/rescue, \$2,500,000 to insurance/safety and \$5,823,200 to other-unclassified. Miscellaneous increases in revenues funded these additional expenditures in addition to a cash carryover of \$9,000,000 from the prior year.

During the year, actual revenues exceeded budgetary estimates and actual expenditures were less than budgetary appropriations, except for "Other-Unclassified" expenditures, which relates to Hurricane Wilma.

### **Capital Asset and Debt Administration**

**Capital assets.** The City of Deerfield Beach's capital assets for its governmental and business type activities as of September 30, 2006, amounts to \$134.6 million (net of accumulated depreciation). These capital assets include land, buildings, improvements other than building (such as park improvements), equipment, utility plants in service and infrastructure (roads, highways, bridges). The total increase in the City's capital assets for the current fiscal year was 11.6% (22.7% for governmental activities and 1.6% for business-type activities). The following table summarizes the City's capital assets.

**City of Deerfield Beach, Florida**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2006

**City of Deerfield Beach's Capital Assets  
(net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 9,185,192	\$ 9,185,192	\$ 50,531	\$ 50,531	\$ 9,235,723	\$ 9,235,723
Buildings	5,633,078	5,675,128	951,037	1,010,468	6,584,115	6,685,596
Improvements other than buildings	2,355,950	2,542,130	28,600,148	30,023,088	30,956,098	32,565,218
Equipment	3,648,234	3,147,131	4,239,209	3,841,917	7,887,443	6,989,048
Utility plants in service	-	-	26,498,895	27,511,869	26,498,895	27,511,869
Infrastructure	25,762,473	26,709,705	-	-	25,762,473	26,709,705
Construction in progress	<u>23,389,520</u>	<u>9,762,459</u>	<u>4,299,981</u>	<u>1,135,047</u>	<u>27,689,501</u>	<u>10,897,506</u>
Total	<u>\$ 69,974,447</u>	<u>\$ 57,021,745</u>	<u>\$ 64,639,801</u>	<u>\$ 63,572,920</u>	<u>\$ 134,614,248</u>	<u>\$ 120,594,665</u>

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

- Construction of the public works facility. Estimated completion is the spring of 2007.
- Construction of Ocean Way enhancements.
- Construction of the mitigation operations center. Facility was completed in March 2007.
- Construction in progress of the deep injection well at the utilities facility.
- Construction in progress of the concentrate pumping station.
- Various water treatment improvements.

Additional information on the City of Deerfield Beach's capital assets can be found in Note III (C) on pages 39 - 40 of this report.

**Long-term debt.** At year-end, the City of Deerfield Beach had \$30.9 million in general obligation bonds and \$0.4 million in revenue bonds outstanding. New debt resulted mainly from the issuance of a loan payable in the amount of \$2.4 million. This funding is for various water treatment improvements.

The City continues to maintain high investment grade ratings from the three major rating agencies. Ratings of A from Fitch Ratings, AA- from Standard and Poor's Corporation and Aa3 from Moody's Investor Service, Inc. remain unchanged from the prior fiscal year.

**City of Deerfield Beach, Florida**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2006

**City of Deerfield Beach's Outstanding Debt  
(Bonds, Loans and Leases Payable)**

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
General obligation bonds (backed by the City)	\$ 30,850,943	\$ 32,281,189	\$ -	\$ -	\$ 30,850,943	\$ 32,281,189
Revenue bonds	-	500,000	420,000	420,000	420,000	920,000
Covenant bonds	9,005,000	9,245,000	-	-	9,005,000	9,245,000
Add/(subtract) premium/(discount)	955,344	1,017,998	-	(465)	955,344	1,017,533
Capital leases	2,521,465	2,663,604	2,363,988	2,118,674	4,885,453	4,782,278
Loan payable	-	-	<u>18,076,252</u>	<u>16,541,287</u>	<u>18,076,252</u>	<u>16,541,287</u>
Total bonds, loans and leases payable	<u>\$ 43,332,752</u>	<u>\$ 45,707,791</u>	<u>\$ 20,860,240</u>	<u>\$ 19,079,496</u>	<u>\$ 64,192,992</u>	<u>\$ 64,787,287</u>

The City's general obligation debt per capita, excluding enterprise fund debt, was \$396 at the end of fiscal year 2006. The City's outstanding net general obligation debt was .34% of the City's assessed property value. The legal debt limit as per City Charter is 15% of assessed property value and the City has reached approximately 2.3% of this limit.

Additional information on the City of Deerfield Beach's long-term debt can be found in Note III (H) on pages 42 – 45 of this report.

**Economic Factors and Next Year's Budgets and Rates**

During the preparation of the budget for the ensuing fiscal year, the City evaluated the long-term impacts of the national and local economies in conjunction with business decisions made. The following are the major assumptions used in formulating the fiscal 2007 budget:

- Growth of the nation's economy will not expand as rapidly as the previous fiscal year.
- Florida will experience employment growth that slightly exceeds that of the country.
- The City's population will increase modestly.
- The property tax base will increase by approximately 18%.
- Salaries will increase by 3%.
- Health benefit costs will remain constant.
- Property insurance will increase by approximately 10%.
- Water, wastewater and residential solid waste rates will increase between 3.5% and 4.0%..

During the current fiscal year, unreserved fund balance in the general fund increased to \$9.3 million. The City does not plan to appropriate any of this amount for spending in the 2007 fiscal year budget.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Deerfield Beach'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 financial information should be addressed to the Director of Management and Budget, City of Deerfield Beach, 150 N.E. 2<sup>nd</sup> Avenue, Deerfield Beach, Florida 33441.



*City of*

**D E E R F I E L D**

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**B E A C H**

# CITY OF DEERFIELD BEACH, FLORIDA

## STATEMENT OF NET ASSETS

SEPTEMBER 30, 2006

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,077,960	\$ 555,376	\$ 1,633,336
Investments	9,161,260	10,059,598	19,220,858
Receivables (net of allowances)	761,962	4,765,544	5,527,506
Internal balances	291,374	(291,374)	-
Due from other governments	1,306,833	142,817	1,449,650
Inventories	306,169	329,241	635,410
Prepays	966,968	-	966,968
Deferred charges	699,756	-	699,756
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	3,918,490	722,796	4,641,286
Investments	18,313,003	4,480,139	22,793,142
Intergovernmental receivable	717,778	-	717,778
Permanently restricted:			
Investments	1,108,750	-	1,108,750
Capital assets:			
Non-depreciable	32,574,712	4,350,512	36,925,224
Depreciable (net)	37,399,735	60,289,289	97,689,024
Total assets	108,604,750	85,403,938	194,008,688
<b>LIABILITIES</b>			
Accounts payable	4,487,335	3,524,145	8,011,480
Accrued liabilities	744,212	314,757	1,058,969
Accrued interest payable	649,031	214,883	863,914
Unearned revenue	533,460	-	533,460
Payable from restricted assets:			
Accounts payable	297,387	-	297,387
Accrued liabilities	39,152	-	39,152
Customer deposits	-	447,276	447,276
Non-current liabilities:			
Due within one year:			
Compensated absences	1,791,974	626,727	2,418,701
Insurance claims payable	1,611,000	-	1,611,000
Bonds, loans and leases payable	2,482,888	2,018,919	4,501,807
Due in more than one year:			
Compensated absences	1,268,577	678,844	1,947,421
Insurance claims payable	2,449,000	-	2,449,000
Bonds, loans and leases payable	40,849,864	18,841,321	59,691,185
Total liabilities	57,203,880	26,666,872	83,870,752
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	36,427,927	43,564,678	79,992,605
Restricted for:			
Debt service	55,007	-	55,007
Perpetual care:			
Expendable	764,590	-	764,590
Non-expendable	1,108,750	-	1,108,750
Rate stabilization	-	3,600,000	3,600,000
Renewal and replacement	-	100,000	100,000
Transportation	2,605,992	-	2,605,992
Other purposes	3,809,545	-	3,809,545
Unrestricted	6,629,059	11,472,388	18,101,447
Total net assets	\$ 51,400,870	\$ 58,737,066	\$ 110,137,936

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

**CITY OF DEERFIELD BEACH, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
Governmental activities:				
General government	\$ 16,392,601	\$ 4,861,186	\$ -	\$ -
Economic environment	1,083,068	-	2,759,981	-
Public safety	48,317,723	11,216,934	9,545,695	-
Human services	2,447,371	621,291	1,438,281	-
Physical environment	5,063,502	182,875	29,655	689,534
Transportation	3,121,928	1,395,776	876,074	-
Culture and recreation	5,682,273	1,179,948	308,217	42,998
Interest and fiscal charges	1,790,112	-	-	-
Total governmental activities	<u>83,898,578</u>	<u>19,458,010</u>	<u>14,957,903</u>	<u>732,532</u>
Business-type activities:				
Water and sewer	17,699,651	19,026,919	-	224,577
Solid waste	15,495,440	14,508,283	-	-
Total business-type activities	<u>33,195,091</u>	<u>33,535,202</u>	<u>-</u>	<u>224,577</u>
<b>Total</b>	<u><b>\$117,093,669</b></u>	<u><b>\$ 52,993,212</b></u>	<u><b>\$14,957,903</b></u>	<u><b>\$ 957,109</b></u>

General revenues:

- Property taxes
- Incremental property taxes
- Sales taxes
- Franchise taxes
- Motor fuel taxes
- Alcoholic beverage/mobile home license taxes
- Grants and contributions not restricted to specific programs
- Unrestricted investment earnings
- Miscellaneous
- Total general revenues and transfers
- Change in net assets
- Net assets - beginning
- Net assets - ending

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

**Net (Expense) Revenue and  
Changes in Net Assets**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (11,531,415)	\$ -	\$ (11,531,415)
1,676,913	-	1,676,913
(27,555,094)	-	(27,555,094)
(387,799)	-	(387,799)
(4,161,438)	-	(4,161,438)
(850,078)	-	(850,078)
(4,151,110)	-	(4,151,110)
(1,790,112)	-	(1,790,112)
<u>(48,750,133)</u>	<u>-</u>	<u>(48,750,133)</u>
-	1,551,845	1,551,845
<u>-</u>	<u>(987,157)</u>	<u>(987,157)</u>
-	564,688	564,688
<u>(48,750,133)</u>	<u>564,688</u>	<u>(48,185,445)</u>
34,600,447	-	34,600,447
1,041,350	-	1,041,350
4,777,520	-	4,777,520
10,779,607	-	10,779,607
1,417,779	-	1,417,779
53,554	-	53,554
1,791,559	-	1,791,559
1,913,598	545,719	2,459,317
14,675	-	14,675
<u>56,390,089</u>	<u>545,719</u>	<u>56,935,808</u>
7,639,956	1,110,407	8,750,363
<u>43,760,914</u>	<u>57,626,659</u>	<u>101,387,573</u>
<u>\$ 51,400,870</u>	<u>\$ 58,737,066</u>	<u>\$ 110,137,936</u>

**CITY OF DEERFIELD BEACH, FLORIDA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2006**

	<u>General</u>	<u>General Construction Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,077,960	\$ 838,699	\$ 3,079,791	\$ 4,996,450
Investments	9,156,989	15,257,820	4,168,204	28,583,013
Receivables (net):				
Accounts	530,263	-	254	530,517
Assessments	1,141	-	-	1,141
Interest	41,718	165,705	22,881	230,304
Due from other funds	2,934,478	-	959,044	3,893,522
Due from other governments	1,306,833	-	717,778	2,024,611
Inventories	306,169	-	-	306,169
Prepaid items	787,260	-	295	787,555
Total assets	<u>\$ 16,142,811</u>	<u>\$ 16,262,224</u>	<u>\$ 8,948,247</u>	<u>\$ 41,353,282</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	1,137,113	3,403,039	244,570	4,784,722
Accrued liabilities	2,355,212	-	39,152	2,394,364
Due to other funds	-	3,072,951	529,197	3,602,148
Unearned/deferred revenue	774,397	-	413,250	1,187,647
Total liabilities	<u>4,266,722</u>	<u>6,475,990</u>	<u>1,226,169</u>	<u>11,968,881</u>
Fund balances:				
Reserved for:				
Encumbrances	1,078,581	1,070,840	94,296	2,243,717
Prepaid items	787,260	-	295	787,555
Inventories	306,169	-	-	306,169
Perpetual care	-	-	1,873,340	1,873,340
Unreserved, reported in:				
General fund	9,704,079	-	-	9,704,079
Special revenue funds	-	-	5,809,033	5,809,033
Debt service funds	-	-	4,280	4,280
Capital projects funds	-	8,715,394	(59,166)	8,656,228
Total fund balances	<u>11,876,089</u>	<u>9,786,234</u>	<u>7,722,078</u>	<u>29,384,401</u>
Total liabilities and fund balances	<u>\$ 16,142,811</u>	<u>\$ 16,262,224</u>	<u>\$ 8,948,247</u>	<u>\$ 41,353,282</u>

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

**CITY OF DEERFIELD BEACH, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2006**

Fund balances, total governmental funds: \$ 29,384,401

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 funds.

Governmental capital assets	112,395,935	
Less: accumulated depreciation	<u>(42,421,488)</u>	
Net capital assets		69,974,447

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Accrued interest payable on long-term bonds	(649,031)	
Bonds and notes payable	(39,855,943)	
Capital leases payable	(2,521,465)	
Insurance claims payable	(2,449,000)	
Compensated absences	<u>(3,060,551)</u>	
Total		(48,535,990)

Deferred revenue in the funds is susceptible to full accrual.

Revenues previously deferred increases net assets.	654,187
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The pension assets are not considered current financial resources and are therefore not reported in the funds.

179,413

Bond premiums, discounts, gains and losses related to the issuance of long-term debt are charged to "Other Financing Sources and Uses" when debt is issued in the governmental funds. These items, however, must be capitalized and amortized over the life of the bonds in the government-wide financial statements.

Bond premium, beginning	(1,017,996)	
Amortization	<u>62,652</u>	
Unamortized premium, September 30, 2006		(955,344)

Financing costs related to the issuance of long-term debt are expensed by governmental funds in the fund financial statements; under full accrual accounting, these amounts are treated as an asset and are amortized over the life of the debt in the government-wide financial statements.

Bond issuance costs, beginning	739,290	
Amortization	<u>(39,534)</u>	
Unamortized deferred charges, September 30, 2006		<u>699,756</u>

Net assets of governmental activities	<u>\$ 51,400,870</u>
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The notes to the financial statements are an integral part of this statement.

**CITY OF DEERFIELD BEACH, FLORIDA**

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<u>General</u>	<u>General Construction Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Property taxes	\$ 34,600,447	\$ -	\$ 1,041,350	\$ 35,641,797
Sales taxes	4,777,520	-	-	4,777,520
Fire assessment fees	3,662,090	-	-	3,662,090
Franchise fees	10,427,274	-	352,333	10,779,607
Local option gas tax	-	-	1,417,779	1,417,779
Licenses and permits	2,595,719	-	-	2,595,719
Intergovernmental	12,323,226	366,850	4,973,179	17,663,255
Charges for services	5,971,460	-	619,637	6,591,097
Fines and forfeitures	1,350,109	-	48,234	1,398,343
Investment earnings	757,444	1,064,245	286,303	2,107,992
Miscellaneous:				
Parking deviation fees	-	-	30,000	30,000
Cemetery plot sales	-	-	93,865	93,865
Insurance proceeds	253,574	-	-	253,574
Donations/contributions	1,824,426	-	165,876	1,990,302
Administrative fees	2,870,665	-	278,886	3,149,551
Other	192,304	-	9,000	201,304
Total revenues	<u>81,606,258</u>	<u>1,431,095</u>	<u>9,316,442</u>	<u>92,353,795</u>
<b>EXPENDITURES</b>				
Current:				
General government	17,762,324	-	-	17,762,324
Economic environment	10,000	-	1,072,420	1,082,420
Public safety	48,429,925	-	180,487	48,610,412
Human services	2,195,435	-	171,253	2,366,688
Physical environment	4,796,459	-	60,029	4,856,488
Transportation	115,387	-	1,965,934	2,081,321
Culture and recreation	4,623,899	-	468,126	5,092,025
Capital outlay	-	13,934,416	525,489	14,459,905
Debt service:				
Principal	691,085	-	2,205,834	2,896,919
Interest and fiscal charges	75,961	-	1,741,546	1,817,507
Bond issuance costs	-	-	-	-
Total expenditures	<u>78,700,475</u>	<u>13,934,416</u>	<u>8,391,118</u>	<u>101,026,009</u>
Excess (deficiency) of revenues over expenditures	<u>2,905,783</u>	<u>(12,503,321)</u>	<u>925,324</u>	<u>(8,672,214)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease proceeds	449,785	-	134,747	584,532
Transfers in	1,171,064	268,877	4,169,259	5,609,200
Transfers out	<u>(4,182,907)</u>	-	<u>(1,426,293)</u>	<u>(5,609,200)</u>
Total other financing sources(uses)	<u>(2,562,058)</u>	<u>268,877</u>	<u>2,877,713</u>	<u>584,532</u>
Net change in fund balances	343,725	(12,234,444)	3,803,037	(8,087,682)
Fund balances - beginning	11,532,364	22,020,678	3,919,041	37,472,083
Fund balances - ending	<u>\$ 11,876,089</u>	<u>\$ 9,786,234</u>	<u>\$ 7,722,078</u>	<u>\$ 29,384,401</u>

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

**CITY OF DEERFIELD BEACH, FLORIDA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

Net change in fund balances-total governmental funds \$ (8,087,682)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for capital assets	16,019,627	
Less: current year's depreciation	<u>(3,163,963)</u>	12,855,664

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 876,828

Revenues in the statement of activities for the previous year provided current financial resources and, as such, were reported as revenues in the funds for the current year. (1,397,281)

Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore are not reported in the funds:

decrease in long-term portion of insurance claims payable	845,559
loss on disposal of capital assets	(79,969)
Increase in negative net pension obligation - Firefighters' Pension Fund	28,788

Some of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the capital leases are not revenues in the statement of activities, but rather constitute long-term liabilities in the statement of net assets. (584,532)

In the statement of activities, certain operating expenses - compensated absences (sick and vacation pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amounts actually used (paid). During the fiscal year, compensated absences used, \$1,943,568, exceeded the amount earned, \$1,685,299. 258,269

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt retired: Principal repayments	2,896,919
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Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is the net result of accrued interest on bonds, leases and notes payable. 27,393

Change in net assets of governmental activities \$ 7,639,956

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

**CITY OF DEERFIELD BEACH, FLORIDA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2006**

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 544,481	\$ 10,895	\$ 555,376
Investments	10,588,052	527,205	11,115,257
Restricted cash, cash equivalents and investments:			
Customer deposits	390,663	56,613	447,276
Receivables (net):			
Accounts	2,927,192	1,533,909	4,461,101
Delinquent assessments	60,412	-	60,412
Interest	244,031	-	244,031
Due from other governments	-	142,817	142,817
Inventories	329,241	-	329,241
Total current assets	<u>15,084,072</u>	<u>2,271,439</u>	<u>17,355,511</u>
Noncurrent assets:			
Restricted cash, cash equivalents and investments:			
Revenue bond covenant accounts	3,700,000	-	3,700,000
Capital assets:			
Land	50,531	-	50,531
Buildings	1,798,520	-	1,798,520
Utility plants in service	35,059,135	-	35,059,135
Improvements other than buildings	51,294,811	44,700	51,339,511
Equipment	5,329,802	10,179,051	15,508,853
Construction in progress	4,299,981	-	4,299,981
Less accumulated depreciation	<u>(36,719,688)</u>	<u>(6,697,042)</u>	<u>(43,416,730)</u>
Total capital assets (net of accumulated depreciation)	<u>61,113,092</u>	<u>3,526,709</u>	<u>64,639,801</u>
Total noncurrent assets	<u>64,813,092</u>	<u>3,526,709</u>	<u>68,339,801</u>
Total assets	<u>79,897,164</u>	<u>5,798,148</u>	<u>85,695,312</u>

**CITY OF DEERFIELD BEACH, FLORIDA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2006**  
(continued)

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	2,248,894	1,275,251	3,524,145
Accrued liabilities	183,865	130,892	314,757
Due to other funds	-	291,374	291,374
Customer deposits payable	390,663	56,613	447,276
Compensated absences	359,116	267,611	626,727
Matured bonds payable	420,000	-	420,000
Matured interest payable	214,883	-	214,883
Capital leases payable - current	-	721,403	721,403
Loan payable, current	877,516	-	877,516
Total current liabilities	<u>4,694,937</u>	<u>2,743,144</u>	<u>7,438,081</u>
Noncurrent liabilities:			
Compensated absences	448,106	230,738	678,844
Capital leases payable	-	1,642,585	1,642,585
Loan payable	17,198,736	-	17,198,736
Total noncurrent liabilities	<u>17,646,842</u>	<u>1,873,323</u>	<u>19,520,165</u>
Total liabilities	<u>22,341,779</u>	<u>4,616,467</u>	<u>26,958,246</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	42,401,957	1,162,721	43,564,678
Restricted for:			
Renewal and replacement	100,000	-	100,000
Rate stabilization	3,600,000	-	3,600,000
Unrestricted	11,453,428	18,960	11,472,388
Total net assets	<u>\$ 57,555,385</u>	<u>\$ 1,181,681</u>	<u>\$ 58,737,066</u>

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

**CITY OF DEERFIELD BEACH, FLORIDA**  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
Operating revenues:			
Charges for sales and services:			
Water sales pledged as security for revenue bonds and revolving loans	\$ 11,953,019	\$ -	\$ 11,953,019
Sewer charges pledged as security for revenue bonds and revolving loans	6,683,697	-	6,683,697
Solid waste charges	-	13,681,820	13,681,820
Engineering fees	36,158	-	36,158
Miscellaneous	<u>354,045</u>	<u>826,463</u>	<u>1,180,508</u>
Total operating revenues	<u>19,026,919</u>	<u>14,508,283</u>	<u>33,535,202</u>
Operating expenses:			
Personal services	5,452,379	3,990,226	9,442,605
Contractual services	543,752	810,503	1,354,255
Electricity	1,086,299	-	1,086,299
Insurance	760,623	610,267	1,370,890
Fixed charges	51,449	24,510	75,959
County wastewater charge	2,749,461	-	2,749,461
County raw water charge	54,062	-	54,062
Disposal fees	-	7,329,998	7,329,998
General administrative charge	2,248,637	856,118	3,104,755
Commodities	1,327,289	839,064	2,166,353
Depreciation	2,814,591	975,361	3,789,952
Fiscal charges	<u>11,013</u>	<u>-</u>	<u>11,013</u>
Total operating expenses	<u>17,099,555</u>	<u>15,436,047</u>	<u>32,535,602</u>
Operating income (loss)	<u>1,927,364</u>	<u>(927,764)</u>	<u>999,600</u>
Non-operating revenues (expenses):			
Investment earnings	545,719	-	545,719
Interest charges	(598,198)	(59,393)	(657,591)
Amortization of bond issuance costs	(1,433)	-	(1,433)
Amortization of bond discount	<u>(465)</u>	<u>-</u>	<u>(465)</u>
Total non-operating expenses	<u>(54,377)</u>	<u>(59,393)</u>	<u>(113,770)</u>
Income (loss) before contributions	1,872,987	(987,157)	885,830
Capital contributions - tap fees	<u>224,577</u>	<u>-</u>	<u>224,577</u>
Change in net assets	2,097,564	(987,157)	1,110,407
Total net assets - beginning	<u>55,457,821</u>	<u>2,168,838</u>	<u>57,626,659</u>
Total net assets - ending	<u>\$ 57,555,385</u>	<u>\$ 1,181,681</u>	<u>\$ 58,737,066</u>

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

**CITY OF DEERFIELD BEACH, FLORIDA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 18,530,156	\$ 14,754,385	\$ 33,284,541
Payments to suppliers	(7,785,446)	(9,696,047)	(17,481,493)
Payments to employees	<u>(5,467,466)</u>	<u>(4,013,075)</u>	<u>(9,480,541)</u>
Net cash provided by operating activities	<u>5,277,244</u>	<u>1,045,263</u>	<u>6,322,507</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Collection of interfund loans	<u>120,564</u>	<u>298,472</u>	<u>419,036</u>
Net cash provided by non-capital financing activities	<u>120,564</u>	<u>298,472</u>	<u>419,036</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Loan proceeds	2,370,414	-	2,370,414
Capital contributed from connection fees	224,577	-	224,577
Acquisition and construction of capital assets	(3,701,433)	(259,080)	(3,960,513)
Principal paid on:			
Capital lease	-	(651,008)	(651,008)
Loan	(835,449)	-	(835,449)
Interest paid on:			
Revenue bonds	(14,021)	-	(14,021)
Capital lease	-	(58,205)	(58,205)
Loan	(542,279)	-	(542,279)
Deposits	(13,145)	(1,188)	(14,333)
Collection of special assessment levies	4,665	-	4,665
Interest received on special assessment	<u>11,002</u>	<u>-</u>	<u>11,002</u>
Net cash used in capital and related financing activities	<u>(2,495,669)</u>	<u>(969,481)</u>	<u>(3,465,150)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sales and maturities of investments	5,942,449	(391,978)	5,550,471
Purchase of investments	(9,092,743)	-	(9,092,743)
Interest and dividends received	<u>523,275</u>	<u>-</u>	<u>523,275</u>
Net cash provided by (used) in investing activities	<u>(2,627,019)</u>	<u>(391,978)</u>	<u>(3,018,997)</u>
<b>Net decrease in cash and cash equivalents</b>	275,120	(17,724)	257,396
<b>Cash and cash equivalents, beginning of year</b>	<u>992,157</u>	<u>28,619</u>	<u>1,020,776</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,267,277</u>	<u>\$ 10,895</u>	<u>\$ 1,278,172</u>

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

**CITY OF DEERFIELD BEACH, FLORIDA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**  
(continued)

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS)</b>			
<b>TO NET CASH PROVIDED BY</b>			
<b>OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 1,927,364	\$ (927,764)	\$ 999,600
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	2,814,591	975,361	3,789,952
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable (net of allowances)	(493,481)	234,225	(259,256)
Increase in inventories	(2,960)	-	(2,960)
Decrease in prepaid items	1,157	158	1,315
Decrease (increase) in customer deposits	(3,282)	8,450	5,168
Increase in accounts payable and accrued liabilities	1,055,184	783,328	1,838,512
Decrease in compensated absences payable	(21,329)	(28,495)	(49,824)
Total adjustments	<u>3,349,880</u>	<u>1,973,027</u>	<u>5,322,907</u>
Net cash provided by operating activities	<u>\$ 5,277,244</u>	<u>\$ 1,045,263</u>	<u>\$ 6,322,507</u>
<b>Non-cash investing, capital and financing activities:</b>			
Capital assets acquired by capital lease	<u>\$ -</u>	<u>\$ 896,322</u>	<u>\$ 896,322</u>

**CITY OF DEERFIELD BEACH, FLORIDA**  
**PENSION TRUST FUNDS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**SEPTEMBER 30, 2006**

	<b><u>Fiduciary Funds</u></b>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ <u>2,105,168</u>
Investments:	
Money market funds	42,717,500
U.S. Government securities	26,238,753
Corporate equities	82,765,536
Corporate bonds and notes	<u>13,093,082</u>
Total investments	<u>164,814,871</u>
Receivables:	
Interest and dividends	527,973
Due from other governments	561,509
Due from brokers	3,200,231
Contributions	<u>5,571</u>
Total receivables	<u>4,295,284</u>
Total assets	<u>171,215,323</u>
 <b>LIABILITIES:</b>	
Accounts payable	<u>1,061,284</u>
 <b>NET ASSETS:</b>	
Held in trust for pension benefits	<u><u>\$ 170,154,039</u></u>

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

**CITY OF DEERFIELD BEACH, FLORIDA**  
**PENSION TRUST FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<b><u>Fiduciary Funds</u></b>
<b>ADDITIONS:</b>	
Contributions:	
Employer	\$ 3,990,516
Employer (on behalf of plan members)	171,637
Plan members	1,260,589
State of Florida	<u>999,402</u>
Total contributions	<u>6,422,144</u>
Investment earnings:	
Interest and dividends	3,609,209
Net increase in the fair value of investments	<u>9,278,200</u>
Total investment earnings	12,887,409
Less investment expense	<u>(1,036,306)</u>
Net investment earnings	<u>11,851,103</u>
Other miscellaneous income	<u>17,154</u>
Total additions	<u>18,290,401</u>
 <b>DEDUCTIONS:</b>	
Benefits paid	7,840,321
Administrative expenses	<u>352,467</u>
Total deductions	<u>8,192,788</u>
 Change in net assets	 10,097,613
 Net assets held in trust for pension benefits:	
Beginning of year	<u>160,056,426</u>
 End of year	 <u>\$ 170,154,039</u>

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

**CITY OF DEERFIELD BEACH, FLORIDA**  
INDEX TO NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

	<b>PAGE</b>
<b>NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</b>	
A. Financial Reporting Entity	29
B. Government-wide and Fund Financial Statements	30
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	30
D. Assets, Liabilities, and Net Assets or Equity	32
1. Deposits and Investments	32
2. Receivables and Payables	32
3. Inventories and Prepaid Items	33
4. Restricted Assets	33
5. Capital Assets	33
6. Compensated Absences	34
7. Long-term Obligations	34
8. Fund Equity/Net Assets	34
9. Estimates	34
 <b>NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY</b>	
A. Excess of Expenditures Over Appropriations	35
B. Deficit Fund Equity	35
 <b>NOTE III – DETAILED NOTES ON ALL FUNDS</b>	
A. Deposits and Investments	35
B. Receivables	39
C. Capital Assets	40
D. Construction Commitments	41
E. Unearned Revenue	41
F. Interfund Receivables, Payables and Transfers	42
G. Capital Leases	42
H. Long-term Debt	43
1. Governmental Activities Debt	43
2. Business-type Activities Debt	44
3. Changes in Long-term Liabilities	45
4. Advance and Current Refundings	45
5. Summary of Annual Debt Service Requirements	46
 <b>NOTE IV – OTHER INFORMATION</b>	
A. Restricted Assets	47
B. Risk Management	47
C. Contingent Liabilities	48
D. Pension Information – Defined Benefit Plans	48
1. Plan Description	48
2. Funding Policy and Annual Required Contributions	49
3. Three-year Trend Information	51
E. Defined Contribution Plan	51
F. Deferred Compensation Plan	52
G. Other Post-employment Benefits	52
H. Subsequent Events	52
I. New Accounting Pronouncements Adopted	52
J. New Accounting Pronouncements Not Yet Adopted	53

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

**NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of the City of Deerfield Beach's ("the City") significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The format of the accompanying financial statements are presented in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. GASB Statement No. 34, known as the new financial reporting model, affects the way the City prepares and presents financial information.

The basic financial statements include both government-wide and fund financial statements. While the previous financial reporting model emphasized fund types, in the new financial reporting model the focus is on either the City as a whole, or major individual funds. This government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories.

The City's fiduciary funds are presented in the basic financial statements by type (i.e., pension). Since, by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

**A. Financial Reporting Entity**

The City of Deerfield Beach is a political subdivision of the State of Florida, located in Broward County along the lower southeast coast of the state. The City, which was incorporated in June, 1925, is approximately 16.4 square miles in area. In addition to the public safety, general government, recreation, and public works services provided to its 77,807 residents, the City operates water, sewer and solid waste enterprises. The City does not provide educational or hospital facilities. Those services are provided by the School Board of Broward County and the North Broward Hospital District, respectively.

The financial reporting entity covered by this report includes the City and its component unit. The reporting entity has been defined by GASB Statement No. 14 (as amended by GASB Statement No. 39) as the primary government and those component units for which the primary government is financially accountable. Financial accountability exists when a primary government appoints a voting majority of an organization's governing board and may either impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the primary government. Blended component units, although legally separate entities, are, in substance, part of the City's operations, and so data for these entities are combined with data of the primary government.

The Deerfield Beach Community Redevelopment Agency (the "CRA"), which is largely responsible for redevelopment of the area that encompasses most of the beach district and the area along Hillsboro Boulevard from Federal Highway to the intracoastal waterway, was established in November 1999. The CRA is governed by a board which is comprised of the City's elected officials. The CRA is fiscally dependent upon the City because the City Commission approves the CRA's budget, levies taxes and must approve any debt issuances. Accordingly, the CRA is a blended component unit and is presented as a special revenue fund. The CRA has a September 30 year-end. Complete financial statements for the CRA are not available.

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

The Deerfield Beach Housing Authority (the "Housing Authority") is a related organization because the mayor, with the concurrence of the City Commission, has the responsibility of appointing the members of the Housing Authority Board. Its operations are conducted within City boundaries. However, it is not included as a part of the financial reporting entity because it is fiscally independent and it has no financial accountability to the City. The Housing Authority's autonomy prohibits it from providing any financial benefit or imposing a financial burden upon the City. The Housing Authority is not exclusively for the benefit of City residents and the City Commission cannot impose its will over operations, cannot hire, reassign or dismiss management, and cannot remove Housing Authority board members without cause. The Housing Authority is responsible for ensuring that a complete and full financial accounting and an audit is made biennially by a certified public accountant.

The Northeast Focal Point CASA, Inc (hereinafter referred to as "CASA"), is a nonprofit entity which was organized under the laws of the State of Florida in September 1986. This organization raises funds and makes yearly pledges to the City to subsidize the costs of operating the City's children's, Alzheimer's, senior and adult day care facilities. GASB Statement No. 39 requires that a legally separate, tax-exempt organization should be reported as a component unit of the City, if all of the following are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the City; (2) the City is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization and (3) the economic resources received or held by the separate organization are significant to the City. The City believes that conditions (1) and (2) apply to CASA. However, the City does not believe that the economic resources held/received by that entity is "significant" to the City's operations. As such, it is not included as a part of the financial reporting entity.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

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 if they are collected within three months of the end of the current fiscal period, with the exception of property tax revenue, which is deferred unless taxes are received within sixty days subsequent to year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, (when levied for), franchise taxes, intergovernmental revenue (when the eligibility requirements are met), licenses, special assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, if available. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The **General Construction Fund** accounts for the acquisition and construction of capital improvements which are financed by the issuance of bonds.

The City reports the following major proprietary funds:

The **Water and Sewer Fund** accounts for the provision of water and sewer services to the City's residents.

The **Solid Waste Fund** accounts for the provision of solid waste services to the City's residents.

Additionally, the City's **pension trust funds**, namely, Fire, Police and Non-uniformed pension funds, account for the activities of the retirement systems for these relevant classes of employees and accumulate resources for pension benefit payments to qualified retirees.

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 GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to apply subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods and services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with a

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund are charges to customers for the provision of water and sewer services. This fund also recognizes as revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Further, the Solid Waste Fund recognizes as revenue charges to customers for the provision of solid waste services. Operating expenses for both enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

**D. Assets, Liabilities, and Net Assets or Equity**

**1. Deposits and Investments** - The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The City has established an investment policy in accordance with Section 218.415, Florida Statutes, that allows the City to invest in relatively low-risk securities, such as the State Treasurer's Investment Pool, and U.S. Government and Agencies securities. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments have been reported at fair value. The State Treasurer's Investment Pool's reported value is the same as the value of the pool shares and is recorded at amortized cost. Resources of all funds, with the exception of the pension trust funds, have been combined into investment pools for the purpose of maximizing investment yields. Investment revenue is comprised of interest and dividends and realized and unrealized gains and losses on investments. Investment earnings on pooled investments are allocated monthly based upon equity balances of the respective funds. Accrued interest on pooled investments is grouped with investments on the balance sheet at year-end. In addition, the pension trust funds are authorized to invest in corporate bonds, stocks, money market funds, mortgages and notes.

**2. Receivables and Payables** - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of allowance for uncollectibles. Management determines the allowance for uncollectible accounts, based upon a review of the accounts and its knowledge of the debtor's ability to pay. Property taxes are levied as of October 1 on property values assessed as of January 1 of the same year. The tax levy is divided into two billings: the first billing (mailed during September) is an estimate of the current year's levy based on the prior year's taxes; the second billing (mailed on November 1) reflects adjustments to the current year's actual levy. The billings are considered past due on April 1 of the subsequent year, at which time the applicable property is subject to lien, and penalties and interest are assessed.

Amounts reflected as "due from other governments" in the government-wide and the fund financial statements represent amounts that are owed to the City by other governmental entities for services rendered by the City in the capacity of a vendor or for amounts to be reimbursed in connection with grants and other cooperative agreements.

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

Water and sewer and solid waste charges to customers are based on actual consumption. Consumption is determined on a monthly basis. The City recognizes revenue and a related receivable for the estimated unbilled consumption as of September 30.

**3. Inventories and Prepaid Items** – Inventories consisting principally of expendable items held for consumption, are stated at lower of average cost or market. The consumption method is used for all inventories, that is, items of inventory are expended when they are consumed rather than when they are purchased.

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

**4. Restricted Assets** – Certain proceeds of the City’s Water and Sewer enterprise fund’s revenue bonds, as well as certain resources that have been set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their uses are limited by applicable bond covenants. The revenue bond sinking fund account is used to segregate resources that are accumulated for the payment of debt service on the City’s water and sewer revenue bonds. The “renewal, replacement and improvement account” is used to account for the minimum amount required to be maintained on deposit (\$100,000), which funds must be used for extensions, enlargements or additions to the assets of the water and sewer system. The “rate stabilization account” is used to account for amounts held in reserves to pay the costs of operations and maintenance of the water and sewer system.

The “general obligation bond construction account” is used to report those proceeds of general obligation bonds that are restricted for use in the construction of specified projects, as outlined in the bond covenants.

**5. Capital Assets** – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide and the proprietary fund financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$3,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, net of interest earned on related debt proceeds, during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

The City’s property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Type</u>	<u>Years</u>
Buildings	40
Building improvements	20
Roads	40
Bridges	50
Other infrastructure	20 - 50
Equipment	5 - 7

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

In the governmental fund financial statements, capital assets are reported as expenditures and no depreciation expense is recorded.

**6. Compensated Absences** – It is the City's policy to permit employees to accumulate earned, unused vacation and sick pay benefits. A portion of accumulated sick pay benefits are paid upon separation based on the number of years of service. All vacation pay and applicable portions of sick pay balances are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

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

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

The government-wide and proprietary fund financial statements utilize a net asset presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

**Invested in Capital Assets (net of related debt)** – is intended to reflect the portion of net assets which are associated with capital assets (net of accumulated depreciation), less outstanding capital asset related debt, net of unspent bond proceeds.

**Restricted Net Assets** – have third-party (statutory bond covenant or granting agency) limitations on their use or limitations which have been imposed through enabling legislation.

**Unrestricted Net Assets** – have no third party limitations on their use. While the City's management may have categorized and segmented portions for various purposes, the City Commission has the unrestricted authority to revisit or alter these managerial decisions.

**9. 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 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 expenses during the reporting period. Actual results could differ from management's estimates.

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

**NOTE II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Excess of Expenditures Over Appropriations** – For the year ended September 30, 2006, expenditures did not exceed appropriations in any of the City’s departments, the legal level of budgetary control.

**B. Deficit Fund Equity** - At September 30, 2006, the Capital Projects Grants Fund had a deficit fund balance of \$59,166. The Miscellaneous Grants Fund also had a deficit fund balance in the amount of \$327,968. Deficits in these funds are expected to be funded by future grant reimbursements, which were not susceptible to accrual at September 30, 2006.

**NOTE III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

1. **Deposits** – The City maintains a common cash and cash equivalents pool for use by all funds. Deposits of the City, including time deposit accounts, demand deposit accounts and certificates of deposit, are defined as public deposits. Pursuant to the City’s policies, all of the City’s deposits are held in qualified public depositories pursuant to Chapter 280.03 of the Florida Statutes, “Florida Security for Public Deposits Act.” Under the Act, all qualified public depositories are required to pledge eligible collateral having market value equal to or greater than the average daily or monthly balance of all public deposits, times the depository’s collateral pledging level. The pledging level may range from 50% to 125% depending upon the depository’s financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in fault. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss. At September 30, 2006, the carrying amount of the City’s deposits totaled \$6,269,339.

2. **Investments**

Authorized Investments

The City’s investments are categorized as investments for the City as a whole (hereinafter referred to as “general City investments”) and those of its various defined benefit pension plans. The City is authorized by statute and policy to invest public funds (general City investments) in interest-bearing savings accounts, money market accounts and checking accounts, obligations of the United States government, its agencies and instrumentalities; certificates of deposit that are fully insured and collateralized; repurchase agreements having a defined termination date and collateralized by U.S. Treasury obligations; and Local Government Surplus Trust Funds, as administered by the Florida State Board of Administration (“SBA”). The City invested funds throughout the year in the SBA, which is not Securities and Exchange Commission (“SEC”) registered, but which qualifies as an SEC 2a-7 like pool. The City’s investment in the SBA at September 30, 2006 represented less than 1% of the total investment assets of the SBA. Throughout the year, and as of September 30, 2006, the SBA contained certain floating rate notes which were indexed based on the prime rate and/or one and three month LIBOR rate. These investments represented 49% of the total investment portfolio of the SBA. The value of the City’s position in the SBA is the same as the value of the pool shares and is recorded at amortized cost.

The Florida Municipal Investment Trust (as administered by the Florida League of Cities)

**CITY OF DEERFIELD BEACH, FLORIDA**  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2006

is an authorized investment under Section 218.415(115), Florida Statutes, for units of local government in Florida. The operation and administration of the Trust is the responsibility of a Board of Trustees, who are selected from the ranks of elected officials of governmental entities participating in the Trust. The fair value of the City's position in the Trust is the same as the value of the pool share.

The overriding objectives of the City's investment policy are preservation of its principal investment, while providing for liquidity and maximization of investment income.

Each of the City's three individual pension plans is governed by a Board of Trustees, which is responsible for determining the investment policies for the respective plan, namely the City's Fire, Police Officers, and Non-uniformed retirement pension plans. The investment policies for the various plans typically are devised to earn an average rate of return over the long term that will equal or exceed the return of a target index. The trustees are authorized to invest in a wide range of instruments, including but not limited to, federally-guaranteed obligations, bonds, stocks, or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or any state or organized territory of the United States, provided that the corporation is listed on any one or more of the recognized national stock exchanges or the National Market System of the NASDAQ Stock Market.

In acquiring these investments on behalf of the various plans, the trustees are required to exercise a level of care, which persons of prudence, discretion and intelligence would exercise when acquiring these same investments for their own (personal) accounts. As of September 30, 2006, the City had the following investments:

	Pension Trust Funds	All Other Funds	Total
Investment in Fl. Local Gov't. Investment Trust	\$ -	\$ 7,002,967	\$ 7,002,967
Investment in Fl. Municipal Investment Trust	-	15,262,091	15,262,091
Money market bond funds	4,684,207	-	4,684,207
Other money market funds	38,033,293	1,211,080	39,244,373
Repurchase agreements	-	10,074,705	10,074,705
U.S. Government and agency securities	26,238,753	9,571,907	35,810,660
Domestic corporate bonds and notes	13,093,082	-	13,093,082
Domestic corporate equities	82,765,536	-	82,765,536
Total	<u>\$164,814,871</u>	<u>\$43,122,750</u>	<u>\$ 207,937,621</u>

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In accordance with the City's investment policy, the City minimizes the market value risk of investments in the portfolio by placing limitations on the duration of such investments. With the exception of funds reserved for capital projects, all of the City's general investments shall be limited to instruments maturing within two years of purchase. This ensures that securities mature to meet cash requirements for operations, thereby avoiding the need to sell securities in the open market prior to maturity. The various pension plans limit their exposure to interest rate risk through diversification of investments by security type and

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

institution and limit holdings in any one type of investment with any one issuer with various durations of maturities.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Fair Value	Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Repurchase agreements	\$ 10,074,705	\$ 10,074,705	\$ -	\$ -	\$ -
Investment Pools	22,265,058	22,265,058	-	-	-
Money market bond funds	4,684,207	-	4,684,207	-	-
Other money market funds	39,244,373	39,244,373	-	-	-
U.S. Treasuries	11,043,412	-	3,889,595	2,085,738	5,068,079
U.S. Agencies	24,767,248	12,663,317	3,606,019	5,574,421	2,923,491
Corporate bonds and notes	13,093,082	225,995	5,248,693	5,640,082	1,978,312
Total	<u>\$ 125,172,085</u>	<u>\$ 84,473,448</u>	<u>\$ 17,428,514</u>	<u>\$ 13,300,241</u>	<u>\$ 9,969,882</u>

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSRO's). State law limits investments in commercial paper and corporate bonds to the top 3 ratings issued by NRSRO's. It is the City's policy (and those of its pension plans) to limit its investments to the top ratings issued by NRSRO's. All Treasury obligations are guaranteed by the good faith and credit of the United States and are therefore not subject to credit risk. The amounts held in the investment pools, namely the Florida Local Government Investment Trust and the Florida Municipal Investment Trust are not rated. The following table discloses credit ratings by investment type, at September 30, 2006, as applicable:

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

**Quality Credit Rating**

S& P	Moody's	Fair Value
A		\$ 1,058,093
A-		589,080
A+		719,623
AA		374,737
AAA		4,049,270
BBB		473,142
BBB+		209,411
BBB-		91,060
BB		46,842
B		93,684
	Aaa	22,592,075
	Aa1	966,757
	Aa2	1,071,770
	Aa3	2,745,801
	A1	1,917,395
	A2	922,546
	A3	889,702
	Baa1	579,337
	Baa2	150,066
	MIG1	99,483
	NR	2,904,663
		\$ 42,544,537

Total corporate bonds and notes, U.S. agency securities and money market bond funds

Concentration of Credit Risk

The City limits its investments in any one issuer to no more than 5% of total investments, except for investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments, which are excluded from this requirement. There were no individual investments that represented 5% or more of the City's total investments at September 30, 2006.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. All of the City's investments in corporate bonds and notes are held by the pension plans. These investments are held by the various pension plans' custodial banks and are registered in the name of the pertinent pension plan.

Included in the City's investments at September 30, 2006 were repurchase agreements totaling \$10,074,705. These securities were collateralized by U.S. Government obligations that were held in book entry form by the City's custodial bank. All of the City's remaining general investments were held by the City's custodial bank and were insured or registered in the City's name as of year-end.

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

**B. Receivables** – Receivables as of year end for the City's individual major and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>General Construction</u>	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Non-major Governmental Funds</u>	<u>Pension Trust Funds</u>	<u>Total</u>
Receivables:							
Accounts	\$ 530,263	\$ -	\$ 3,142,373	\$ 1,682,232	\$ 254	\$ 3,200,231	\$ 8,555,353
Assessments	1,141	-	60,412	-	-	-	61,553
Contributions	-	-	-	-	-	5,571	5,571
Interest	41,718	165,705	244,031	-	22,881	527,973	1,002,308
Intergovernmental	<u>1,306,833</u>	<u>-</u>	<u>-</u>	<u>142,817</u>	<u>717,778</u>	<u>561,509</u>	<u>2,728,937</u>
Gross receivables	1,879,955	165,705	3,446,816	1,825,049	740,913	4,295,284	12,353,722
Less: allowance for uncollectibles	-	-	(215,181)	(148,323)	-	-	(363,504)
Net receivables	<u>\$ 1,879,955</u>	<u>\$ 165,705</u>	<u>\$ 3,231,635</u>	<u>\$ 1,676,726</u>	<u>\$ 740,913</u>	<u>\$ 4,295,284</u>	<u>\$ 11,990,218</u>

Revenues of the General Fund, Water and Sewer and Solid Waste Enterprise Funds are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectible related to water sales	\$ 151,560
Uncollectible related to sewer charges	63,621
Uncollectible related to solid waste charges	<u>148,323</u>
Total uncollectibles for the current fiscal year	<u>\$ 363,504</u>

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

**C. Capital Assets** – The following is a summary of capital asset activity for the year ended September 30, 2006:

<b>Governmental activities:</b>	Beginning Balance	Increases	Decreases	Total
<i>Capital assets not being depreciated:</i>				
Land	\$ 9,185,192	\$ -	\$ -	\$ 9,185,192
Construction in progress	9,762,459	13,729,337	102,276	23,389,520
<i>Total capital assets not being depreciated</i>	<u>18,947,651</u>	<u>13,729,337</u>	<u>102,276</u>	<u>32,574,712</u>
 <i>Capital assets being depreciated:</i>				
Buildings	10,546,699	72,190	-	10,618,889
Improvements other than buildings	3,312,428	37,016	99,963	3,249,481
Equipment	13,902,599	1,522,356	46,553	15,378,402
Infrastructure	49,813,445	761,006	-	50,574,451
<i>Total capital assets being depreciated</i>	<u>77,575,171</u>	<u>2,392,568</u>	<u>146,516</u>	<u>79,821,223</u>
 <i>Less: accumulated depreciation for:</i>				
Buildings	4,871,571	291,246	177,006	4,985,811
Improvements other than buildings	770,298	143,227	19,994	893,531
Equipment	10,755,468	1,021,253	46,553	11,730,168
Infrastructure	23,103,740	1,708,238	-	24,811,978
<i>Total accumulated depreciation</i>	<u>39,501,077</u>	<u>3,163,964</u>	<u>243,553</u>	<u>42,421,488</u>
Total capital assets being depreciated, net	<u>38,074,094</u>	<u>(771,396)</u>	<u>(97,037)</u>	<u>37,399,735</u>
Governmental activities capital assets, net	<u>\$ 57,021,745</u>	<u>\$ 12,957,941</u>	<u>\$ 5,239</u>	<u>\$ 69,974,447</u>
 <b>Business-type activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 50,531	\$ -	\$ -	\$ 50,531
Construction in progress	1,135,047	3,164,934	-	4,299,981
<i>Total capital assets not being depreciated</i>	<u>1,185,578</u>	<u>3,164,934</u>	<u>-</u>	<u>4,350,512</u>
 <i>Capital assets being depreciated:</i>				
Buildings	1,798,520	-	-	1,798,520
Utility plants in service	35,059,135	-	-	35,059,135
Improvements other than buildings	51,197,860	141,651	-	51,339,511
Equipment	14,210,401	1,550,248	251,796	15,508,853
<i>Total capital assets being depreciated</i>	<u>102,265,916</u>	<u>1,691,899</u>	<u>251,796</u>	<u>103,706,019</u>
 <i>Less: accumulated depreciation for:</i>				
Buildings	788,052	59,431	-	847,483
Utility plants in service	7,547,266	1,012,974	-	8,560,240
Improvements other than buildings	21,174,772	1,564,591	-	22,739,363
Equipment	10,368,484	1,152,956	251,796	11,269,644
<i>Total accumulated depreciation</i>	<u>39,878,574</u>	<u>3,789,952</u>	<u>251,796</u>	<u>43,416,730</u>
Total capital assets being depreciated, net	<u>62,387,342</u>	<u>(2,098,053)</u>	<u>-</u>	<u>60,289,289</u>
Business-type activities capital assets, net	<u>\$ 63,572,920</u>	<u>\$ 1,066,881</u>	<u>\$ -</u>	<u>\$ 64,639,801</u>

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 106,024
Economic environment	648
Public safety	739,790
Human services	80,683
Physical environment	437,542
Transportation	1,085,982
Culture and recreation	<u>713,295</u>
Total depreciation expense - governmental activities	<u>\$ 3,163,964</u>
Business-type activities:	
Water and Sewer	\$ 2,814,591
Solid Waste	<u>975,361</u>
Total depreciation expense - business-type activities	<u>\$ 3,789,952</u>

**D. Construction Commitments** – The City has outstanding commitments for construction and acquisition of property, plant and equipment. The following is a summary of the most significant of these commitments at September 30, 2006:

<u>Project</u>	<u>Amounts Outstanding</u>
Hillsboro Boulevard - Streetscape Improvements	562,308
Mitigation Operations Center	5,716,421
Public Works Facility	1,110,168
S- Curve Improvements, Phases I & II	1,061,400
Membrane Concentrate Pumping Facility	935,537
West Water Treatment Reverse Osmosis Plant - Design	217,524
West Wellfield Improvements	<u>112,070</u>
	<u>\$ 9,715,428</u>

**E. Unearned/Deferred Revenue** – Unearned revenue in the General Fund includes \$384,610 for occupational licenses relating to fiscal year 2007. Deferred revenue in the General Fund includes ambulance transport fees which were not collected within 90 days of year-end; deferred property taxes of \$127,266 that were levied during the current fiscal year but were not received within 60 days of year-end and thus were not considered “available;” and \$26,383 in connection with the Federal Emergency Management Agency (“FEMA”) for fiscal year 2005 hurricane damages.

The deferred revenue of \$352,500 in the Miscellaneous Grants non-major special revenue fund represents grant reimbursements which the City did not receive within 90 days of fiscal year-end. The Capital Grants non-major capital projects fund had \$59,165 in deferred revenue at September 30, 2006. This amount represents reimbursements from the Florida Department of Environmental Protection (\$11,909) and the Florida Inland Navigation District (\$47,256) for amounts incurred by the

**CITY OF DEERFIELD BEACH, FLORIDA**  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2006

City in connection with improvements to the City's parks, which the City did not receive within 90 days of fiscal year end.

**F. Interfund Receivables, Payables and Transfers** – The interfund balances below represent short-term loans to cover temporary negative balances in each fund's equity in pooled cash at year end. The composition of interfund balances at September 30, 2006 is as follows:

*Due to/from other funds:*

Receivable Fund	Payable Fund	Amount
General Fund	Non-major Governmental Funds	\$ 372,676
General Fund	General Construction Fund	2,270,428
General Fund	Solid Waste Fund	291,374
Non-major Governmental Funds	General Construction Fund	802,523
Non-major Governmental Funds	Non-major Governmental Funds	156,521
Total		<u><u>\$ 3,893,522</u></u>

*Interfund Transfers:*

	<b>Transfers to:</b>			
	General	General Construction	Non-major Governmental	Total
<b><u>Transfers from:</u></b>				
General	\$ -	\$ 60,555	\$ 4,122,352	\$ 4,182,907
General Construction	-	-	-	-
Non-major Governmental	1,171,064	208,322	46,907	1,426,293
Total	<u><u>\$ 1,171,064</u></u>	<u><u>\$ 268,877</u></u>	<u><u>\$ 4,169,259</u></u>	<u><u>\$ 5,609,200</u></u>

Transfers to the General Fund represent amounts paid by the non-major governmental funds for matching grant requirements for amounts which were accounted for in the General Fund. Transfers to the non-major governmental funds represent payment of debt service as well as payment for the City's match in connection with grants that require that the City participate in the sharing of expenditures for a particular project(s). Transfers into the General Construction Fund represent funding for capital projects.

**G. Capital Leases** – The City has entered into master lease purchase agreements and other lease arrangements as lessee for financing the acquisition of equipment for public safety, public works and for parks and recreational facilities.

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

The City has also financed the acquisition of sanitation vehicles in its Solid Waste enterprise fund. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the date of inception. The future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2006, were as follows:

Fiscal Year	Governmental Activities	Business-type Activities	Total
2007	\$ 831,460	\$ 794,184	\$ 1,625,644
2008	733,290	618,688	1,351,978
2009	615,547	538,429	1,153,976
2010	331,581	405,183	736,764
2011	82,440	181,296	263,736
After 2011	114,813	-	114,813
Total Minimum lease payments	2,709,131	2,537,780	5,246,911
Less: amount representing interest	(187,666)	(173,792)	(361,458)
Present value of future minimum lease payments	<u>\$ 2,521,465</u>	<u>\$ 2,363,988</u>	<u>\$ 4,885,453</u>

As of September 30, 2006, the equipment held under capital leases for governmental activities and business-type activities were \$3,427,762 and \$3,698,921, respectively. Accumulated depreciation for equipment held under capital leases was \$827,005 and \$1,292,973 for governmental and business-type activities, respectively, as of September 30, 2006.

**H. Long-term Debt** - Summarized below are the City's debt issued to finance the acquisition and construction of major capital facilities that were outstanding as of September 30, 2006:

**1. Governmental Activities Debt:**

- *General Obligation Bonds, Series 2000* - The original amount of this issue was divided into two series: Series "A," for which \$9,978,847 in bonds were issued, and Series "B," for which \$2,820,183 in bonds were issued. The proceeds of these bonds will be used to finance the construction of a public safety complex, a public works facility, parks improvements, right-of-way improvements and expansion of the senior services facilities. The combined outstanding bonds of the issue, \$11,545,943, have interest rates that range from 4.25% to 6.08%. For Series A, principal is due annually on April 1<sup>st</sup> and interest is payable semi-annually on April 1<sup>st</sup> and October 1<sup>st</sup> with the final maturity date being October 1, 2024. For Series B, principal is due annually on November 1<sup>st</sup>, and interest is payable semi-annually on May 1<sup>st</sup> and November 1<sup>st</sup>, with the final maturity date being November 1, 2027.
- *General Obligation Bonds, Series 2003A* - The original amount of this issue was \$5,140,000, which proceeds were used for refunding two previously issued general obligation bonds, namely Series 1993 and 1995. The outstanding bonds of the issue, \$4,265,000, have interest rates that range from 3.00% to 5.00%. Principal is due annually on May 1<sup>st</sup> and interest is payable semi-annually on May 1<sup>st</sup> and November 1<sup>st</sup>, with the final maturity date being May 1, 2016.

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

- *General Obligation Bonds, Series 2003B* – The original amount of this issue was \$15,410,000, which proceeds are to be used for the acquisition and construction of a public works facility, a fire station, neighborhood right-of-way improvements, and improvements to parks and recreational facilities. The interest rates on the bonds range from 1.32% to 4.77%. Principal is due annually on December 1<sup>st</sup> and interest is payable semi-annually on June 1<sup>st</sup> and December 1<sup>st</sup>, with the final maturity date being December 1, 2028. The remaining outstanding bonds of this issue total \$15,040,000.
- *Covenant Bonds, Series 2003A* – These bonds were issued in connection with the City's General Obligation Bonds, Series 2003A, described previously. The principal amount of the loan was \$6,825,000, which was issued for the purpose of financing streetscape improvements in the City's Community Redevelopment Area. The remaining outstanding bonds of this issue, \$6,650,000, have interest rates that range from 3.00% to 5.00%. Principal is due annually on May 1<sup>st</sup> and interest is payable semi-annually on May 1<sup>st</sup> and November 1<sup>st</sup>, with the final maturity date being May 1, 2028. The City is required to budget and appropriate non-ad valorem tax revenues to pay the annual debt service on this issue.
- *Covenant Bonds, Series 2003B* – These bonds were issued in connection with the City's General Obligation Bonds, Series 2003B, described previously. The principal amount of the loan was \$2,480,000, which was issued for the purpose of financing improvements in the City's beach district, more commonly described as "Ocean Way Improvements." The remaining outstanding bonds of this issue, \$2,355,000, have an interest rate that is similar to the general obligation debt issue. The interest and principal payments, as well as the final maturity dates, are identical to those of the general obligation issue.

**2. Business-type Activities Debt:**

- *Water and Sewer Refunding and Improvement Revenue Bonds, Series 1992* – The original amount of this issue was \$13,890,000, less a discount of \$132,708. It was sold to provide \$3,600,000 for various improvements to the City's water plants and the remainder was used to advance refund a portion of the 1984 Series water and sewer bonds. As of September 30, 2006, \$420,000 remained outstanding. Interest rates on the bonds range from 4.50% to 6.125%. Interest payments are made semi-annually on April 1<sup>st</sup> and October 1<sup>st</sup>, and principal payments are made annually on October 1<sup>st</sup>, with the final maturity date of October 1, 2006. This issue is secured by the revenues from the operation of the water and sewer system.
- *Loans Payable* - The City has entered into various loan agreements with the State of Florida Department of Environmental Protection to borrow up to \$28,740,547. The primary purpose of these loans is to construct water and wastewater facilities. As of September 30, 2006, the City borrowed \$21,395,601, with interest rates ranging from 2.27% to 3.57%. As of September 30, 2006, the aggregate outstanding principal amount of these loans totaled \$18,076,252. Interest and principal payments are due on May 15 and November 15 of each year for the State Drinking Water Revolving Loan. The unpaid principal balance of this loan as of September 30, 2006 was \$16,686,721. Principal and interest payments on the Florida Water Pollution Control Construction Loan are due on April 15 and October 15 of each year. The unpaid principal balance of this loan at September 30, 2006 was

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

\$1,389,531. Revenues of the Water and Sewer System have been pledged as security for repayment of these loans.

**3. Changes in Long-term Liabilities** – The following is a summary of changes in long-term liabilities for the year ended September 30, 2006:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 32,281,189	\$ -	\$ 1,430,246	\$30,850,943	\$ 1,423,187
Improvement revenue refunding bonds	500,000	-	500,000	-	-
Covenant bonds	9,245,000	-	240,000	9,005,000	245,000
Plus: Deferred amounts for premiums/discounts on refunding	<u>1,017,996</u>	<u>-</u>	<u>62,652</u>	<u>955,344</u>	<u>62,652</u>
Total bonds payable	43,044,185	-	2,232,898	40,811,287	1,730,839
Capital leases	2,663,606	584,532	726,673	2,521,465	752,049
Claims and judgments	6,127,020	3,793,729	5,860,749	4,060,000	1,611,000
Compensated absences	3,318,820	1,685,299	1,943,568	3,060,551	1,791,974
Total governmental activities long-term liabilities	<u>\$ 55,153,631</u>	<u>\$ 6,063,560</u>	<u>\$10,763,888</u>	<u>\$50,453,303</u>	<u>\$ 5,885,862</u>
<b>Business-type activities:</b>					
Bonds payable:					
Revenue bonds	\$ 420,000	\$ -	\$ -	\$ 420,000	\$ 420,000
Less: Deferred amounts for discounts on refunding	<u>(465)</u>	<u>-</u>	<u>(465)</u>	<u>-</u>	<u>-</u>
Total bonds payable	419,535	-	(465)	420,000	420,000
Capital leases	2,118,674	896,322	651,008	2,363,988	721,403
Compensated absences	1,355,395	620,005	669,829	1,305,571	626,727
Loan payable	16,541,287	2,370,414	835,449	18,076,252	877,516
Total business-type activities long-term liabilities	<u>\$ 20,434,891</u>	<u>\$ 3,886,741</u>	<u>\$ 2,155,821</u>	<u>\$22,165,811</u>	<u>\$ 2,645,646</u>

**4. Advance and Current Refundings** – At September 30, 2006, two bond issues were considered defeased. The proceeds of all defeased issues have been placed in an irrevocable trust to provide for all future debt service payments. Accordingly, the trust account assets and the liabilities for the defeased bonds are not included in the City's financial statements. At September 30, 2006, outstanding bonds of \$9,185,000 of business-type activity debt were considered defeased.

The governmental activities claims and judgments as well as compensated absences are generally liquidated by the General Fund.

**CITY OF DEERFIELD BEACH, FLORIDA**  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2006

**5. Summary of annual Debt Service Requirements** – The annual debt service requirements to maturity for debt outstanding as of September 30, 2006 are as follows:

<b>Governmental Activities Debt</b>				
<b>Year Ending September 30</b>	<i>General Obligation Bonds</i>		<i>Covenant Bonds</i>	
	Principal	Interest	Principal	Interest
2007	\$ 1,423,187	\$ 1,233,031	\$ 245,000	\$ 429,609
2008	1,414,345	1,243,622	250,000	422,394
2009	1,405,211	1,248,946	255,000	415,316
2010	1,398,530	1,255,072	270,000	407,824
2011	1,412,235	1,244,334	280,000	395,794
2012-2016	6,442,142	6,638,792	1,610,000	1,716,935
2017-2021	5,285,014	7,880,990	2,055,000	1,296,263
2022-2026	5,868,562	7,887,575	2,635,000	724,975
2027-2029	6,201,717	2,883,110	1,405,000	106,750
Total	\$ 30,850,943	\$ 31,515,472	\$ 9,005,000	\$ 5,915,860

<b>Business-type Activities Debt</b>				
<b>Year Ending September 30</b>	<i>Revenue Bonds</i>		<i>Revolving Loans</i>	
	Principal	Interest	Principal	Interest
2007	\$ 420,000	\$ 12,863	\$ 843,470	\$ 513,361
2008	-	-	879,548	486,746
2009	-	-	907,152	459,142
2010	-	-	935,624	430,670
2011	-	-	964,990	401,304
2012-2016	-	-	5,298,792	1,532,678
2017-2021	-	-	6,184,478	646,992
2022	-	-	672,667	10,480
Total	\$ 420,000	\$ 12,863	\$ 16,686,721	\$ 4,481,373

The City is still drawing down funds from the State Water Pollution Control Revolving loan, and no debt repayment schedule has yet been established. The City currently makes estimated annual payments of \$107,014.

**CITY OF DEERFIELD BEACH, FLORIDA**  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2006

**NOTE IV – OTHER INFORMATION**

**A. Restricted Assets** – The amounts shown below are those assets restricted by sources external to the City.

Ordinances and bond covenants pertaining to long-term debt and other agreements require segregation and restriction of certain assets represented by the following amounts as of September 30, 2006:

Business-type Activities

	Water and Sewer Fund	Solid Waste Fund	Total
Customer Deposits	\$ 390,663	\$ 56,613	\$ 447,276
Rate Stabilization Funds	3,600,000	-	3,600,000
Renewal and Replacement Funds	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total business-type activities restricted assets	<u>\$ 4,090,663</u>	<u>\$ 56,613</u>	<u>\$ 4,147,276</u>

**B. Risk Management** - The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health; and natural disasters. Liability claims in the State of Florida are limited to some extent by Chapter 768.28 of the Florida Statutes, under the Doctrine of Sovereign Immunity. The General Fund provides coverage of up to \$100,000 for employee health claims. The General Fund also provides coverage for workers compensation claims. The City retains the risk of loss up to \$100,000 for general liability claims and \$100,000 for property damage claims. For all other risks of loss, the City has purchased an excess coverage insurance policy covering individual claims in excess of these specified amounts. Settled claims did not exceed the commercial coverage in any of the past three fiscal years.

Various funds of the City participate in the risk management program and make payments to the General Fund based on estimates of the amounts needed to pay prior and current year's claims. Claims expenditures and liabilities are reported when it is probable and a loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (IBNRs). Claim liabilities are based upon the estimated ultimate cost of settling the claims including specific, incremental claim adjustment expenses, salvage, and subrogation and considering the effects of inflation and recent claim settlement trends including frequency and amount of payouts and other economic and social factors.

At September 30, 2006, the amount of these liabilities was \$4,060,000. Changes in the reported liability since September 30, 2005 resulted from the following:

<u>Fiscal Year</u>	<u>Claims Payable October 1</u>	<u>Current Year's Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Liability September 30</u>
2006	\$ 6,127,020	\$ 3,793,729	\$ (5,860,749)	\$ 4,060,000
2005	\$ 3,690,977	\$ 7,998,275	\$ (5,562,232)	\$ 6,127,020

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

**C. Contingent Liabilities** – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally, the federal and state agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Various lawsuits have been filed against the City including personal injury and general liability claims. The liability related to the various claims which were reasonably determinable at the end of the fiscal year has been accrued in the pertinent funds. In the opinion of management, any other potential claims will not have a material adverse effect on the City's financial statements.

**D. Pension Information** – The following information is provided in accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. This statement prescribes standards for the measurement, recognition and display of pension expenditures/expenses and related liabilities, assets and note disclosures in the financial statements of state and local governmental employers.

**1. Plan Description** - The City of Deerfield Beach, as a single employer, maintains three defined benefit pension plans covering full-time firefighters, police officers employed by the City prior to January 13, 1990 and non-uniformed employees hired before April 17, 1990. The Fire Pension Plan, Police Pension Plan and Non-uniformed Pension Plan are individual plans administered for each of three employee categories: fire, police and non-uniformed personnel. Each plan is governed by its own board of trustees, which is responsible for establishing employee benefit provisions within the framework of Chapters 175 and 185 of the Florida Statutes and local ordinances. Retirement, disability and death benefits and annual cost-of-living adjustments are provided by all three plans to members and beneficiaries. New members are no longer admitted to the police and non-uniformed defined benefit plans.

The financial statements for the City's pension plans are prepared using the accrual basis of accounting. Contributions from plan members are recognized in the period in which the contributions are due. The City's contributions are recognized when due and when a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of each individual plan. All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the City's balance sheet date. Securities without an established market price are reported at estimated fair value.

The Fire Pension Plan, as well as the Police Officers' Retirement Plan, issue publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by writing or calling the following: The Pension Resource Center, Inc., 4360 Northlake Blvd., Suite 206, Palm Beach Gardens, FL 33410; (561) 624-3277.

The Non-uniformed Employees' Retirement Plan also issues publicly available financial reports. These reports may be obtained via written request to the following: Benefits USA, Inc., 3810 Inverrary Blvd., Suite 302, Lauderhill, Florida 33319; or by calling (800) 425-2454.

On January 13, 1990 the police officers of the City of Deerfield Beach merged with the Broward County Sheriff's Office. State law provides that these officers, who are now employees of the Broward County Sheriff's Office, could make an irrevocable election to remain in the City's pension plan.

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

**2. Funding Policy and Annual Required Contributions** - The board of trustees of each plan establishes and may amend the contribution requirements of plan members and of the City.

The Fire Pension Fund, as well as the Police Pension Fund, is partially funded by contributions from the State of Florida. The state's contribution to the pension funds consist of excise taxes collected on fire and casualty insurance premiums on policies written within the City limits. For fiscal year 2006, the state contributed \$561,509 and \$437,893 to the Fire Pension and Police Pension Funds, respectively.

The City's annual required contribution for the current year and related information for each plan is as follows:

	<u>Fire</u>	<u>Police</u>	<u>Non-uniformed</u>
Contribution rates:			
City	18.40%	63.60%	29.17%
Plan members	9.00%	0.00%	9.00%
Annual required contribution	\$1,765,776	\$1,092,070	\$1,133,773
Contributions made	\$1,765,776	\$1,092,070	\$1,133,773
Actuarial valuation date	10/01/05	10/01/05	10/01/05
Actuarial cost method	Entry age	Entry age	Aggregate cost (a)
Amortization method	Level percentage of pay, closed	Level percentage of pay, closed	Level percentage of pay, closed
Remaining amortization period	30 years	30 years	15 years
Asset valuation method	5 year smoothed market	4 year smoothed market	4 year smoothed market
Actuarial assumptions:			
Investment rate of return	7.63%	7.00%	7.50%
Projected salary increases	5% to 11%	6.50%	6.00%
Includes inflation of	4.00%	3.00%	4.00%
Cost of living adjustments	None	None	None

(a) The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial accrued liabilities.

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

Information regarding fiscal year 2006 participant data for the three pension plans is as follows:

	<b>Fire</b>	<b>Police</b>	<b>Non- uniformed</b>	<b>Total</b>
<i>Number of plan members:</i>				
Retirees and beneficiaries				
currently receiving benefits	41	57	103	201
Vested terminated employees	0	0	10	10
<i>Active employees:</i>				
Fully vested	44	20	61	125
Non-vested	87	0	0	87
<i>Benefit provisions:</i>				
Normal retirement benefit equals:				
Average salary for years shown	3	3	3	
At the rate of/per year of service	(b)	3.00%	3.00%	
Maximum years of service	30	30	30	
<i>Normal retirement eligibility:</i>				
Age/service years	52/10	47/10	65/10	
(Alternative)	N/A/20	47/20	55/25	
<i>Early retirement eligibility:</i>				
Age/service years	47/10	47/10	55/10	

(b) The Fire Pension Plan's accrual rate is 3% for the first 10 years of service and 3.25% thereafter.

Covered employees in the fire and non-uniformed defined benefit plans are required to contribute 9 percent of their gross salary. Beginning on January 13, 1990, participants in the police pension plan were no longer required to contribute to the plan. Prior to that time, a 9 percent contribution of gross salary was mandatory. The member's contribution rate is fixed by the authorizing ordinance and the City's contribution rate is actuarially determined. The actuarial assumptions and four/five-year smoothed market methods were selected to fund the plans with the intent of producing future required employer contributions which remain fairly level as a percentage of covered payroll. The contribution rate for normal cost is determined using the entry age or the aggregate cost method, depending on the plan, over a 15 to 30 year period.

**CITY OF DEERFIELD BEACH, FLORIDA**  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2006

**3. Three-year Trend Information** - The Annual Pension Cost ("APC") is a measure of the periodic cost of an employer's participation in a defined benefit pension plan. As of the valuation dates indicated, three year historical trend information on the plans is presented in the table below:

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
<b>Fire</b>			
2005	\$ 2,231,447	79.1%	\$ (179,413)
2004	\$ 1,597,171	101.6%	\$ (150,625)
2003	\$ 1,508,067	100.2%	\$ (124,721)
<b>Police</b>			
2005	\$ 1,145,716	100.0%	\$ -
2004	\$ 798,119	100.0%	\$ -
2003	\$ 831,455	100.0%	\$ -
<b>Non-uniformed</b>			
2005	\$ 741,914	100.0%	\$ -
2004	\$ 319,893	100.0%	\$ -
2003	\$ 552,825	100.0%	\$ -

At September 30, 2005, the Firefighters' Pension Trust had a negative net pension obligation, which was derived as follows:

a. Annual required contribution ("ARC")	\$ 2,234,092
b. Interest on Net Pension Obligation ("NPO")	(11,485)
c. Adjustment to ARC	8,840
d. Annual pension cost (a+b+c)	2,231,447
e. Actual contributions	2,260,235
f. NPO at beginning of year	(150,625)
g. Increase (decrease) in NPO (d-e)	(28,788)
h. NPO at end of year (f+g)	(179,413)

**E. Defined Contribution Plan** – The City has a defined contribution plan that was established on April 17, 1990 via Ordinance No. 1990-025. This plan covers all full-time employees who are not members of the City's defined benefit pension plans, previously described. This plan was established under the provisions of Section 401(a) of the Internal Revenue Code. The City has authorized the City Commission to establish and amend all plan provisions. The assets of the plan are self-directed, and investment results are reported to participants/employees on a quarterly basis. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment returns thereon. The City does not have fiduciary accountability for the plan and, accordingly, the plans are not reported in the accompanying financial statements.

The City contributed 8% of salaries to the plan on a bi-weekly basis, for a contribution for the year ending September 30, 2006 of \$1,280,498. The plan requires a 4% match of all participants. Plan participants become fully vested in the plan after five years of service. Total member contributions for the fiscal year totaled \$640,249.

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

**F. Deferred Compensation Plan** – The City offers certain employees the opportunity to participate in a deferred compensation plan that was created on December 1, 1987, via resolution C1987/114. This plan was established in accordance with Section 457 of the Internal Revenue Code. The plan permits employees to defer a portion of their salaries until future years. At the employee's election, such amounts may be invested in mutual funds with varying degrees of risk and return. Loans may be taken against an employee's account for specified purposes. All amounts of compensation deferred under a "Section-457" plan, all property and rights purchased with those amounts, and all investment earnings, are held in trust for the exclusive benefit of the plan's participants and their beneficiaries. Since the City has no control over these assets, they are not reflected in the City's financial statements.

The International City Management Association Retirement Corporation acts as agent for the employees in administering both the defined contribution as well as the deferred compensation plans described above.

**G. Other Post-employment Benefits** - In addition to providing pension benefits, the City provides health insurance benefits to retired employees, as established by City ordinance. This is part of the City's self-insurance health plan. The retirees are not required to contribute to the cost of insurance coverage. The cost of retiree health care insurance benefits is recognized as an expenditure as claims are paid on a "pay-as-you-go basis." For the year ending September 30, 2006, those costs totaled \$821,568 for the 119 participants.

**H. Subsequent Events** - On January 9, 2007, the City issued \$5,965,000 in improvement revenue bonds, via the Florida Municipal Loan Council. The purpose of these bonds was to finance the construction of a mitigations operations center as well as a public works facility. The interest rates on the bonds range from 4.00% to 5.00%, and the final maturity date is October 1, 2031.

**I. New Accounting Pronouncements Adopted** - The City has adopted GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This Statement requires governments to report the effects of capital asset impairment in the financial statements when the impairment occurs by evaluating major events affecting capital assets including physical damage, changes in legal or environmental factors, technological changes or obsolescence, changes in manner or duration and construction stoppage to determine whether the capital assets are impaired. Impairment will be measured using methods that are designed to isolate the cost of the capital asset's service capacity that has been rendered unusable by impairment. This Statement also enhances comparability of financial statements by requiring all governments to account for insurance recoveries in the same manner. The adoption of this new standard did not have an impact on the City's financial statements.

GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section—an amendment of NCGA Statement 1*, was also adopted for the fiscal year ending September 30, 2006. This Statement improves the understandability and usefulness of statistical section information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model for state and local governments required by Statement 34.

The City has also adopted GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation—an amendment of GASB Statement No. 34*. This Statement clarifies that a legally enforceable enabling legislation restriction is one that a party external to a government, such as citizens, public interest groups, or the judiciary, can compel a government to honor. This Statement also specifies the accounting and financial reporting requirements if new enabling legislation replaces existing enabling legislation or if legal enforceability is reevaluated. Further, this Statement requires governments to disclose the portion of total net assets that is restricted by enabling legislation.

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2006

GASB Statement No. 47, *Accounting for Termination Benefits*,” was also adopted. This Statement requires employers to disclose its termination benefit arrangements, the cost of the termination benefits and any significant methods and assumptions used to determine termination benefit liabilities. The adoption of this new standard did not have an impact on the City’s financial statements.

**J. New Accounting Pronouncements Not Yet Adopted** - GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* will be effective for the City beginning with its year ending September 30, 2008. This Statement improves the relevance and usefulness of financial reporting by (a) requiring systematic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees’ years of service and (b) providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. The impact of implementing this statement was not ascertainable as of September 30, 2006.

In September 2006, the Governmental Accounting Standards Board issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. The requirements of this statement improve financial reporting by establishing consistent measurement, recognition, and disclosure requirements that apply to both governmental and business-type activities. This statement will be effective for fiscal year ending September 30, 2008. The impact of implementing this statement was not ascertainable as of September 30, 2006.

Further, in November 2006, the Governmental Accounting Standards Board issued Statement No. 49, *Accounting and financial Reporting for Pollution Remediation Obligations*. This statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution. The scope of this statement excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and postclosure and nuclear power plant decommissioning. This statement will be effective for fiscal year ending September 30, 2009. The impact of implementing this statement was not ascertainable at September 30, 2006.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**CITY OF DEERFIELD BEACH, FLORIDA**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	Budgeted Amounts		(Budgetary Basis) Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Property taxes	\$ 34,281,520	\$ 34,281,520	\$ 34,600,447	\$ 318,927
Sales taxes	4,555,496	4,555,496	4,779,520	224,024
Fire assessment fees	3,653,180	3,653,180	3,662,090	8,910
Franchise fees	9,309,615	9,309,615	10,427,274	1,117,659
Licenses and permits	1,811,300	1,811,300	2,595,719	784,419
Intergovernmental	2,588,663	2,588,663	12,321,226	9,732,563
Charges for services	5,646,298	5,646,298	5,971,460	325,162
Fines and forfeitures	1,279,250	1,279,250	1,350,109	70,859
Investment earnings	145,000	145,000	757,444	612,444
Miscellaneous:				
Insurance proceeds	42,500	42,500	253,574	211,074
Donations/contributions	1,933,669	1,933,669	1,824,426	(109,243)
Administrative fees	2,825,869	2,825,869	2,870,665	44,796
Other	127,000	127,000	192,304	65,304
Total revenues	68,199,360	68,199,360	81,606,258	13,406,898
<b>EXPENDITURES:</b>				
Departmental:				
City commission	204,625	204,625	179,394	25,231
City manager	558,980	558,980	483,430	75,550
City clerk	325,240	325,240	299,429	25,811
City attorney	460,000	710,000	652,889	57,111
Central services	507,200	507,200	428,274	78,926
Parks & recreation	6,384,409	6,459,409	6,434,341	25,068
Fire/rescue	19,402,169	19,702,169	19,664,389	37,780
Human Resources	538,295	538,295	513,244	25,051
Insurance/safety	6,156,681	8,656,681	7,287,683	1,368,998
Management and budget	2,539,435	2,541,235	2,154,876	386,359
Planning and growth management	910,362	910,362	845,906	64,456
Police	17,443,322	17,443,322	16,099,394	1,343,928
Public works	7,426,990	7,476,990	7,449,745	27,245
Senior services	2,337,016	2,337,016	2,103,089	233,927
Community participation	180,996	180,996	146,846	34,150
Other - unclassified	896,295	6,719,495	13,204,626	(6,485,131)
Debt service	1,473,535	1,473,535	767,046	706,489
Total expenditures	67,745,550	76,745,550	78,714,601	(1,969,051)
Excess (deficiency) of revenues over expenditures	453,810	(8,546,190)	2,891,657	11,437,847
Other financing sources (uses):				
Capital lease proceeds	710,548	710,548	449,785	(260,763)
Transfers in	2,260,494	2,260,494	1,171,064	(1,089,430)
Transfers out	(3,624,852)	(3,624,852)	(4,182,907)	(558,055)
Total other financing sources (uses)	(653,810)	(653,810)	(2,562,058)	(1,908,248)
Net change in fund balance	\$ (200,000)	\$ (9,200,000)	\$ 329,599	\$ 9,529,599

See accompanying notes to required supplementary information.

**CITY OF DEERFIELD BEACH, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**DEFINED BENEFIT PENSION PLANS**

**Schedules of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)/ (UFAAL)*	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<b>FIRE</b>						
10/1/2000	\$ 50,566,155	\$ 43,039,092	\$ (7,527,063)	117.5	\$ 7,756,000	(97.0)
10/1/2001	53,300,998	53,300,998	-	100.0	8,326,813	0.0
10/1/2002	51,611,851	55,046,464	3,434,613	93.8	6,016,000	57.1
10/1/2003	56,133,532	60,416,560	4,283,028	92.9	6,234,000	68.7
10/1/2004	58,806,662	70,106,558	11,299,896	83.9	8,085,192	139.8
10/1/2005	62,669,274	71,467,107	8,797,833	87.7	10,006,663	87.9
<b>POLICE</b>						
10/1/2000	\$ 41,008,013	\$ 38,705,287	\$ (2,302,726)	106.0	\$ 3,565,355	(64.6)
10/1/2001	41,572,280	40,644,942	(927,338)	102.3	2,254,213	(41.1)
10/1/2002	39,933,707	42,719,581	2,785,874	93.5	2,248,000	123.9
10/1/2003	39,227,454	42,848,761	3,621,307	91.5	2,032,000	178.2
10/1/2004	37,288,853	44,789,665	7,500,812	83.3	1,706,000	439.7
10/1/2005	37,464,257	46,938,691	9,474,434	79.8	1,718,000	551.5
<b>NON-UNIFORMED</b>						
10/1/2000	\$ 49,074,968	\$ 45,932,720	N/A*	106.8	\$ 4,679,236	N/A*
10/1/2001	51,101,438	47,603,750	N/A	107.3	4,500,861	N/A
10/1/2002	48,062,522	49,639,894	N/A	96.8	4,413,504	N/A
10/1/2003	50,656,242	51,123,617	N/A	99.1	4,053,762	N/A
10/1/2004	49,074,968	45,932,720	N/A	106.8	3,472,804	N/A
10/1/2005	49,622,534	53,515,913	N/A	92.7	3,886,192	N/A

*\*Unfunded (Frozen) Actuarial Accrued Liability: Relative to the Non-uniformed Plan, effective 10/1/96, the actuarial cost method was changed from the Frozen Entry Age Cost Method, which produces UFAAL, to the Entry Age Normal Cost Method which produces UAAL. Effective 10/1/00, the actuarial cost method was again changed from the Entry Age Normal Cost Method to the Aggregate Cost Method, which does not produce a UAAL.*

**Schedules of Employer Contributions**

Year Ended September 30	Employer Contributions					
	Fire		Police		Non-uniformed	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2000	\$577,694	100%	\$582,580	100%	\$473,439	100%
2001	326,020	100	492,865	100	-	N/A
2002	443,541	100	402,018	100	-	N/A
2003	924,595	100	592,668	100	552,825	100
2004	1,166,190	100	798,119	100	319,893	100
2005	1,777,309	100	940,265	100	741,914	100

See accompanying notes to required supplementary information.

**CITY OF DEERFIELD BEACH, FLORIDA**  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 SEPTEMBER 30, 2006

**NOTE I – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information** – The City adopts annual operating budgets on a non-GAAP basis for the General Fund and the enterprise funds, as well as the following special revenue funds: Road and Bridge Tax Fund, Community Development Block Grant Fund, and the Community Redevelopment Agency Fund. The remaining special revenue funds are governed by grants with different fiscal periods and are funded at levels which the City has little control over or measurable knowledge of at the time it adopts the other budgets.

For budgetary control purposes, encumbrance accounting is utilized, whereas purchase orders, contracts and other financial commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation. Encumbrances outstanding at year-end are reported as reservations of fund balance, since they do not constitute expenditures or liabilities. Unless encumbered by a purchase order, the budget appropriations lapse at the end of each year.

At any time during the fiscal year, the city manager may authorize a budget adjustment among the various line items within a department, as long as the total budget for the department does not change. Furthermore, if the city manager certifies that there are revenues available for appropriations in excess of those estimated in the original budget, the City Commission may, by ordinance, make supplemental appropriations for the year up to the amount of such excess. During fiscal year 2006, the City Commission made supplemental appropriations in the amount of \$9,000,000 for the General Fund.

**B. Reconciliation of Budget to Actual** – The City adopts annual budgets on a non-GAAP basis which includes encumbrances. Actual data accounted for on a basis consistent with GAAP is presented in the “Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.” Actual data accounted for on a non-GAAP basis is presented in the “Budgetary Comparison Schedule – General Fund.” Reconciliation of the actual data as presented in the aforementioned statements is shown below:

	GAAP Basis Actual	Net Encumbrances	Non-GAAP Basis Actual
Current expenditures	\$ 77,933,429	\$ 14,126	\$ 77,947,555
Debt service	767,046	-	767,046
Total expenditures	\$ 78,700,475	\$ 14,126	\$ 78,714,601

In the above reconciliation, “net encumbrances” represents the difference between the encumbrances outstanding as of September 30, 2006 and the outstanding encumbrances as of September 30, 2005, which were paid during fiscal year 2006.

**C. Excess of Expenditures Over Appropriations** – For the year ended September 30, 2006, expenditures exceeded appropriations in the “Other-Unclassified” (Non-departmental) category by \$6,485,131. This overexpenditure was funded by greater than anticipated revenues.



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## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

*Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.*

Road and Bridge Tax Fund – to account for the proceeds from motor fuel tax revenues that are restricted to the maintenance and acquisition of roads and bridges.

Community Development Block Grant (“CDBG”) Fund – to account for federal proceeds which are restricted as to the objectives of community development and revitalization.

Community Redevelopment Agency (“CRA”) Fund – to account for the proceeds of tax increment revenues and the related expenditures for redevelopment of the area that borders along Hillsboro Boulevard and that encompasses most of the beach district from Federal Highway to the intracoastal waterway.

State Housing Initiative Partnership (“SHIP”) Grant Fund – to account for State funds received for providing assistance to very low, low, and moderate-income households in becoming first time homebuyers or in rehabilitating their existing homes.

Miscellaneous Grants Fund – to account for federal, state and county monies restricted to expenditures for projects and programs which are outlined in the individual grant agreements.

Parking Deviation Fund – to account for impact fees collected from property owners, which fees are earmarked for construction of parking facilities within those areas from which the fees were collected.

General Trust Fund – to account for funds received as donations, which have been restricted as to expenditures for specified purposes.

Target Area Trust Fund – to account for monies collected from code violation fines and which have been designated for the rehabilitation of the Target Area within the City.

Beautification and Landscape Trust Fund – to account for tree removal fees, fines and private contributions designated for the preservation of trees within the City.

Crime Prevention Trust Fund – to account for a penalty assessed on the violation of local ordinances, which funds are used to increase public awareness and acquire crime prevention tools such as informational brochures, audio visual aids and training of police officers and civilians involved in crime awareness and prevention.

### DEBT SERVICE FUNDS

*Debt service funds are used to account for resources accumulated and payments made for principal and interest on long-term debt of governmental funds.*

Improvement Revenue Sinking Fund – to accumulate monies for payment of the Series 1992 Improvement Revenue Bonds with remaining principal and interest due in varying amounts until maturity in 2006.

General Obligation Sinking Fund – to accumulate monies for payment of Series 1992, 2000 and 2003 general obligation bonds with remaining principal and interest due in varying amounts until maturity in 2028.

### CAPITAL GRANTS CAPITAL PROJECTS FUND

This fund is used to account for the acquisition and construction of major capital improvements that are financed by grants from federal, state and local agencies.

### PERMANENT FUNDS

*Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.*

Perpetual Care Permanent Fund – to account for moneys received for the purpose of providing perpetual care for the City's cemeteries.



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**CITY OF DEERFIELD BEACH, FLORIDA**  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2006

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Capital Grants Capital Projects Fund</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,927,520	\$ -	\$ -
Investments	2,452,090	4,271	-
Receivables (net):			
Accounts	-	-	-
Interest	13,900	9	-
Due from other funds	959,044	-	-
Due from other governments	657,075	-	60,703
Prepaid items	295	-	-
Total assets	<u>\$ 7,009,924</u>	<u>\$ 4,280</u>	<u>\$ 60,703</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	236,684	-	7,886
Accrued liabilities	39,152	-	-
Due to other funds	476,379	-	52,818
Unearned/deferred revenue	354,085	-	59,165
Total liabilities	<u>1,106,300</u>	<u>-</u>	<u>119,869</u>
 Fund balances (deficit):			
Reserved for:			
Encumbrances	94,296	-	-
Prepaid items	295	-	-
Perpetual care	-	-	-
Unreserved	5,809,033	4,280	(59,166)
Total fund balances	<u>5,903,624</u>	<u>4,280</u>	<u>(59,166)</u>
Total liabilities and fund balances	<u>\$ 7,009,924</u>	<u>\$ 4,280</u>	<u>\$ 60,703</u>

<b>Perpetual Care Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 152,271	\$ 3,079,791
1,711,843	4,168,204
254	254
8,972	22,881
-	959,044
-	717,778
-	295
<u>\$ 1,873,340</u>	<u>\$ 8,948,247</u>
-	244,570
-	39,152
-	529,197
-	413,250
-	<u>1,226,169</u>
-	94,296
-	295
1,873,340	1,873,340
-	5,754,147
<u>1,873,340</u>	<u>7,722,078</u>
<u>\$ 1,873,340</u>	<u>\$ 8,948,247</u>

**CITY OF DEERFIELD BEACH, FLORIDA**

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT)  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Capital Grants Capital Projects Fund</b>
<b>REVENUES</b>			
Property taxes	\$ 1,041,350	\$ -	\$ -
Franchise fees	-	352,333	-
Local option gas tax	1,417,779	-	-
Intergovernmental	3,613,379	-	1,359,800
Charges for services	619,637	-	-
Fines and forfeitures	48,234	-	-
Investment earnings	199,402	7,181	-
Miscellaneous:			
Parking deviation fees	30,000	-	-
Cemetery plot sales	-	-	-
Donations/contributions	165,876	-	-
Administrative fees	278,886	-	-
Other	9,000	-	-
Total revenues	<u>7,423,543</u>	<u>359,514</u>	<u>1,359,800</u>
<b>EXPENDITURES</b>			
Current:			
Economic environment	1,072,420	-	-
Public safety	180,487	-	-
Human services	171,253	-	-
Physical environment	60,029	-	-
Transportation	1,965,934	-	-
Culture and recreation	468,126	-	-
Capital outlay	482,490	-	42,999
Debt service:			
Principal	35,587	2,170,247	-
Interest and fiscal charges	6,221	1,735,325	-
Total expenditures	<u>4,442,547</u>	<u>3,905,572</u>	<u>42,999</u>
Excess (deficiency) of revenues over expenditures	<u>2,980,996</u>	<u>(3,546,058)</u>	<u>1,316,801</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Capital lease proceeds	134,747	-	-
Transfers in	799,149	3,370,110	-
Transfers out	<u>(1,308,554)</u>	<u>(117,739)</u>	-
Total other financing sources (uses)	<u>(374,658)</u>	<u>3,252,371</u>	-
Net change in fund balances	2,606,338	(293,687)	1,316,801
Fund balances (deficit) - beginning	<u>3,297,286</u>	<u>297,967</u>	<u>(1,375,967)</u>
Fund balances (deficit) - ending	<u>\$ 5,903,624</u>	<u>\$ 4,280</u>	<u>\$ (59,166)</u>

<b>Perpetual Care Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ 1,041,350
-	352,333
-	1,417,779
-	4,973,179
-	619,637
-	48,234
79,720	286,303
-	30,000
93,865	93,865
-	165,876
-	278,886
-	9,000
<u>173,585</u>	<u>9,316,442</u>
-	1,072,420
-	180,487
-	171,253
-	60,029
-	1,965,934
-	468,126
-	525,489
-	2,205,834
-	<u>1,741,546</u>
-	<u>8,391,118</u>
<u>173,585</u>	<u>925,324</u>
-	134,747
-	4,169,259
-	<u>(1,426,293)</u>
-	<u>2,877,713</u>
173,585	3,803,037
<u>1,699,755</u>	<u>3,919,041</u>
<u>\$ 1,873,340</u>	<u>\$ 7,722,078</u>

**CITY OF DEERFIELD BEACH, FLORIDA**

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

SEPTEMBER 30, 2006

	<b>Road and Bridge Tax Fund</b>	<b>CDBG Fund</b>	<b>CRA Fund</b>	<b>SHIP Grant Fund</b>	<b>Miscellaneous Grants Fund</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 211,831	\$ -	\$ 165,601	\$ 1,771,871	\$ 49,782
Investments	1,910,537	-	541,553	-	-
Receivables (net):					
Interest	10,014	-	3,886	-	-
Due from other funds	156,521	-	802,523	-	-
Due from other governments	160,831	80,402	-	-	415,426
Prepaid items	-	-	295	-	-
Total assets	<u>\$ 2,449,734</u>	<u>\$ 80,402</u>	<u>\$ 1,513,858</u>	<u>\$ 1,771,871</u>	<u>\$ 465,208</u>
 <b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	101,263	5,504	5,028	2,394	38,595
Accrued liabilities	29,154	600	2,580	6,818	-
Due to other funds	-	74,298	-	-	402,081
Unearned/deferred revenue	-	-	-	-	352,500
Total liabilities	<u>130,417</u>	<u>80,402</u>	<u>7,608</u>	<u>9,212</u>	<u>793,176</u>
Fund balances (deficit):					
Reserved for:					
Encumbrances	-	-	93,766	-	-
Prepaid items	-	-	295	-	-
Unreserved	2,319,317	-	1,412,189	1,762,659	(327,968)
Total fund balances (deficit)	<u>2,319,317</u>	<u>-</u>	<u>1,506,250</u>	<u>1,762,659</u>	<u>(327,968)</u>
Total liabilities and fund balances	<u>\$ 2,449,734</u>	<u>\$ 80,402</u>	<u>\$ 1,513,858</u>	<u>\$ 1,771,871</u>	<u>\$ 465,208</u>

<b>Parking Deviation Fund</b>	<b>General Trust Fund</b>	<b>Target Area Trust Fund</b>	<b>Beautification and Landscape Trust Fund</b>	<b>Crime Prevention Trust Fund</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ 286,675	\$ 291,198	\$ 92,861	\$ 48,673	\$ 9,028	\$ 2,927,520
-	-	-	-	-	2,452,090
-	-	-	-	-	13,900
-	-	-	-	-	959,044
-	-	-	-	416	657,075
-	-	-	-	-	295
<u>\$ 286,675</u>	<u>\$ 291,198</u>	<u>\$ 92,861</u>	<u>\$ 48,673</u>	<u>\$ 9,444</u>	<u>\$ 7,009,924</u>
-	12,885	69,898	-	1,117	236,684
-	-	-	-	-	39,152
-	-	-	-	-	476,379
-	1,585	-	-	-	354,085
-	<u>14,470</u>	<u>69,898</u>	-	<u>1,117</u>	<u>1,106,300</u>
-	530	-	-	-	94,296
-	-	-	-	-	295
<u>286,675</u>	<u>276,198</u>	<u>22,963</u>	<u>48,673</u>	<u>8,327</u>	<u>5,809,033</u>
<u>286,675</u>	<u>276,728</u>	<u>22,963</u>	<u>48,673</u>	<u>8,327</u>	<u>5,903,624</u>
<u>\$ 286,675</u>	<u>\$ 291,198</u>	<u>\$ 92,861</u>	<u>\$ 48,673</u>	<u>\$ 9,444</u>	<u>\$ 7,009,924</u>

**CITY OF DEERFIELD BEACH, FLORIDA**  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT)  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<b>Road and Bridge Tax Fund</b>	<b>CDBG Fund</b>	<b>CRA Fund</b>	<b>SHIP Grant Fund</b>	<b>Miscellaneous Grants Fund</b>
<b>REVENUES</b>					
Property taxes	\$ -	\$ -	\$ 1,041,350	\$ -	\$ -
Local option gas tax	1,417,779	-	-	-	-
Intergovernmental	613,669	454,553	-	2,161,702	383,455
Charges for services	-	-	17	-	-
Fines and forfeitures	-	-	-	-	-
Investment earnings	94,665	-	60,877	31,906	880
Miscellaneous:					
Parking deviation fees	-	-	-	-	-
Donations/contributions	-	-	-	86,259	-
Administrative fees	278,886	-	-	-	-
Other	5,142	-	-	-	3,858
Total revenues	<u>2,410,141</u>	<u>454,553</u>	<u>1,102,244</u>	<u>2,279,867</u>	<u>388,193</u>
<b>EXPENDITURES</b>					
Current:					
Economic environment	-	290,064	200,136	444,602	65,948
Public safety	-	-	-	-	107,473
Human services	-	15,000	-	-	156,253
Physical environment	-	321	-	-	52,283
Transportation	1,965,934	-	-	-	-
Culture and recreation	-	-	-	-	100,463
Capital outlay	134,550	19,995	-	-	261,119
Debt service:					
Principal	35,587	-	-	-	-
Interest and fiscal charges	4,747	-	1,474	-	-
Total expenditures	<u>2,140,818</u>	<u>325,380</u>	<u>201,610</u>	<u>444,602</u>	<u>743,539</u>
Excess (deficiency) of revenues over expenditures	<u>269,323</u>	<u>129,173</u>	<u>900,634</u>	<u>1,835,265</u>	<u>(355,346)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital lease proceeds	134,747	-	-	-	-
Transfers in	-	-	738,923	-	59,816
Transfers out	(132,667)	(129,173)	(898,686)	(72,606)	(8,925)
Total other financing sources (uses)	<u>2,080</u>	<u>(129,173)</u>	<u>(159,763)</u>	<u>(72,606)</u>	<u>50,891</u>
Net change in fund balances	271,403	-	740,871	1,762,659	(304,455)
Fund balances (deficit) - beginning	2,047,914	-	765,379	-	(23,513)
Fund balances (deficit) - ending	<u>\$ 2,319,317</u>	<u>\$ -</u>	<u>\$ 1,506,250</u>	<u>\$ 1,762,659</u>	<u>\$ (327,968)</u>

<b>Parking Deviation Fund</b>	<b>General Trust Fund</b>	<b>Target Area Trust Fund</b>	<b>Beautification and Landscape Trust Fund</b>	<b>Crime Prevention Trust Fund</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,041,350
-	-	-	-	-	1,417,779
-	-	-	-	-	3,613,379
-	611,659	-	7,961	-	619,637
-	-	36,507	-	11,727	48,234
6,066	24	3,555	1,220	209	199,402
30,000	-	-	-	-	30,000
-	79,617	-	-	-	165,876
-	-	-	-	-	278,886
-	-	-	-	-	9,000
<u>36,066</u>	<u>691,300</u>	<u>40,062</u>	<u>9,181</u>	<u>11,936</u>	<u>7,423,543</u>
-	-	71,670	-	-	1,072,420
-	60,502	-	-	12,512	180,487
-	-	-	-	-	171,253
-	7,425	-	-	-	60,029
-	-	-	-	-	1,965,934
-	367,663	-	-	-	468,126
-	-	66,826	-	-	482,490
-	-	-	-	-	35,587
-	-	-	-	-	6,221
-	<u>435,590</u>	<u>138,496</u>	-	<u>12,512</u>	<u>4,442,547</u>
<u>36,066</u>	<u>255,710</u>	<u>(98,434)</u>	<u>9,181</u>	<u>(576)</u>	<u>2,980,996</u>
-	-	410	-	-	134,747
-	-	(46,497)	(20,000)	-	799,149
-	-	(46,087)	(20,000)	-	(1,308,554)
36,066	255,710	(144,521)	(10,819)	(576)	134,747
250,609	21,018	167,484	59,492	8,903	799,149
<u>\$ 286,675</u>	<u>\$ 276,728</u>	<u>\$ 22,963</u>	<u>\$ 48,673</u>	<u>\$ 8,327</u>	<u>\$ 5,903,624</u>

**CITY OF DEERFIELD BEACH, FLORIDA**  
**ROAD AND BRIDGE TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET (NON-GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<u>Budgeted Amounts</u>		<u>(Budgetary Basis)</u> <u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local option gas tax	\$ 1,292,980	\$ 1,292,980	\$ 1,417,779	\$ 124,799
Intergovernmental	626,926	626,926	613,669	(13,257)
Investment earnings	17,000	17,000	94,665	77,665
Miscellaneous:				
Administrative fees	278,886	278,886	278,886	-
Other	13,672	13,672	5,142	(8,530)
Total revenues	<u>2,229,464</u>	<u>2,229,464</u>	<u>2,410,141</u>	<u>180,677</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	1,712,635	1,712,635	1,997,736	(285,101)
Capital outlay	427,000	427,000	134,550	292,450
Debt service:				
Principal	41,384	41,384	35,587	5,797
Interest	13,439	13,439	4,747	8,692
Total expenditures	<u>2,194,458</u>	<u>2,194,458</u>	<u>2,172,620</u>	<u>21,838</u>
Excess (deficiency) of revenues over expenditures	<u>35,006</u>	<u>35,006</u>	<u>237,521</u>	<u>202,515</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease proceeds	177,000	177,000	134,747	(42,253)
Transfers in	-	-	-	-
Transfers out	(212,006)	(212,006)	(132,667)	79,339
Total other financing sources (uses)	<u>(35,006)</u>	<u>(35,006)</u>	<u>2,080</u>	<u>37,086</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 239,601</u>	<u>\$ 239,601</u>

	GAAP Basis Actual	Net Encumbrances*	Non-GAAP Basis Actual
<b>Reconciliation of Budget and Actual:</b>			
Current expenditures	\$ 1,965,934	\$ 31,802	\$ 1,997,736
Capital outlay	134,550	-	134,550
Debt service	40,334	-	40,334
Total expenditures	<u>\$ 2,140,818</u>	<u>\$ 31,802</u>	<u>\$ 2,172,620</u>

\*In the above reconciliation, "net encumbrances" represents the difference between the encumbrances outstanding as of September 30, 2006 and the outstanding encumbrances as of September 30, 2005, which were paid during fiscal year 2006.

**CITY OF DEERFIELD BEACH, FLORIDA**  
COMMUNITY DEVELOPMENT BLOCK GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<u>Budgeted Amounts</u>		<u>(Budgetary Basis) Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 690,545	\$ 690,545	\$ 454,553	\$ (235,992)
Total revenues	<u>690,545</u>	<u>690,545</u>	<u>454,553</u>	<u>(235,992)</u>
<b>EXPENDITURES</b>				
Current:				
Economic environment	552,436	552,436	290,064	262,372
Public safety	-	-	-	-
Human services	-	-	15,000	(15,000)
Physical environment	-	-	321	(321)
Capital outlay	<u>-</u>	<u>-</u>	<u>19,995</u>	<u>(19,995)</u>
Total expenditures	<u>552,436</u>	<u>552,436</u>	<u>325,380</u>	<u>227,056</u>
Excess of revenues over expenditures	<u>138,109</u>	<u>138,109</u>	<u>129,173</u>	<u>(8,936)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	<u>(138,109)</u>	<u>(138,109)</u>	<u>(129,173)</u>	<u>8,936</u>
Total other financing sources (uses)	<u>(138,109)</u>	<u>(138,109)</u>	<u>(129,173)</u>	<u>8,936</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF DEERFIELD BEACH, FLORIDA**  
COMMUNITY REDEVELOPMENT AGENCY FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<u>Budgeted Amounts</u>		<u>(Budgetary Basis) Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 1,079,333	\$ 1,079,333	\$ 1,041,350	\$ (37,983)
Charges for services	-	-	17	17
Investment earnings	<u>8,000</u>	<u>8,000</u>	<u>60,877</u>	<u>52,877</u>
Total revenues	<u>1,087,333</u>	<u>1,087,333</u>	<u>1,102,244</u>	<u>14,911</u>
<b>EXPENDITURES</b>				
Current:				
Economic environment	1,137,957	1,137,957	295,376	842,581
Debt service:				
Fiscal charges	<u>12,000</u>	<u>12,000</u>	<u>1,474</u>	<u>10,526</u>
Total expenditures	<u>1,149,957</u>	<u>1,149,957</u>	<u>296,850</u>	<u>853,107</u>
Excess of revenues over expenditures	<u>(62,624)</u>	<u>(62,624)</u>	<u>805,394</u>	<u>868,018</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	752,342	752,342	738,923	(13,419)
Transfers out	<u>(689,718)</u>	<u>(689,718)</u>	<u>(898,686)</u>	<u>(208,968)</u>
Total other financing sources (uses)	<u>62,624</u>	<u>62,624</u>	<u>(159,763)</u>	<u>(222,387)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 645,631</u>	<u>\$ 645,631</u>

	<u>GAAP Basis Actual</u>	<u>Net Encumbrances*</u>	<u>Non-GAAP Basis Actual</u>
<u>Reconciliation of Budget and Actual:</u>			
Total current expenditures	<u>\$ 201,610</u>	<u>\$ 93,766</u>	<u>\$ 295,376</u>

\*In the above reconciliation, "net encumbrances" represents the difference between the encumbrances outstanding as of September 30, 2006 and the outstanding encumbrances as of September 30, 2005 which were paid during fiscal year 2006.

**CITY OF DEERFIELD BEACH, FLORIDA**  
**NONMAJOR DEBT SERVICE FUNDS**  
**COMBINING BALANCE SHEET**  
**SEPTEMBER 30, 2006**

	<b>Improvement Revenue Sinking Fund</b>	<b>General Obligation Sinking Fund</b>	<b>Total Nonmajor Debt Service Funds</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Investments	\$ -	\$ 4,271	\$ 4,271
Receivables (net):			
Interest	<u>-</u>	<u>9</u>	<u>9</u>
Total assets	<u>\$ -</u>	<u>\$ 4,280</u>	<u>\$ 4,280</u>
<b>FUND BALANCES</b>			
Unreserved	<u>-</u>	<u>4,280</u>	<u>4,280</u>
Total fund balances	<u>-</u>	<u>4,280</u>	<u>4,280</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 4,280</u>	<u>\$ 4,280</u>

**CITY OF DEERFIELD BEACH, FLORIDA**  
**NONMAJOR DEBT SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<b>Improvement Revenue Sinking Fund</b>	<b>General Obligation Sinking Fund</b>	<b>Total Nonmajor Debt Service Funds</b>
<b>REVENUES</b>			
Franchise fees	\$ 352,333	\$ -	\$ 352,333
Investment earnings	<u>2,403</u>	<u>4,778</u>	<u>7,181</u>
Total revenues	<u>354,736</u>	<u>4,778</u>	<u>359,514</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal	500,000	1,670,247	2,170,247
Interest and fiscal charges	<u>28,500</u>	<u>1,706,825</u>	<u>1,735,325</u>
Total expenditures	<u>528,500</u>	<u>3,377,072</u>	<u>3,905,572</u>
Excess (deficiency) of revenues over expenditures	(173,764)	(3,372,294)	(3,546,058)
Transfers in	-	3,370,110	3,370,110
Transfers out	<u>(117,739)</u>	<u>-</u>	<u>(117,739)</u>
Total other financing sources (uses)	<u>(117,739)</u>	<u>3,370,110</u>	<u>3,252,371</u>
Net change in fund balances	(291,503)	(2,184)	(293,687)
Fund balances - beginning	<u>291,503</u>	<u>6,464</u>	<u>297,967</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 4,280</u>	<u>\$ 4,280</u>

# **FIDUCIARY FUNDS**



**CITY OF DEERFIELD BEACH, FLORIDA**  
**PENSION TRUST FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**SEPTEMBER 30, 2006**

	<b>Fire Pension Fund</b>	<b>Police Pension Fund</b>	<b>Non- Uniformed Pension Fund</b>	<b>Total</b>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 1,286,092	\$ 819,076	\$ -	\$ 2,105,168
Investments:				
Money market funds	24,451,946	17,637,864	627,690	42,717,500
U.S. Government securities	13,185,085	6,312,049	6,741,619	26,238,753
Corporate equities	26,564,001	12,996,084	43,205,451	82,765,536
Corporate bonds and notes	6,037,172	3,020,735	4,035,175	13,093,082
Total investments	<u>70,238,204</u>	<u>39,966,732</u>	<u>54,609,935</u>	<u>164,814,871</u>
Receivables:				
Interest and dividends	260,304	75,459	192,210	527,973
Due from other governments	561,509	-	-	561,509
Due from brokers	2,017,793	356,106	826,332	3,200,231
Contributions	-	5,571	-	5,571
Total receivables	<u>2,839,606</u>	<u>437,136</u>	<u>1,018,542</u>	<u>4,295,284</u>
Total assets	<u>74,363,902</u>	<u>41,222,944</u>	<u>55,628,477</u>	<u>171,215,323</u>
<b>LIABILITIES:</b>				
Accounts payable	<u>225,442</u>	<u>135,941</u>	<u>699,901</u>	<u>1,061,284</u>
<b>NET ASSETS:</b>				
Held in trust for pension benefits	<u>\$ 74,138,460</u>	<u>\$ 41,087,003</u>	<u>\$ 54,928,576</u>	<u>\$ 170,154,039</u>

**CITY OF DEERFIELD BEACH, FLORIDA**  
**PENSION TRUST FUNDS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<b>Fire Pension Fund</b>	<b>Police Pension Fund</b>	<b>Non- Uniformed Pension Fund</b>	<b>Total</b>
<b>ADDITIONS:</b>				
Contributions:				
Employer	\$ 1,765,776	\$ 1,092,070	\$ 1,132,670	\$ 3,990,516
Employer (on behalf of plan members)	-	155,355	16,282	171,637
Plan members	924,088	-	336,501	1,260,589
State of Florida	<u>561,509</u>	<u>437,893</u>	<u>-</u>	<u>999,402</u>
Total contributions	<u>3,251,373</u>	<u>1,685,318</u>	<u>1,485,453</u>	<u>6,422,144</u>
Investment earnings:				
Interest and dividends	1,298,815	969,088	1,341,306	3,609,209
Net increase in the fair value of investments	<u>5,315,516</u>	<u>2,133,810</u>	<u>1,828,874</u>	<u>9,278,200</u>
Total investment earnings	6,614,331	3,102,898	3,170,180	12,887,409
Less investment expense	<u>(374,139)</u>	<u>(285,305)</u>	<u>(376,862)</u>	<u>(1,036,306)</u>
Net investment earnings	<u>6,240,192</u>	<u>2,817,593</u>	<u>2,793,318</u>	<u>11,851,103</u>
Other miscellaneous income	<u>15,473</u>	<u>1,681</u>	<u>-</u>	<u>17,154</u>
Total additions	<u>9,507,038</u>	<u>4,504,592</u>	<u>4,278,771</u>	<u>18,290,401</u>
<b>DEDUCTIONS:</b>				
Benefits paid	2,045,322	3,066,270	2,728,729	7,840,321
Administrative expenses	<u>183,683</u>	<u>116,245</u>	<u>52,539</u>	<u>352,467</u>
Total deductions	<u>2,229,005</u>	<u>3,182,515</u>	<u>2,781,268</u>	<u>8,192,788</u>
Change in net assets	7,278,033	1,322,077	1,497,503	10,097,613
Net assets held in trust for pension benefits:				
Beginning of year	<u>66,860,427</u>	<u>39,764,926</u>	<u>53,431,073</u>	<u>160,056,426</u>
End of year	<u>\$ 74,138,460</u>	<u>\$ 41,087,003</u>	<u>\$ 54,928,576</u>	<u>\$ 170,154,039</u>

# STATISTICAL SECTION

*This part of the City of Deerfield Beach's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information reflect about the City's overall financial health.*

<b><u>Contents</u></b>	<b><u>Page</u></b>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.</i>	75
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue, property tax. Information about water and sewer rates is also included.</i>	81
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt as well as the City's ability to issue additional debt.</i>	88
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	93
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial statements relate to the services that the City provides as well as the activities that the City performs.</i>	95

*Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

**CITY OF DEERFIELD BEACH, FLORIDA**  
NET ASSETS BY COMPONENT  
LAST FOUR FISCAL YEARS  
(Accrual Basis of Accounting)

	Fiscal Year*			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Governmental activities:</b>				
Invested in capital assets, net of related debt	\$ 27,235,314	\$ 28,352,211	\$ 33,334,631	\$ 36,427,927
Restricted	4,397,424	7,240,711	5,166,154	8,343,884
Unrestricted	<u>(2,467,724)</u>	<u>2,730,352</u>	<u>5,260,129</u>	<u>6,629,059</u>
Total governmental activities net assets	<u>\$ 29,165,014</u>	<u>\$ 38,323,274</u>	<u>\$ 43,760,914</u>	<u>\$ 51,400,870</u>
<b>Business-type activities:</b>				
Invested in capital assets, net of related debt	\$ 38,530,457	\$ 40,412,891	\$ 44,493,424	\$ 43,564,678
Restricted	5,904,187	8,843,666	4,404,024	3,700,000
Unrestricted	<u>8,212,106</u>	<u>7,406,184</u>	<u>8,729,211</u>	<u>11,472,388</u>
Total business-type activities net assets	<u>\$ 52,646,750</u>	<u>\$ 56,662,741</u>	<u>\$ 57,626,659</u>	<u>\$ 58,737,066</u>
<b>Primary government:</b>				
Invested in capital assets, net of related debt	\$ 65,765,771	\$ 68,765,102	\$ 77,828,055	\$ 79,992,605
Restricted	10,301,611	16,084,377	9,570,178	12,043,884
Unrestricted	<u>5,744,382</u>	<u>10,136,536</u>	<u>13,989,340</u>	<u>18,101,447</u>
Total primary government net assets	<u>\$ 81,811,764</u>	<u>\$ 94,986,015</u>	<u>\$ 101,387,573</u>	<u>\$ 110,137,936</u>

*\*Information not available for fiscal years preceding fiscal year 2003.*



*City of*

**D E E R F I E L D**

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**CITY OF DEERFIELD BEACH, FLORIDA**

CHANGES IN NET ASSETS  
LAST FOUR FISCAL YEARS  
(Accrual Basis of Accounting)

	Fiscal Year*			
	2003	2004	2005	2006
<b>Expenses</b>				
<i>Governmental activities:</i>				
General government	\$ 12,772,118	\$ 13,173,248	\$ 16,465,472	\$ 16,392,601
Economic environment	841,411	1,209,660	1,104,229	1,083,068
Public safety	26,211,599	29,863,193	34,156,399	48,317,723
Human services	2,197,139	2,338,711	2,489,242	2,447,371
Physical environment	3,493,509	3,642,515	4,640,670	5,063,502
Transportation	2,374,763	2,476,519	2,839,192	3,121,928
Culture and recreation	3,734,646	3,781,281	4,777,558	5,682,273
Interest on long-term debt	1,026,374	1,512,795	1,713,398	1,790,112
Total governmental activities expenses	<u>52,651,559</u>	<u>57,997,922</u>	<u>68,186,160</u>	<u>83,898,578</u>
<i>Business-type activities:</i>				
Water and sewer	14,232,165	15,564,964	18,577,991	17,699,651
Solid waste	11,507,115	11,621,977	14,118,216	15,495,440
Total business-type activities expenses	<u>25,739,280</u>	<u>27,186,941</u>	<u>32,696,207</u>	<u>33,195,091</u>
Total primary government expenses	<u>\$ 78,390,839</u>	<u>\$ 85,184,863</u>	<u>\$ 100,882,367</u>	<u>\$ 117,093,669</u>
<b>Program Revenues</b>				
<i>Governmental activities:</i>				
Charges for services:				
General government	3,044,776	3,222,004	4,522,561	4,861,186
Economic environment	-	-	-	-
Public safety	7,648,419	7,972,744	9,730,171	11,216,934
Human services	498,903	521,681	590,202	621,291
Physical environment	249,869	233,985	236,985	182,875
Transportation	1,130,876	1,283,784	1,213,092	1,395,776
Culture and recreation	750,577	599,528	981,510	1,179,948
Operating grants and contributions	3,163,889	5,229,862	4,459,951	14,957,903
Capital grants and contributions	2,305,850	2,470,520	1,521,244	732,532
Total governmental activities program revenues	<u>18,793,159</u>	<u>21,534,108</u>	<u>23,255,716</u>	<u>35,148,445</u>

	Fiscal Year*			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Business-type activities:</b>				
Charges for services:				
Water and sewer	18,518,349	18,980,659	19,001,300	19,026,919
Solid waste	11,629,628	12,822,688	14,169,586	14,508,283
Capital grants and contributions	<u>127,001</u>	<u>213,360</u>	<u>111,760</u>	<u>224,577</u>
Total business-type activities program revenues	<u>30,274,978</u>	<u>32,016,707</u>	<u>33,282,646</u>	<u>33,759,779</u>
Total primary government program revenues	<u>\$ 49,068,137</u>	<u>\$ 53,550,815</u>	<u>\$ 56,538,362</u>	<u>\$ 68,908,224</u>
Net (expense)/revenue	<u>\$ (33,858,400)</u>	<u>\$ (36,463,814)</u>	<u>\$ (44,930,444)</u>	<u>\$ (48,750,133)</u>
Governmental activities	4,535,698	4,829,766	586,439	564,688
Business-type activities	<u>\$ (29,322,702)</u>	<u>\$ (31,634,048)</u>	<u>\$ (44,344,005)</u>	<u>\$ (48,185,445)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Taxes:				
Property taxes	24,385,094	27,601,682	31,779,407	35,641,797
Sales taxes	3,774,962	3,786,457	3,970,596	4,777,520
Franchise taxes	7,511,692	8,465,117	9,082,753	10,779,607
Motor fuel taxes	1,130,453	1,348,128	1,239,308	1,417,779
Alcoholic beverage/mobile home license taxes	-	-	54,143	53,554
Unrestricted grants and contributions	1,951,679	2,276,438	2,779,545	1,791,559
Unrestricted investment earnings	374,558	497,863	1,183,078	1,913,598
Miscellaneous	114,182	72,457	279,254	14,675
Transfers	620,000	960,000	-	-
Total governmental activities	<u>39,862,620</u>	<u>45,008,142</u>	<u>50,368,084</u>	<u>56,390,089</u>
Business-type activities:				
Unrestricted investment earnings	154,473	146,225	377,479	545,719
Miscellaneous	-	-	-	-
Transfers	<u>(620,000)</u>	<u>(960,000)</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>(465,527)</u>	<u>(813,775)</u>	<u>377,479</u>	<u>545,719</u>
Total primary government	<u>39,397,093</u>	<u>44,194,367</u>	<u>50,745,563</u>	<u>56,935,808</u>
<b>Change in Net Assets</b>				
Governmental activities	6,004,220	8,544,328	5,437,640	7,639,956
Business-type activities	4,070,171	4,015,991	963,918	1,110,407
Total primary government	<u>\$ 10,074,391</u>	<u>\$ 12,560,319</u>	<u>\$ 6,401,558</u>	<u>\$ 8,750,363</u>

\*Information not available for fiscal years preceding fiscal year 2003.

**CITY OF DEERFIELD BEACH, FLORIDA**  
**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
 (Accrual Basis of Accounting)

Fiscal Year	Property Taxes	Sales Taxes	Franchise Taxes	Local Option Gas Tax	Alcoholic Beverage/ Mobile Home License Taxes	Total
1997	\$ 13,564,279	\$ 2,472,495	\$ 3,666,739	\$ 912,662	\$ 39,331	\$ 20,655,506
1998	14,146,702	2,578,822	3,294,145	927,595	45,213	20,992,477
1999	15,144,729	2,699,792	3,641,017	953,035	43,430	22,482,003
2000	17,859,295	3,053,854	3,942,356	956,182	44,067	25,855,754
2001	19,090,178	3,555,078	4,505,254	1,200,877	53,337	28,404,724
2002	22,548,974	3,662,369	5,798,169	1,223,132	48,048	33,280,692
2003	24,385,094	3,774,962	7,511,692	1,130,453	48,029	36,850,230
2004	27,601,682	3,786,457	8,465,117	1,348,128	58,009	41,259,393
2005	31,779,407	3,970,596	9,082,753	1,239,308	54,143	46,126,207
2006	35,641,797	4,777,520	10,779,607	1,417,779	53,554	52,670,257

**CITY OF DEERFIELD BEACH, FLORIDA**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	\$ 1,499,013	\$ 1,286,484	\$ 2,316,721	\$ 1,219,696	\$ 678,630	\$ 776,958	\$ 935,746	\$ 1,532,890	\$ 2,178,213	\$ 2,172,010
Unreserved	7,091,708	6,447,911	2,921,663	1,742,050	291,497	2,630,821	4,934,115	6,204,389	9,354,151	9,704,079
Total general fund	\$ 8,590,721	\$ 7,734,395	\$ 5,238,384	\$ 2,961,746	\$ 970,127	\$ 3,407,779	\$ 5,869,861	\$ 7,737,279	\$ 11,532,364	\$ 11,876,089
All other governmental funds										
Reserved	2,486,984	3,036,764	2,402,951	2,079,267	1,858,294	2,163,048	18,286,562	33,542,063	2,150,567	3,038,771
Unreserved, reported in:										
Special revenue funds	1,112,994	1,394,528	1,484,238	1,172,967	1,621,097	1,696,069	260,894	344,506	3,295,186	5,809,033
Debt service funds	263,706	198,399	214,639	240,549	188,981	143,428	148,262	151,186	166,762	4,280
Capital projects funds	2,272,274	1,191,399	1,179,104	9,710,995	11,545,089	8,790,057	(1,959,534)	(1,660,782)	20,327,204	8,656,228
Total all other governmental funds	\$ 6,135,958	\$ 5,821,090	\$ 5,280,932	\$ 13,203,778	\$ 15,213,461	\$ 12,792,602	\$ 16,736,184	\$ 32,376,973	\$ 25,939,719	\$ 17,508,312

**CITY OF DEERFIELD BEACH, FLORIDA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Revenues</b>										
Property taxes	\$ 13,564,279	\$ 14,146,702	\$ 15,144,729	\$ 17,859,295	\$ 19,090,178	\$ 22,548,974	\$ 24,385,094	\$ 27,601,682	\$ 31,779,407	\$ 35,641,797
Sales taxes	2,472,495	2,578,822	2,699,792	3,053,854	3,555,078	3,662,369	3,774,962	3,786,457	3,970,596	4,777,520
Fire assessment fees	-	-	-	-	-	2,188,669	2,956,946	2,862,874	3,432,997	3,662,090
Franchise fees	3,666,739	3,294,145	3,641,017	3,942,356	4,505,254	5,798,169	7,511,692	8,465,117	9,082,753	10,779,607
Local option gas tax	912,662	927,595	953,035	956,182	1,200,877	1,223,132	1,130,453	1,348,128	1,239,308	1,417,779
Licenses and permits	1,982,942	1,639,968	1,738,231	1,500,511	1,439,905	1,677,301	1,619,185	1,619,185	1,420,371	2,595,719
Intergovernmental	2,254,303	3,259,221	3,238,615	3,784,930	4,058,116	3,441,169	5,646,977	6,646,581	8,151,325	17,663,255
Charges for services	3,759,826	3,887,737	3,797,236	4,213,192	5,249,764	5,037,560	4,895,715	4,874,660	6,294,641	6,591,097
Fines and forfeitures	980,718	922,972	949,218	1,167,329	1,204,497	1,126,129	1,226,663	1,500,637	1,463,170	1,398,343
Investment earnings	984,383	876,184	814,838	848,596	1,541,038	1,165,452	403,787	497,863	1,262,404	2,107,992
Miscellaneous	3,782,610	4,215,529	3,936,089	4,141,581	3,873,836	4,232,765	4,536,017	4,719,506	5,338,199	5,718,596
<b>Total revenues</b>	<b>34,360,957</b>	<b>35,748,875</b>	<b>36,912,800</b>	<b>41,467,826</b>	<b>45,718,543</b>	<b>52,101,689</b>	<b>58,035,779</b>	<b>63,922,690</b>	<b>73,435,171</b>	<b>92,353,795</b>
<b>Expenditures</b>										
General government	9,401,227	10,024,138	11,149,613	12,330,732	12,906,517	13,324,384	13,775,845	16,178,208	14,800,858	17,762,324
Economic environment	70,000	132,975	524,309	399,459	739,004	567,645	840,763	1,209,012	1,103,581	1,082,420
Public safety	13,522,542	14,751,523	16,780,440	19,111,897	21,076,694	22,243,484	26,014,787	30,303,355	33,818,934	48,610,412
Human services	1,329,052	1,435,811	1,502,407	1,699,055	1,894,364	1,986,327	2,135,110	2,227,748	2,384,248	2,366,688
Physical environment	1,788,101	2,091,582	2,064,874	2,417,869	2,365,368	2,535,156	3,138,612	3,493,836	4,299,381	4,856,488
Transportation	1,311,838	1,832,419	1,416,179	1,626,572	1,566,461	1,631,333	1,593,641	1,539,200	1,913,574	2,081,321
Culture and recreation	2,039,404	2,424,879	2,438,419	2,703,622	3,014,426	3,137,326	3,354,044	3,552,922	4,504,233	5,092,025
Capital outlay	2,541,788	3,041,996	2,083,414	4,651,290	3,141,280	4,580,320	5,720,628	5,038,057	10,573,713	14,459,905
Debt service										
Principal	1,229,268	1,574,160	1,557,437	1,717,767	2,060,964	2,203,602	2,305,944	2,021,994	2,552,915	2,896,919
Interest	906,984	880,544	845,508	784,866	818,595	788,482	722,607	1,292,586	1,677,340	1,817,507
Other charges	1,066	1,000	1,932	6,361	99,845	16,636	268,660	321,552	-	-
<b>Total expenditures</b>	<b>34,141,270</b>	<b>38,191,027</b>	<b>40,364,532</b>	<b>47,449,490</b>	<b>49,683,518</b>	<b>53,014,695</b>	<b>59,870,641</b>	<b>67,178,470</b>	<b>77,628,777</b>	<b>101,026,009</b>
Excess of revenues over (under) expenditures	219,687	(2,442,152)	(3,451,732)	(5,981,664)	(3,964,975)	(913,006)	(1,834,862)	(3,255,780)	(4,193,606)	(8,672,214)
<b>Other financing sources (uses)</b>										
Transfers in	\$ 2,435,026	\$ 2,094,748	\$ 2,202,486	\$ 2,299,523	\$ 2,574,916	\$ 2,667,537	\$ 2,971,727	\$ 5,017,178	\$ 5,559,140	\$ 5,609,200
Transfers out	(2,080,026)	(2,314,019)	(2,193,215)	(1,799,523)	(2,089,916)	(2,128,301)	(2,351,727)	(4,057,178)	(5,559,140)	(5,609,200)
Refunding bonds issued	-	-	-	-	-	-	5,140,000	-	-	-
Bonds issued	-	-	-	9,978,848	2,820,183	-	6,825,000	17,890,000	-	-
Premium on bonds issued	-	-	-	-	-	-	702,164	464,820	-	-
Payment to refunding bond escrow agent	-	-	-	(206,677)	-	-	(5,399,498)	-	-	-
Capital lease proceeds	-	1,240,229	406,292	1,355,700	578,421	390,563	352,860	1,449,167	1,551,437	584,532
Note proceeds	-	250,000	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>355,000</b>	<b>1,270,958</b>	<b>415,563</b>	<b>11,627,871</b>	<b>3,883,604</b>	<b>929,799</b>	<b>8,240,526</b>	<b>20,763,987</b>	<b>1,551,437</b>	<b>584,532</b>
<b>Net change in fund balances</b>	<b>\$ 574,687</b>	<b>\$ (1,171,194)</b>	<b>\$ (3,036,169)</b>	<b>\$ 5,646,207</b>	<b>\$ (81,371)</b>	<b>\$ 16,793</b>	<b>\$ 6,405,664</b>	<b>\$ 17,508,207</b>	<b>\$ (2,642,169)</b>	<b>\$ (8,087,682)</b>
Debt service as a percentage of noncapital expenditures	6.8%	7.0%	6.3%	5.9%	6.4%	6.2%	6.1%	5.9%	6.3%	5.4%

**CITY OF DEERFIELD BEACH, FLORIDA**  
**GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
 (Modified Accrual Basis of Accounting)

Fiscal Year	Property Taxes	Sales Taxes	Franchise Taxes	Local Option Gas Tax	Alcoholic Beverage/ Mobile Home License Taxes	Total
1997	\$ 13,564,279	\$ 2,472,495	\$ 3,666,739	\$ 912,662	\$ 39,331	\$ 20,655,506
1998	14,146,702	2,578,822	3,294,145	927,595	45,213	20,992,477
1999	15,144,729	2,699,792	3,641,017	953,035	43,430	22,482,003
2000	17,859,295	3,053,854	3,942,356	956,182	44,067	25,855,754
2001	19,090,178	3,555,078	4,505,254	1,200,877	53,337	28,404,724
2002	22,548,974	3,662,369	5,798,169	1,223,132	48,048	33,280,692
2003	24,385,094	3,774,962	7,511,692	1,130,453	48,029	36,850,230
2004	27,601,682	3,786,457	8,465,117	1,348,128	58,009	41,259,393
2005	31,779,407	3,970,596	9,082,753	1,239,308	54,143	46,126,207
2006	35,641,797	4,777,520	10,779,607	1,417,779	53,554	52,670,257

**CITY OF DEERFIELD BEACH, FLORIDA**  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS

Fiscal Year	Real Property (1)	Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value (1)	Taxable Assessed Value as a Percentage of Actual Taxable Value
1997	\$ 2,504,978,074	\$ 333,416,025	\$ 535,280,253	\$ 2,303,113,846	5.9860	\$ 3,452,776,948	66.703%
1998	2,623,631,227	317,959,370	552,145,479	2,389,445,118	6.2680	3,559,507,067	67.129%
1999	2,827,731,695	324,843,940	587,005,579	2,565,570,056	6.2278	3,803,956,817	67.445%
2000	3,286,498,403	386,636,600	663,469,926	3,009,665,077	6.2278	4,437,632,913	67.821%
2001	3,515,069,400	414,027,950	710,391,738	3,218,705,612	6.2278	4,747,175,136	67.803%
2002	3,846,816,131	430,489,171	808,244,319	3,469,060,983	5.7677	5,154,089,551	67.307%
2003	4,324,211,207	446,180,128	1,004,355,731	3,766,035,604	6.8506	5,725,112,968	65.781%
2004	4,936,266,652	425,590,298	1,234,941,029	4,126,915,921	6.8369	6,383,194,465	64.653%
2005	6,018,875,925	419,582,346	1,587,405,865	4,851,052,406	6.8301	7,602,508,726	63.809%
2006	7,192,022,677	432,372,985	2,039,462,978	5,584,932,684	6.5000	8,958,885,742	62.340%

Note: Assessed values are determined as of January 1st for each fiscal year.  
 (1) Real Property is assessed at 88% and Personal Property is assessed at 55%

Source: Broward County, Florida Property Appraiser

**CITY OF DEERFIELD BEACH, FLORIDA**  
 DIRECT AND OVERLAPPING PROPERTY TAX RATES  
 LAST TEN FISCAL YEARS

Fiscal Year	City of Deerfield Beach					County					School District					Overlapping Rates								
	Operating Millage		Debt Service Millage		Total City Millage	Operating Millage		Debt Service Millage		Total County Millage	Operating Millage		Debt Service Millage		Total School District Millage	Children's Services		North Broward Hospital District		South Florida Water Management District		Florida Inland Navigation District		Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Operating Millage	Debt Service Millage	Total School District Millage	Children's Services	Children's Services	North Broward Hospital District	North Broward Hospital District	South Florida Water Management District	South Florida Water Management District	Florida Inland Navigation District	Florida Inland Navigation District	Total Direct & Overlapping Rates
1997	5.3230	0.6630	7.0254	0.7270	7.7524	9.3820	0.5580	9.9400	-	-	2.4200	0.6720	0.0380	26.8084										
1998	5.6144	0.6536	7.1487	0.6893	7.8380	9.4460	0.5285	9.9745	-	-	2.4087	0.6970	0.0500	27.2362										
1999	5.6144	0.6134	6.9145	0.6562	7.5707	9.2390	0.4866	9.7256	-	-	2.5000	0.6970	0.0470	26.7681										
2000	5.6541	0.5737	6.8947	0.6763	7.5710	8.6740	0.4543	9.1283	-	-	2.4895	0.6970	0.0440	26.1576										
2001	5.6910	0.5368	6.8903	0.6347	7.5250	8.5410	0.4143	8.9553	-	-	2.4803	0.6970	0.0410	25.9264										
2002	5.7166	0.0511	6.6677	0.7328	7.4005	8.3590	0.3951	8.7541	0.3055	2.4803	0.6970	0.0385	25.4436											
2003	6.3546	0.4960	6.6685	0.6965	7.3650	8.5410	0.3415	8.8825	0.3316	2.4803	0.6970	0.0385	26.6455											
2004	6.3819	0.4550	6.6065	0.5815	7.1880	8.1240	0.2936	8.4176	0.3920	2.5000	0.6970	0.0385	26.0700											
2005	6.5205	0.3096	6.4831	0.5399	7.0230	8.0140	0.2565	8.2695	0.4231	2.4803	0.6970	0.0385	25.7615											
2006	5.9949	0.5051	6.2942	0.4888	6.7830	7.8410	0.2213	8.0623	0.4231	2.1746	0.6970	0.0385	24.6785											

Source: Broward County, Florida Property Appraiser.

**CITY OF DEERFIELD BEACH, FLORIDA**  
 PRINCIPAL PROPERTY TAXPAYERS  
 SEPTEMBER 30, 2006

Taxpayer	2006			1997		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
1. Publix Supermarket	\$ 61,661,700	1	1.10%	\$ 56,017,690	1	2.43%
2. City National Bank of FL, Trustee	50,414,950	2	0.90	-	-	-
3. Feicor/CSS Holdings LP	41,811,180	3	0.75	20,100,000	5	.87
4. CP Deerfield LLC	33,798,000	4	0.61	-	-	-
5. Security Capital Atlantic, Inc.	27,499,950	5	0.49	-	-	-
6. SPTMRT Properties Trust	23,700,000	6	0.42	-	-	-
7. CMD Realty Investors	22,664,000	7	0.41	12,437,500	10	.54
8. Quiet Waters Business Park LLC	21,632,240	8	0.39	-	-	-
9. News & Sun Sentinel Company	20,592,700	9	0.37	13,916,160	8	.61
10. FGI Financing I Corp.	19,609,790	10	0.35	-	-	-
Totals	\$ 323,384,510		5.79%	\$ 102,471,350		4.45%

Source: Broward County, Florida Property Appraiser

**CITY OF DEERFIELD BEACH, FLORIDA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Tax Roll Year	Taxes Levied	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections*	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
1997	1996	\$ 13,556,292	\$ 13,505,467	99.6%	\$ 25,889	\$ 13,531,356	99.8%
1998	1997	14,182,933	14,120,813	99.4%	52,537	14,173,350	99.9%
1999	1998	15,190,034	15,092,192	99.1%	133,100	15,225,292	100.2%
2000	1999	17,895,909	17,726,195	98.6%	238,403	17,964,598	100.4%
2001	2000	19,070,974	18,812,319	98.6%	50,084	18,862,403	98.9%
2002	2001	22,462,744	22,349,036	99.5%	58,739	22,407,775	99.8%
2003	2002	24,263,239	24,008,013	98.9%	350,144	24,358,157	100.4%
2004	2003	27,585,317	26,620,437	96.5%	107,055	26,727,492	96.9%
2005	2004	31,019,035	30,855,828	99.5%	206,888	31,062,716	100.1%
2006	2005	34,450,571	34,393,559	99.8%	-	34,393,559	99.8%

\*Delinquent tax collections are recognized when received. Amounts not collected as of the applicable fiscal year end have been fully reserved and are not reported in the basic financial statements.

Source: Broward County, Florida Revenue Collector

**CITY OF DEERFIELD BEACH, FLORIDA**

WATER SOLD BY TYPE OF CUSTOMER

CURRENT FISCAL YEAR

(in thousands of gallons)

<u>Type of Customer</u>	<u>Fiscal Year 2006</u>
Residential - Single Family	1,149,325
Residential - Multi-Family	1,293,297
Commercial	698,500
Irrigation	995,724
Hydrants	274
Total	<u>4,137,120</u>
Total direct rate per 1,000 gallons	<u>\$ 1.70</u>

Note: The City began to report water sales information in fiscal year 2006.

Source: *City of Deerfield Beach, Management & Budget Department*

**CITY OF DEERFIELD BEACH, FLORIDA**

WATER AND SEWER RATES

LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>Water</b>		<b>Sewer</b>	
	<b>Monthly Base Rate</b>	<b>Rate per 1,000 Gallons</b>	<b>Monthly Base Rate</b>	<b>Rate per 1,000 Gallons</b>
1997	\$ 6.56	\$ 1.01	\$ 7.10	\$ 1.32
1998	7.28	1.12	7.88	1.47
1999	8.08	1.24	8.75	1.63
2000	8.08	1.24	8.75	1.63
2001	8.08	1.24	8.75	1.63
2002	12.28	1.66	8.75	1.63
2003	12.57	1.70	8.96	1.67
2004	12.57	1.70	8.96	1.67
2005	12.57	1.70	8.96	1.67
2006	12.57	1.70	8.96	1.67

Note: Rates are based on 3/4" meter, which is the standard household meter size.

Source: *City of Deerfield Beach, Management & Budget Department*

**CITY OF DEERFIELD BEACH, FLORIDA**  
 RATIOS OF OUTSTANDING DEBT BY TYPE  
 LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities						Business-Type Activities						Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Improvement Revenue Bonds	Covenant Bonds	Capital Leases	Loans and Notes	Water and Sewer Bonds	Capital Leases	Loans and Notes	Capital Leases	Loans and Notes					
1997	\$ 11,835,000	\$ 3,670,000	\$ -	\$ 218,567	\$ -	\$ 11,015,000	\$ 496,777	\$ -	\$ -	\$ -	\$ 27,235,344	*	\$ 543		
1998	11,085,000	3,340,000	-	1,052,193	382,300	10,010,000	1,263,519	-	-	-	27,133,012	*	540		
1999	10,295,000	2,995,000	-	1,112,432	338,076	8,945,000	1,312,241	-	-	-	24,997,749	*	415		
2000	19,443,847	2,630,000	-	2,143,780	291,203	7,825,000	1,572,537	4,143,978	-	-	38,050,345	*	617		
2001	21,269,104	2,245,000	-	1,937,078	241,384	6,640,000	1,578,507	11,726,979	-	-	45,638,052	*	703		
2002	20,215,364	1,840,000	-	1,635,683	188,479	4,740,000	1,645,560	16,325,662	-	-	46,590,748	*	711		
2003	18,873,774	1,420,000	6,825,000	1,255,325	132,300	4,740,000	1,289,866	17,716,322	-	-	52,252,587	*	807		
2004	33,482,219	970,000	9,305,000	1,934,053	132,300	3,385,000	1,641,904	17,182,818	-	-	68,033,294	*	916		
2005	32,281,189	500,000	9,245,000	2,663,606	-	420,000	2,118,674	16,541,287	-	-	63,769,756	*	828		
2006	30,850,943	-	9,005,000	2,521,465	-	420,000	2,363,988	18,076,252	-	-	63,237,648	2.99%	813		

\*Personal income data not available for fiscal years 1997 - 2005.

**CITY OF DEERFIELD BEACH, FLORIDA**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Funds</u>	<u>Total</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
1997	\$ 11,835,000	\$ 201,539	\$ 11,633,461	0.34%	\$ 232.10
1998	11,085,000	114,039	10,970,961	0.31%	218.49
1999	10,295,000	118,190	10,176,810	0.27%	169.15
2000	19,443,847	125,174	19,318,673	0.44%	313.25
2001	21,269,104	52,278	21,216,826	0.45%	326.67
2002	20,215,364	-	20,215,364	0.39%	308.63
2003	18,873,774	280,655	18,593,119	0.32%	287.16
2004	33,482,219	282,391	33,199,828	0.52%	446.81
2005	32,281,189	297,967	31,983,222	0.42%	415.16
2006	30,850,943	4,280	30,846,663	0.34%	396.45

Source: City of Deerfield Beach, Department of Management & Budget

**CITY OF DEERFIELD BEACH, FLORIDA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF SEPTEMBER 30, 2006**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Broward County	\$ 575,382,288	6.72000% *	\$ 38,665,690
Broward County School Board	54,056,000	6.72000% *	<u>3,632,563</u>
Subtotal, overlapping debt			42,298,253
City direct debt			<u>30,850,943</u>
Total direct and overlapping debt			<u><u>\$ 73,149,196</u></u>

*Sources: Assessed value data used to estimate applicable percentages provided by the Broward County, Florida Property Appraiser.*

Debt outstanding data provided by each governmental unit.

*\*Ratio of taxable assessed value in the City of Deerfield Beach to total Broward County assessed value.*

**CITY OF DEERFIELD BEACH, FLORIDA**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt limit	\$ 345,467,077	\$ 358,416,768	\$ 384,835,508	\$ 451,449,762	\$ 482,805,842	\$ 614,399,523	\$ 686,536,198	\$ 772,537,371	\$ 1,093,827,896	\$ 1,340,744,996
Total net debt applicable to limit	11,835,000	11,085,000	10,295,000	19,443,847	21,269,104	20,215,364	18,873,774	33,482,219	32,281,189	30,850,943
Legal debt margin	<u>\$ 333,632,077</u>	<u>\$ 347,331,768</u>	<u>\$ 374,540,508</u>	<u>\$ 432,005,915</u>	<u>\$ 461,536,738</u>	<u>\$ 594,184,159</u>	<u>\$ 667,662,424</u>	<u>\$ 739,055,152</u>	<u>\$ 1,061,546,707</u>	<u>\$ 1,309,894,053</u>
Total net debt applicable to the limit as a percentage of debt limit	3.43%	3.09%	2.68%	4.31%	4.41%	3.29%	2.75%	4.33%	2.95%	2.30%

**CITY OF DEERFIELD BEACH, FLORIDA**  
**WATER AND SEWER PLEDGED-REVENUE COVERAGE**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenues (A)	Expenses (B)	Net Revenue Available for Debt Service	<u>Debt Service Requirements</u>			Coverage
				Escrow or Principal	Interest	Total (C)	
1997	\$ 12,674,544	\$ 8,507,678	\$ 4,166,866	\$ 980,000	\$ 665,009	\$ 1,645,009	2.53
1998	13,474,187	8,478,960	4,995,227	1,035,000	611,896	1,646,896	3.03
1999	14,646,659	8,861,837	5,784,822	1,090,000	553,809	1,643,809	3.52
2000	16,269,400	8,009,955	8,259,445	1,155,000	491,154	1,646,154	5.02
2001	17,014,773	8,915,308	8,099,465	1,225,000	422,994	1,647,994	4.91
2002	17,466,593	9,359,920	8,106,673	1,275,000	368,418	1,643,418	4.93
2003	18,672,822	9,700,131	8,972,691	1,355,000	290,325	1,645,325	5.45
2004	19,126,884	10,368,745	8,758,139	1,440,000	207,331	1,647,331	5.32
2005	19,352,251	12,529,261	6,822,990	1,525,000	119,130	1,644,130	4.15
2006	19,572,638	12,036,327	7,536,311	420,000	12,863	432,863	17.41

- A) Gross revenue for the purpose of determining debt service coverage, is equal to the sum of the operating revenues of the Water and Sewer Fund and total interest earnings. For fiscal years before 1993, gross revenue does not include that portion of investment earnings earned by the treasury bonds that were held in the sinking fund for payment of the term bonds, which are now defeased and which will mature on April 1, 2008.
- B) Expenses, for the purpose of determining debt service coverage, are equal to the total operating expenses of the Water and Sewer Fund less depreciation and less the general administrative charge.
- C) The debt service requirement for the water and sewer revenue bonds is set forth in the bond resolution which authorized the issuance of the Water and Sewer Refunding Revenue Bonds, Series 1984, as supplemented and amended by the bond resolutions passed in conjunction with the issuance of the Water and Sewer Refunding and Improvement Revenue Bonds, Series 1992.

**CITY OF DEERFIELD BEACH, FLORIDA**  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 CURRENT FISCAL YEAR

Fiscal Year*	(1) Population	Personal Income**	(2) Per Capita Personal Income	(2) Median Age	(3) School Enrollment	(2) Unemployment Rate
2006	77,807	\$ 2,117,595	\$ 27,216	46.20	7,397	5.10%

Sources

(1) City of Deerfield Beach, Planning & Growth Mgmt Dept.

(2) U.S. Bureau of Census - ESRI

(3) School Board of Broward County, Florida

\*This information is not available for fiscal years 1997 through 2005.

\*\*Personal income data expressed in thousands.

**CITY OF DEERFIELD BEACH, FLORIDA**

PRINCIPAL EMPLOYERS

CURRENT FISCAL YEAR

<u>Employer</u>	<b>2006</b>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
North Broward Hospital	1,400	1	4.53%
Publix Corporation	1,239	2	4.01%
JM Family Enterprises	1,200	3	3.88%
Sun-Sentinel	850	4	2.75%
City of Deerfield Beach	842	5	2.72%
United Parcel Service	505	6	1.63%
List Industries	264	7	0.85%
Health Benefits Direct	150	8	0.45%
Double Eagle Distributing	140	9	0.45%
MAPEI	125	10	0.40%
	<u>6,715</u>		<u>21.67%</u>

*Sources: Broward County Chamber of Commerce  
 City of Deerfield Beach, Planning & Growth Management Department  
 U.S. Bureau of the Census, ESRI forecasts for 2006*

*This information is not available for fiscal years 1997 through 2005.*

**CITY OF DEERFIELD BEACH, FLORIDA**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**

<b>Function/Programs</b>	<b>Full-time Equivalent Employees as of September 30</b>									
	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
General Government	55	56	57	59	58	60	64	67	71	78
Public Safety										
Police										
Uniformed	79	80	87	100	100	100	108	108	123	129
Civilians	44	47	50	53	53	53	55	55	62	68
Fire/Rescue										
Firefighters and Officers	95	94	103	128	130	130	133	133	149	149
Bldg. Inspection Services	19	14	14	16	15	15	17	18	21	22
Civilians	11	13	13	15	15	15	19	17	18	20
Economic Environment	1	1	1	1	1	1	1	1	1	1
Culture and Recreation	41	42	43	44	46	48	58	58	117	117
Human Services	38	40	40	45	45	48	47	50	50	46
Physical Environment										
Public Works Administration	3	3	3	3	3	3	4	4	4	4
Grounds Maintenance	37	39	37	41	43	43	34	38	39	42
Parks	8	9	11	14	14	14	21	27	44	44
Water & Sewer	78	78	78	79	78	78	83	90	87	87
Solid Waste	47	47	49	53	53	55	56	59	71	71
Transportation										
Street Maintenance	13	13	13	13	13	13	13	15	15	15

*Source: City of Deerfield Beach, Management and Budget Department*

**CITY OF DEERFIELD BEACH, FLORIDA**  
**OPERATING INDICATORS BY FUNCTION**  
**CURRENT FISCAL YEAR**

<b>Function</b>	<b>Fiscal Year 2006</b>
Public Safety	
<i>Police:</i>	
Physical arrests	4,070
Parking violations	23,871
Traffic violations	17,213
<i>Fire/Rescue:</i>	
Number of calls answered	14,949
Inspections	3,756
Fires extinguished	256
Transportation	
<i>Streets Maintenance:</i>	
Streets resurfacing (miles)	3
Potholes repaired	88
<i>Transit Services</i>	
Total route miles	105,252
Number of trips	12,253
Physical Environment	
Number of burials	150
Culture and Recreation	
Athletics field permits issued	68
Number of participants in arts & education classes	20,948
Number of special event permits issued	70
Attendance at special events	359,665
Water	
New connections	48
Water main breaks	41
Average daily consumption <i>(thousands of gallons)</i>	23,889
Sewer	
Average daily sewage treatment <i>(thousands of gallons)</i>	6,500
Solid Waste	
Refuse collected (tons/day)	207
Recyclables collected (tons/day)	111
Human Services	
<i>Childcare:</i>	
Average daily attendance	25
Number of meals served	6,250
<i>Adult Daycare:</i>	
Average daily attendance	10
<i>Alzheimer's Daycare:</i>	
Average daily attendance	20

Source: Various City departments

Note: Indicators are not available for the general government function.

*This information is not available for fiscal years 1997 through 2005.*

**CITY OF DEERFIELD BEACH, FLORIDA**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**CURRENT FISCAL YEAR**

<u>Function</u>	<u>Fiscal Year</u> <u>2006</u>
<i>Public Safety</i>	
<i>Police</i>	
Stations	2
Patrol units	173
<i>Fire/Rescue</i>	
Stations	4
Rescue ambulances	8
Fire engines	6
Ladder/heavy squad trucks	2
<i>Transportation</i>	
Streets (miles)	146
Sidewalks (miles)	135
Streetlights	296
Traffic signals	64
<i>Culture and Recreation</i>	
Parks acreage	125
Parks	29
Swimming Pools	1
Tennis Courts	5
Community Centers	2
<i>Water</i>	
Water Main (miles)	230
Fire hydrants	1,937
Maximum daily capacity (thousands of gallons)	34,800
<i>Sewer</i>	
Sanitary sewers (miles)	135
Storm sewers (miles)	37
Average Daily treatment capacity (thousands of gallons)	7,000
<i>Solid Waste</i>	
Collection trucks	40

Source: Various City Departments.

Note: No Capital Asset Indicators are available for the general government function.  
Data reported hereon was not available for fiscal years 1997 through 2005.