



City of  
**DEERFIELD**  
**BEACH**

# Comprehensive Annual Financial Report

*Deerfield Beach, Florida*  
*Fiscal Year ended September 30, 2007*



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

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Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2006

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*Charles S. Cox*

President

*Jeffrey R. Emer*

Executive Director



**CITY OF DEERFIELD BEACH, FLORIDA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007**

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, 2007

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March 27, 2008

Citizens of Deerfield Beach  
The Honorable Albert R. Capellini  
Members of the City Commission

It is our pleasure to submit to you the Comprehensive Annual Financial Report of the City of Deerfield Beach, Florida for the fiscal year ended September 30, 2007.

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 activities are included.

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, 2007, 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, 2007, 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 (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 57.1% while the population of Broward County has grown by approximately 40.7%. 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 78,500 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. In the summer of 2007, the State of Florida mandated caps on the amount of money that could be collected through property taxes by local governments. This compulsory limitation was the result of public outcry over increasing property taxes. As property values in Florida skyrocketed after the turn of the century, the resultant increase in property taxes became a bone of contention for property owners. Unfortunately, the State portrayed local governments as being irresponsible in their spending habits to justify their need for altering the property tax system. Ironically, this taxing system is the very one created by the State.

On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment (referred to as Amendment 1) was placed on the ballot by the Florida Legislature at a special session held in October 2007. With respect to homestead property,

Amendment 1 increases the current \$25,000 homestead exemption by another \$25,000 (for property values between \$50,000 - \$75,000), except for school districts. Since the new \$25,000 homestead exemption does not apply to school district taxes, this effectively amounts to a \$15,000 increase to the existing homestead exemption, resulting in an estimated annual savings of \$240 for an average homeowner. Amendment 1 also allows property owners to transfer (make portable) up to \$500,000 of their Save Our Homes benefits to their next homestead when they move. Save Our Homes became effective in 1995 and limits (caps) the annual increase in assessed value for homestead property to three percent (3%) or the percentage change in the Consumer Price Index, whichever is less.

With respect to non-homestead property, Amendment 1 limits (caps) the annual increase in assessed value for non-homestead property (businesses, industrial property, rental property, second homes, etc.) to ten percent (10%), except for school district taxes. The Amendment also provides a \$25,000 exemption for tangible personal property.

Amendment 1 becomes effective on October 1, 2008, with the exception of the ten percent (10%) assessment cap on non-homestead property which becomes effective on January 1, 2009.

Based on the information received from the Broward County Property Appraiser's Office, the estimated annual loss of property tax revenues for the City of Deerfield Beach from the additional homestead exemption and the \$25,000 exemption for tangible personal property is approximately \$1.7 million. At present, there is no accurate way to determine the impact of the portability and assessment cap on non-homestead property provisions in terms of potential loss of property tax revenues.

These serious financial constraints have been and will continue to be major factors in the City's budgeting process.

#### 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 nonroutine 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 2007 was 5.54%, as compared to an average federal funds rate of 5.21% 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) and (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.
- The City completed construction of its new public works complex during fiscal year 2007. Two buildings were constructed that total over 20,000 square feet and houses administrative offices as well as the maintenance garage that services most of the City's vehicles and equipment. This project converted a former landfill site into a functional facility for one of the City's largest departments. The buildings are supported on pilings and a methane gas collection system was constructed under both structures to comply with regulations surrounding the reuse of a former landfill area.
- Various park improvement projects are progressing that will provide enhancements to many of the 29 park facilities available throughout the City.

- Beach renourishment has begun along the coastline of Deerfield Beach. This project is being funded through FEMA and will provide for the restoration of hurricane impacted dune areas and add sand to the dry public beach. Over 12,000 tons of sand will be transported and placed, and upon completion, over 9,000 native dune plants such as sea oats, dune sunflower, Indian blanket and railroad vine will be installed to stabilize this sand. Public outreach has been quite extensive during this project to garner public support.

### **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, 2006. This was the 27<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 2006-07 for the 11<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. We also express our 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,

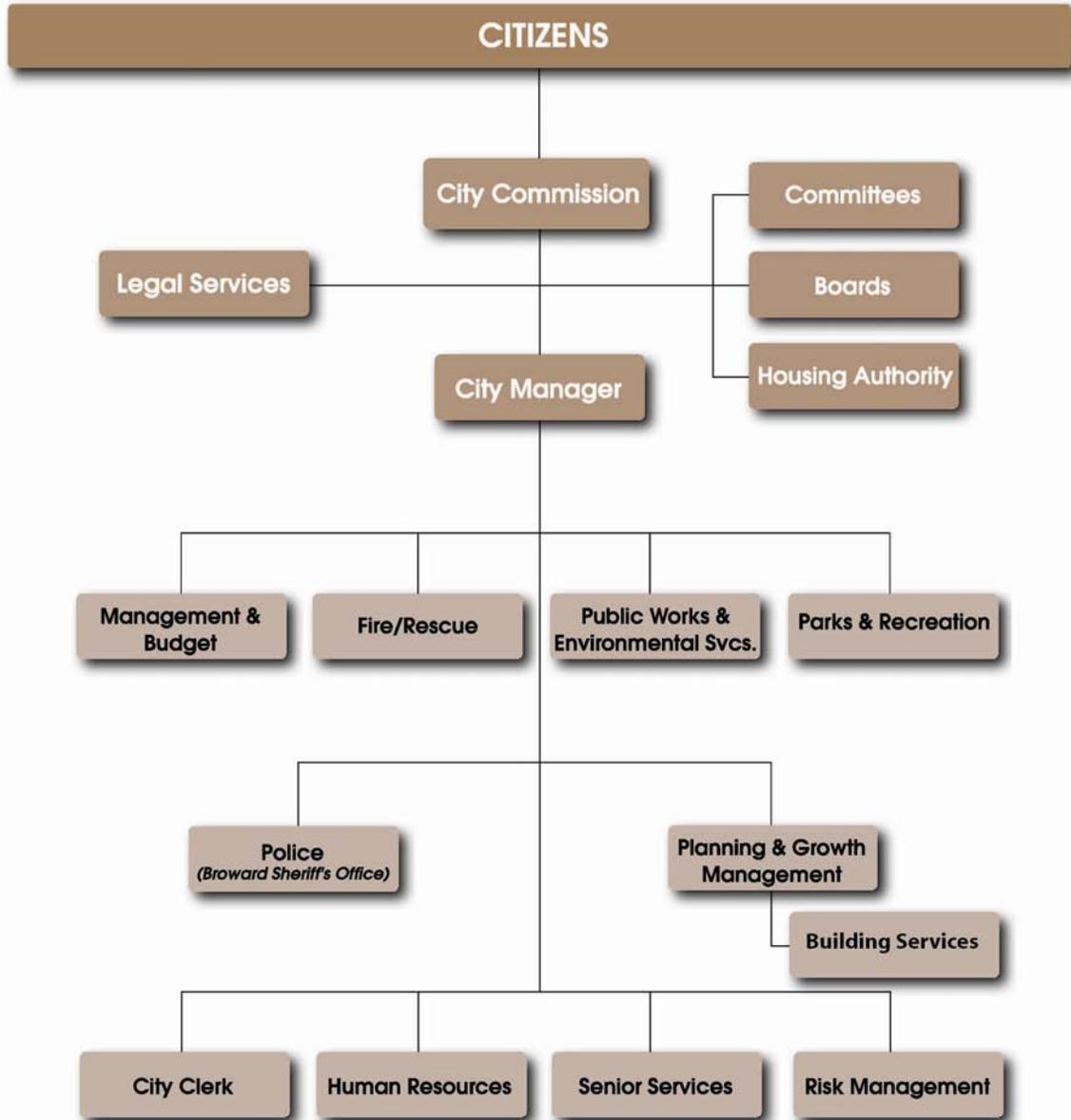
*Michael Mahaney*

Michael Mahaney  
City Manager

*Sally Siegel*

Sally Siegel  
Finance Director

# City of Deerfield Beach Organizational Chart



City of Deerfield Beach, Florida  
List of Elected and Appointed Officials  
September 30, 2007

Elected Officials

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

Appointed Officials

City Manager	Michael Mahaney
City Attorney	Andrew S. Maurodis
City Clerk	Ada Graham-Johnson
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, 2007, 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 94% of the total assets and 75% 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 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, 2007, 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 27, 2008 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 schedules 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 accompanying introductory section, combining and individual fund statements and other schedules, and statistical section 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 introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*McGladrey & Pullen, LLP*

Fort Lauderdale, Florida  
March 27, 2008

**City of Deerfield Beach, Florida**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2007

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, 2007. 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, 2007 increased \$17.2 million from \$194.0 million to \$211.2 million, or 8.9% from the prior year. This increase was due primarily to increases in property tax revenues, as well as a decrease in public safety expenditures as a result of a relatively "weak" hurricane season.
- The City's total liabilities increased \$4.7 million, from \$83.9 million to \$88.6 million from the prior year. This increase was as a result of issuance of additional debt for completion of the Public Works Complex and Mitigation Operations Center.
- The assets of the City of Deerfield Beach exceeded its liabilities at the close of the most recent fiscal year by \$122.6 million (net assets). Of this amount, \$64.1 million was from governmental activities and \$58.5 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 \$40.2 million.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$18.4 million, or 26.0% 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, 2007

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 15 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 - 71 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, 2007

**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 pages 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 - 71 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 \$122.6 million at the close of fiscal year 2007.

The largest portion of the City of Deerfield Beach's net assets (68.8%) 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, 2007**

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

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$46,351,258	\$38,630,303	\$20,346,855	\$20,764,137	\$66,698,113	\$59,394,440
Capital assets	77,894,896	69,974,447	66,637,320	64,639,801	144,532,216	134,614,248
Total assets	124,246,154	108,604,750	86,984,175	85,403,938	211,230,329	194,008,688
Current liabilities	5,240,763	6,750,577	3,811,257	4,501,061	9,052,020	11,251,638
Long-term liabilities	54,904,077	50,453,303	24,648,752	22,165,811	79,552,829	72,619,114
Total liabilities	60,144,840	57,203,880	28,460,009	26,666,872	88,604,849	83,870,752
Net assets:						
Invested in capital assets, net of related debt	40,835,672	36,427,927	43,524,426	43,564,678	84,360,098	79,992,605
Restricted	10,098,177	8,343,884	-	3,700,000	10,098,177	12,043,884
Unrestricted	13,167,465	6,629,059	14,999,740	11,472,388	28,167,205	18,101,447
Total net assets	\$64,101,314	\$51,400,870	\$58,524,166	\$58,737,066	\$122,625,480	\$110,137,936

An additional portion of the City of Deerfield Beach's net assets (8.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$28.2 million) may be used to meet the government's ongoing obligations to citizens and creditors.

The net assets of business-type activities decreased slightly by \$0.2 million to \$58.5 million in 2007. 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 increased by \$7.3 million from \$59.4 million to \$66.7 million. This increase was primarily due to inflows of property tax revenue recorded in the governmental activities.

Capital assets increased \$9.9 million from \$134.6 million to \$144.5 million, or 7.4% 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, as well as acquisition of various parcels of land for parks and recreational improvements.

Current liabilities decreased by 19.5% from \$11.3 million to \$9.1 million. This decrease was due to a decrease in construction commitments outstanding at the end of the year as a result of various major improvements being completed during fiscal year 2007.

The City's total noncurrent liabilities increased by \$7.0 million from \$72.6 million to \$79.6 million, or approximately 10% from the prior year. This was due to the issuance of long-term bonds for completion of various public safety and public works projects in the governmental activities, as well as the issuance of additional long-term notes for various water and wastewater facility improvements in the business-type activities.

**City of Deerfield Beach, Florida**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2007**

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

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 19,240,743	\$ 19,458,010	\$ 34,893,673	\$ 33,535,202	\$ 54,134,416	\$ 52,993,212
Operating grants/contributions	8,221,289	14,957,903	-	-	8,221,289	14,957,903
Capital grants/contributions	1,700,423	732,532	174,208	224,577	1,874,631	957,109
General revenues:						
Taxes	60,258,156	52,616,703	-	-	60,258,156	52,616,703
Grants and contributions not restricted to specific programs and miscellaneous						
	1,642,337	1,859,788	-	-	1,642,337	1,859,788
Unrestricted investment earnings	2,254,270	1,913,598	772,066	545,719	3,026,336	2,459,317
<b>Total revenues</b>	<b>93,317,218</b>	<b>91,538,534</b>	<b>35,839,947</b>	<b>34,305,498</b>	<b>129,157,165</b>	<b>125,844,032</b>
Expenses:						
General government	21,310,205	16,392,601	-	-	21,310,205	16,392,601
Economic environment	2,748,846	1,083,068	-	-	2,748,846	1,083,068
Public safety	38,092,021	48,317,723	-	-	38,092,021	48,317,723
Human services	2,283,091	2,447,371	-	-	2,283,091	2,447,371
Physical environment	5,476,504	5,063,502	-	-	5,476,504	5,063,502
Transportation	2,861,275	3,121,928	-	-	2,861,275	3,121,928
Culture and recreation	5,795,840	5,682,273	-	-	5,795,840	5,682,273
Interest on long term-debt	2,058,992	1,790,112	-	-	2,058,992	1,790,112
Water and sewer	-	-	20,325,211	17,699,651	20,325,211	17,699,651
Solid waste	-	-	15,717,636	15,495,440	15,717,636	15,495,440
<b>Total expenses</b>	<b>80,626,774</b>	<b>83,898,578</b>	<b>36,042,847</b>	<b>33,195,091</b>	<b>116,669,621</b>	<b>117,093,669</b>
Change in net assets						
before transfers	12,690,444	7,639,956	(202,900)	1,110,407	12,487,544	8,750,363
Transfers	10,000	-	(10,000)	-	-	-
<b>Change in net assets</b>	<b>12,700,444</b>	<b>7,639,956</b>	<b>(212,900)</b>	<b>1,110,407</b>	<b>12,487,544</b>	<b>8,750,363</b>
Net assets, October 1	51,400,870	43,760,914	58,737,066	57,626,659	110,137,936	101,387,573
<b>Net assets, September 30</b>	<b>\$ 64,101,314</b>	<b>\$ 51,400,870</b>	<b>\$ 58,524,166</b>	<b>\$ 58,737,066</b>	<b>\$ 122,625,480</b>	<b>\$ 110,137,936</b>

**Governmental activities.** Governmental activities increased the City's net assets by \$12.7 million after transfers, thereby accounting for 101.7% of the growth in total net assets. The City's total revenues totaled \$93.3 million in governmental activities. Of revenues, 64.6% is generated from taxes, 20.6% is from charges for services, operating grants/contributions comprise 8.8%, capital grants/contributions make up 1.8%, grants and contributions not restricted to specific programs and miscellaneous revenues equals 1.8%, and unrestricted investment earnings generates 2.4%. Tax revenue rose significantly, as a result of spiraling property values and the associated ad valorem taxes generated from the increased selling prices of local property. Conversely, operating grants and contributions experienced the largest decline during fiscal year 2007, since most of the reimbursements in connection with Hurricane Wilma were received during the previous fiscal year.

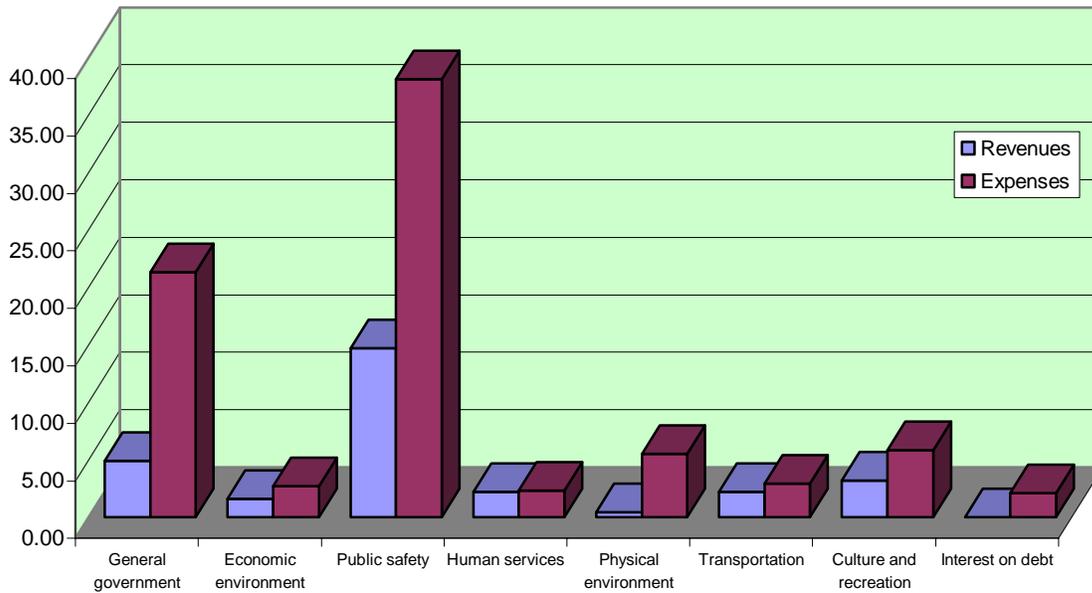
The City's expenses cover a broad range of services, with approximately 47.2% of governmental activity expenses related to public safety (fire/rescue and police protection). Public safety expenses constitute the largest component of the change in total expenses due to a decrease in expenses as a result of a

**City of Deerfield Beach, Florida**  
 Management's Discussion and Analysis  
 For the Year Ended September 30, 2007

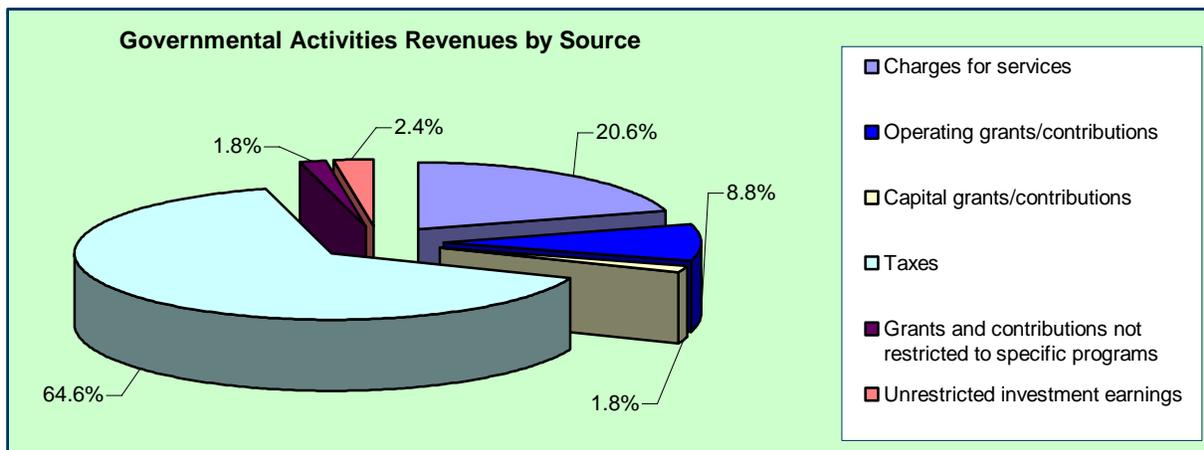
“weak” hurricane season, as indicated in the previous paragraph. Further, a significant portion of the increase in general government expenses was attributable to increases in insurance claims as well as increases in compensated absences payable. Economic environment expenses also increased from the previous year as a result of increased utilization of the City’s First-time Homebuyer’s and Home Rehabilitation Grant programs. The City’s total revenues exceeded its expenses for governmental activities by a 15.8% margin and business-type activities had 0.6% more expenses than revenues.

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.

**Governmental Activities - Expenses and Program Revenues**  
 (Dollars in Millions)



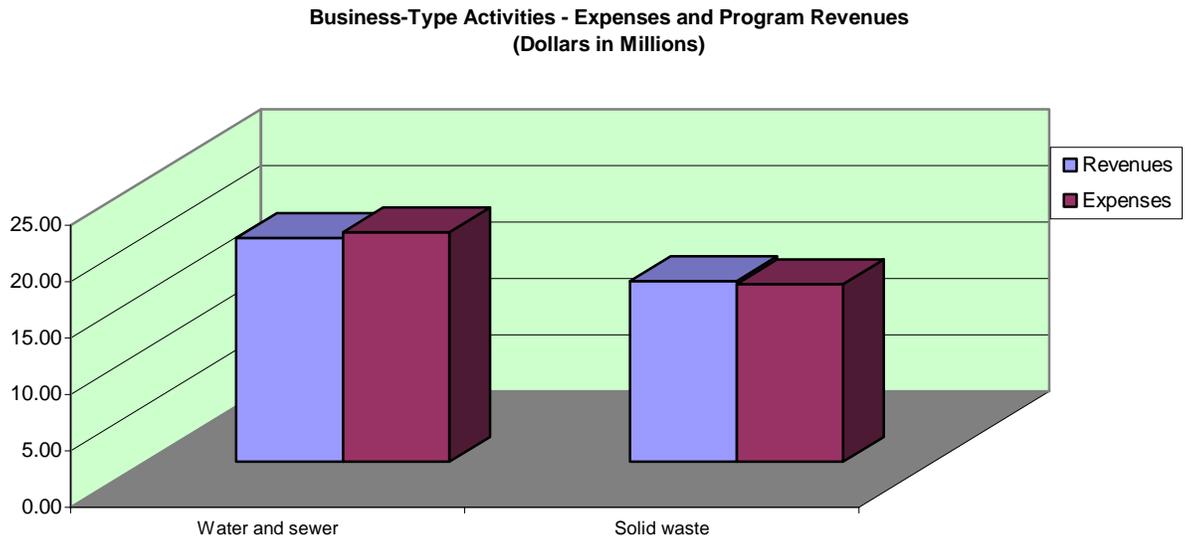
The next chart shows the percent of the total for each source of revenue supporting governmental activities.



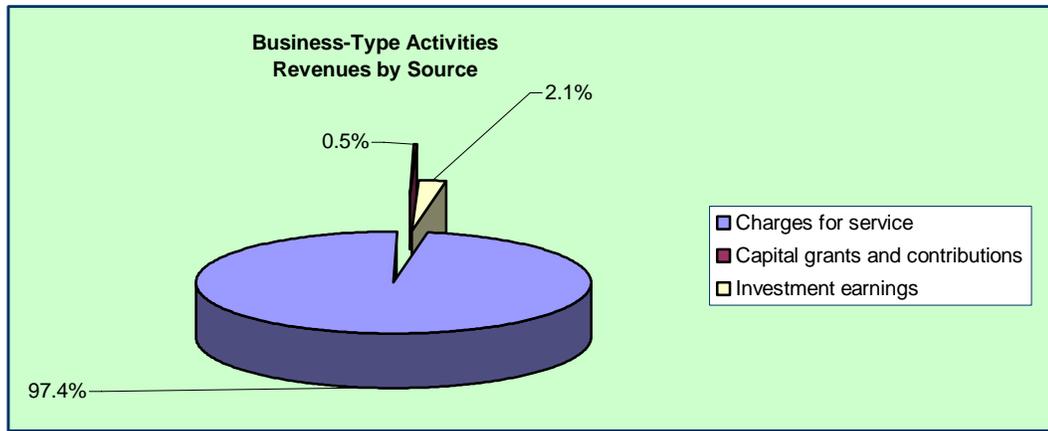
**City of Deerfield Beach, Florida**  
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**Business-type activities.** Business-type activities decreased the City's net assets by \$0.2 million after transfers, thereby accounting for negative 1.7% of the total growth in net assets. This decline in the net assets of business-type activities was due primarily to lower than expected water sales, as a result of imposed water use restrictions from the South Florida Water Management District.

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.



The following chart shows that over 97% of revenues from business-type activities are generated by charges for services.



**City of Deerfield Beach, Florida**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2007

**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 \$40.2 million, an increase of \$10.8 million from the prior year's ending balances of \$29.4 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 (\$1.7 million), 2) to generate income to pay for the perpetual care of the municipal cemetery (\$2.1 million), or 3) for a variety of other restricted purposes (\$1.0 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 \$18.4 million, while total fund balance reached \$20.2 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 26.0% of total general fund expenditures, while total fund balance represents approximately 28.5% of that same amount.

The unreserved fund balance of the City of Deerfield Beach's general fund increased by \$8.4 million during the current fiscal year. Key factors in this growth are as follows:

- Ad valorem revenues increased by \$5.1 million due to increased assessed values on property transactions and new construction in Deerfield Beach.
- Public safety expenditures decreased by \$10.0 million, or 20.6%. A significant portion of this decrease was due to a sharp decline in hurricane-related expenses as a result of a fairly "weak" hurricane season, as compared to that of fiscal year 2006. This sharp decline in expenditures for hurricane-related expenses also led to a likewise decrease of \$6.1 million in intergovernmental revenues stemming from reimbursements from federal and state governments.
- General government expenditures increased by approximately \$2.8, as a result of increases in health insurance costs as well as continued repair costs resulting from damages sustained during Hurricane Wilma.

**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.

Unrestricted net assets of the water and sewer fund at the end of the year amounted to \$14.2 million, and those for the solid waste fund amounted to \$0.8 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.

**City of Deerfield Beach, Florida**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2007

**General Fund Budgetary Highlights**

The difference between the original budget and the final amended budget was an increase of \$2,115,000. The increases were allocated as follows:

- City Commission – increase of \$5,000 in appropriations as a result of additional pension and related costs for the addition of an Administrative Coordinator position.
- City Manager – increase of \$180,000 in appropriations as a result of severance payment to the former City Manager.
- City Clerk – increase of \$56,000 in appropriations as a result of additional personnel expenditures due to city clerk serving in the capacity of acting city manager.
- City Attorney – increase of \$145,000 in appropriations as a result of additional costs for engaging an outside counsel for labor negotiations.
- Insurance/Safety – increase of \$2,100,000 in appropriations as a result of increase in costs for dependent healthcare coverage in excess of amount budgeted, as well as continued repair costs resulting from damages sustained during Hurricane Wilma.

Miscellaneous increases in revenues funded these additional appropriations, as well as a transfer from general fund contingencies in the amount of \$371,000.

The more significant budget-to-actual variances in the General Fund arose as a result of the following:

- Property taxes – as previously discussed on page 7, property tax revenues exceeded amounts budgeted as a result of spiraling property values and the associated increases in selling prices of local properties.
- Franchise fees – franchise fees exceeded the amounts budgeted due to increases in the electric utility rates.
- Intergovernmental revenue – intergovernmental revenue exceeded amounts budgeted as a result of latent receipts from the Federal government for Hurricane Wilma as well as reimbursements from other grantor agencies for purchases of vacant land.
- Investment earnings – investment earnings exceeded amounts budgeted as a result of favorable market conditions.
- Police – a significant portion of the variance in this department was primarily due to the fact that the finalized contract with the Broward Sheriff's Office for police services was not fully negotiated until after the start of the fiscal year.
- Other – Unclassified (Non-departmental) – Budget variances arose in this department as a result of lower expenditures for contingencies than budgeted.

**City of Deerfield Beach, Florida**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2007

**Capital Assets and Debt Administration**

**Capital assets.** The City of Deerfield Beach's capital assets for its governmental and business-type activities as of September 30, 2007, amounts to \$144.5 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, etc.). The total increase in the City's capital assets for the current fiscal year was 7.4% (11.3% for governmental activities and 3.1% for business-type activities). The following table summarizes the City's capital assets.

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Land	\$ 11,081,062	\$ 9,185,192	\$ 50,531	\$ 50,531	\$ 11,131,593	\$ 9,235,723
Buildings	30,734,471	5,633,078	891,606	951,037	31,626,077	6,584,115
Improvements other than buildings	2,210,873	2,355,950	27,024,774	28,600,148	29,235,647	30,956,098
Equipment	4,632,436	3,648,234	3,351,843	4,239,209	7,984,279	7,887,443
Utility plants in service	-	-	25,485,946	26,498,895	25,485,946	26,498,895
Infrastructure	27,146,878	25,762,473	-	-	27,146,878	25,762,473
Construction in progress	2,089,176	23,389,520	9,832,620	4,299,981	11,921,796	27,689,501
Total	<u>\$ 77,894,896</u>	<u>\$ 69,974,447</u>	<u>\$ 66,637,320</u>	<u>\$ 64,639,801</u>	<u>\$ 144,532,216</u>	<u>\$ 134,614,248</u>

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

- Completion of the Public Works Facility.
- Acquisition of various parcels of vacant land for parks and recreational improvements.
- 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 40 - 41 of this report.

**Long-term debt.** At year-end, the City of Deerfield Beach had \$29.4 million in general obligation bonds outstanding. New debt resulted mainly from the issuance of a loan payable in the amount of \$3.9 million. This funding is for various water treatment improvements. Additional debt was also issued in the amount of \$6.0 million for completion of the public works facility and mitigation operations center.

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, 2007

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

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
General obligation bonds (backed by the City)	\$ 29,427,756	\$ 30,850,943	\$ -	\$ -	\$ 29,427,756	\$ 30,850,943
Revenue bonds	-	-	-	420,000	-	420,000
Covenant bonds	14,725,000	9,005,000	-	-	14,725,000	9,005,000
Add/(subtract) premium/(discount)	929,462	955,344	-	-	929,462	955,344
Capital leases	2,140,057	2,521,465	2,042,346	2,363,988	4,182,403	4,885,453
Loan payable	-	-	21,070,548	18,076,252	21,070,548	18,076,252
Total bonds, loans and leases payable	<u>\$ 47,222,275</u>	<u>\$ 43,332,752</u>	<u>\$ 23,112,894</u>	<u>\$ 20,860,240</u>	<u>\$ 70,335,169</u>	<u>\$ 64,192,992</u>

The City's general obligation debt per capita, excluding enterprise fund debt, was \$371 at the end of fiscal year 2007. The City's outstanding net general obligation debt was 0.27% 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 2.18% of this limit.

Additional information on the City of Deerfield Beach's long-term debt can be found in Note III (H) on pages 43 – 46 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 2008 budget:

- Growth of the nation's economy will be stagnant and will possibly enter a period of recession.
- Florida will experience a downturn in the housing market therefore limiting increases in the taxable value of property.
- The City's population will increase minimally.
- Property tax revenue will decrease by 4% due to state mandated limitations on the amount of revenue that may be collected from this source.
- Salaries will increase by 3%.
- Health benefit costs will increase by over 25%.
- Solid waste rates will increase 4%.
- Water and wastewater rates will increase significantly as a result of usage restrictions imposed by the South Florida Water Management District.

During the current fiscal year, unreserved fund balance in the general fund increased to \$18.4 million. The City does not plan to appropriate any of this amount for spending in the 2008 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 DEERFIELD BEACH, FLORIDA

## STATEMENT OF NET ASSETS

SEPTEMBER 30, 2007

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 949,846	\$ 922,609	\$ 1,872,455
Investments	18,720,979	12,618,692	31,339,671
Receivables (net of allowances)	1,777,117	5,291,801	7,068,918
Due from other governments	1,722,868	-	1,722,868
Inventories	360,728	349,493	710,221
Prepays	851,621	2,560	854,181
Deferred charges	773,823	-	773,823
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	2,180,800	1,161,700	3,342,500
Investments	16,781,770	-	16,781,770
Due from other governments	1,090,805	-	1,090,805
Permanently restricted:			
Investments	1,140,901	-	1,140,901
Capital assets:			
Nondepreciable	13,170,238	9,883,151	23,053,389
Depreciable (net)	64,724,658	56,754,169	121,478,827
Total assets	124,246,154	86,984,175	211,230,329
<b>LIABILITIES</b>			
Accounts payable	2,992,093	2,753,670	5,745,763
Accrued liabilities	774,259	317,889	1,092,148
Accrued interest payable	884,144	218,819	1,102,963
Due to other governments	14,215	-	14,215
Unearned revenue	400,612	48,000	448,612
Payable from restricted assets:			
Accounts payable	143,152	-	143,152
Accrued liabilities	32,288	-	32,288
Customer deposits	-	472,879	472,879
Non-current liabilities:			
Due within one year:			
Compensated absences	1,423,612	684,308	2,107,920
Insurance claims payable	1,426,000	-	1,426,000
Bonds, loans and leases payable	2,607,716	1,892,912	4,500,628
Due in more than one year:			
Compensated absences	2,067,190	851,550	2,918,740
Insurance claims payable	2,765,000	-	2,765,000
Bonds, loans and leases payable	44,614,559	21,219,982	65,834,541
Total liabilities	60,144,840	28,460,009	88,604,849
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	40,835,672	43,524,426	84,360,098
Restricted for:			
Debt service	131,712	-	131,712
Perpetual care:			
Expendable	964,947	-	964,947
Nonexpendable	1,140,901	-	1,140,901
Economic environment	4,525,119	-	4,525,119
Transportation	2,976,574	-	2,976,574
Other purposes	358,924	-	358,924
Unrestricted	13,167,465	14,999,740	28,167,205
Total net assets	\$ 64,101,314	\$ 58,524,166	\$ 122,625,480

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, 2007**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental activities:							
General government	\$ 21,310,205	\$ 4,850,457	\$ -	\$ -	\$ (16,459,748)	\$ -	\$ (16,459,748)
Economic environment	2,748,846	-	1,590,647	-	(1,158,199)	-	(1,158,199)
Public safety	38,092,021	10,887,195	3,800,311	-	(23,404,515)	-	(23,404,515)
Human services	2,283,091	530,763	1,675,779	-	(76,549)	-	(76,549)
Physical environment	5,476,504	247,415	198,316	-	(5,030,773)	-	(5,030,773)
Transportation	2,861,275	1,543,358	661,259	-	(656,658)	-	(656,658)
Culture and recreation	5,795,840	1,181,555	294,977	1,700,423	(2,618,885)	-	(2,618,885)
Interest and fiscal charges	<u>2,058,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,058,992)</u>	<u>-</u>	<u>(2,058,992)</u>
Total governmental activities	<u>80,626,774</u>	<u>19,240,743</u>	<u>8,221,289</u>	<u>1,700,423</u>	<u>(51,464,319)</u>	<u>-</u>	<u>(51,464,319)</u>
Business-Type activities:							
Water and sewer	20,325,211	18,870,533	-	174,208	-	(1,280,470)	(1,280,470)
Solid waste	<u>15,717,636</u>	<u>16,023,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>305,504</u>	<u>305,504</u>
Total business-type activities	<u>36,042,847</u>	<u>34,893,673</u>	<u>-</u>	<u>174,208</u>	<u>-</u>	<u>(974,966)</u>	<u>(974,966)</u>
<b>Total</b>	<b>\$116,669,621</b>	<b>\$ 54,134,416</b>	<b>\$ 8,221,289</b>	<b>\$ 1,874,631</b>	<b>(51,464,319)</b>	<b>(974,966)</b>	<b>(52,439,285)</b>
General revenues:							
Property taxes					39,777,131	-	39,777,131
Incremental property taxes					2,006,605	-	2,006,605
Sales taxes					4,555,929	-	4,555,929
Franchise taxes					12,477,400	-	12,477,400
Motor fuel taxes					1,384,787	-	1,384,787
Alcoholic beverage/mobile home license taxes					56,304	-	56,304
Grants and contributions not restricted to specific programs					1,589,751	-	1,589,751
Unrestricted investment earnings					2,254,270	772,066	3,026,336
Miscellaneous					52,586	-	52,586
Transfers					<u>10,000</u>	<u>(10,000)</u>	<u>-</u>
Total general revenues and transfers					<u>64,164,763</u>	<u>762,066</u>	<u>64,926,829</u>
Change in net assets					12,700,444	(212,900)	12,487,544
Net assets - beginning					<u>51,400,870</u>	<u>58,737,066</u>	<u>110,137,936</u>
Net assets - ending					<u>\$ 64,101,314</u>	<u>\$ 58,524,166</u>	<u>\$ 122,625,480</u>

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

**CITY OF DEERFIELD BEACH, FLORIDA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2007**

	<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	\$ 949,846	\$ 34,736	\$ 2,146,064	\$ 3,130,646
Investments	18,720,979	11,088,756	6,833,915	36,643,650
Receivables (net):				
Accounts	1,698,986	-	254	1,699,240
Assessments	841	-	-	841
Interest	52,441	-	24,595	77,036
Due from other funds	59,766	-	1,125,192	1,184,958
Due from other governments	1,662,165	-	1,151,508	2,813,673
Inventories	360,728	-	-	360,728
Prepaid items	586,118	-	3,956	590,074
Total assets	<u>\$ 24,091,870</u>	<u>\$ 11,123,492</u>	<u>\$ 11,285,484</u>	<u>\$ 46,500,846</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 2,234,326	\$ 757,767	\$ 143,152	\$ 3,135,245
Accrued liabilities	845,566	-	32,288	877,854
Due to other funds	-	202,674	982,284	1,184,958
Due to other governments	14,215	-	-	14,215
Unearned/deferred revenue	<u>764,887</u>	<u>-</u>	<u>287,342</u>	<u>1,052,229</u>
Total liabilities	<u>3,858,994</u>	<u>960,441</u>	<u>1,445,066</u>	<u>6,264,501</u>
Fund balances:				
Reserved for:				
Encumbrances	838,216	741,763	84,339	1,664,318
Prepaid items	586,118	-	3,956	590,074
Inventories	360,728	-	-	360,728
Perpetual care	-	-	2,105,848	2,105,848
Unreserved, reported in:				
General fund	18,447,814	-	-	18,447,814
Special revenue funds	-	-	7,484,980	7,484,980
Debt service funds	-	-	242,033	242,033
Capital projects funds	<u>-</u>	<u>9,421,288</u>	<u>(80,738)</u>	<u>9,340,550</u>
Total fund balances	<u>20,232,876</u>	<u>10,163,051</u>	<u>9,840,418</u>	<u>40,236,345</u>
Total liabilities and fund balances	<u>\$ 24,091,870</u>	<u>\$ 11,123,492</u>	<u>\$ 11,285,484</u>	<u>\$ 46,500,846</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, 2007**

Fund balances, total governmental funds: \$ 40,236,345

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	123,467,830	
Less: accumulated depreciation	<u>(45,572,934)</u>	
Net capital assets		77,894,896

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	(884,144)	
Bonds and notes payable	(44,152,756)	
Capital leases payable	(2,140,057)	
Insurance claims payable	(4,119,693)	
Compensated absences	<u>(3,490,802)</u>	
Total		(54,787,452)

Deferred revenue in the funds is susceptible to full accrual.

Revenues previously deferred increases net assets.	651,617
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The pension assets are not considered current financial resources and are therefore not reported in the funds.

261,547

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	(955,344)	
Additional premium on revenue bonds issued during fiscal year	(32,679)	
Amortization	<u>58,561</u>	
Unamortized premium, September 30, 2007		(929,462)

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	699,756	
Additional bond issuance costs on bonds issued during fiscal year	116,982	
Amortization	<u>(42,915)</u>	
Unamortized deferred charges, September 30, 2007		<u>773,823</u>

Net assets of governmental activities	<u>\$ 64,101,314</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, 2007

	<u>General</u>	<u>General Construction Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Property taxes	\$39,668,750	\$ -	\$ 2,006,605	\$ 41,675,355
Sales taxes	4,555,929	-	-	4,555,929
Fire assessment fees	\$3,767,989	-	-	3,767,989
Franchise fees	12,477,400	-	-	12,477,400
Local option gas tax	-	-	1,384,787	1,384,787
Licenses and permits	2,394,634	-	-	2,394,634
Intergovernmental	6,244,141	-	4,662,750	10,906,891
Charges for services	5,931,964	-	504,265	6,436,229
Fines and forfeitures	1,307,122	-	40,966	1,348,088
Investment earnings	1,341,506	726,860	354,087	2,422,453
Miscellaneous:				
Donations/contributions	1,923,599	-	93,214	2,016,813
Administrative fees	3,074,281	-	311,553	3,385,834
Other	389,949	-	157,437	547,386
Total revenues	<u>83,077,264</u>	<u>726,860</u>	<u>9,515,664</u>	<u>93,319,788</u>
<b>EXPENDITURES</b>				
Current:				
General government	19,284,351	-	-	19,284,351
Economic environment	10,000	-	2,738,198	2,748,198
Public safety	38,435,788	-	214,860	38,650,648
Human services	2,327,275	-	260,569	2,587,844
Physical environment	5,275,103	-	71,111	5,346,214
Transportation	129,843	-	1,707,576	1,837,419
Culture and recreation	4,659,528	-	681,404	5,340,932
Capital outlay	-	6,296,991	2,376,824	8,673,815
Debt service:				
Principal	699,678	-	1,728,235	2,427,913
Interest and fiscal charges	69,815	-	1,769,710	1,839,525
Bond issuance costs	-	116,982	-	116,982
Total expenditures	<u>70,891,381</u>	<u>6,413,973</u>	<u>11,548,487</u>	<u>88,853,841</u>
Excess (deficiency) of revenues over expenditures	<u>12,185,883</u>	<u>(5,687,113)</u>	<u>(2,032,823)</u>	<u>4,465,947</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital leases	345,825	-	32,493	378,318
Transfers in	1,183,874	263,045	5,627,751	7,074,670
Transfers out	(5,358,795)	(196,794)	(1,509,081)	(7,064,670)
Revenue bonds issued	-	5,965,000	-	5,965,000
Premium on revenue bonds issued	-	32,679	-	32,679
Total other financing sources (uses)	<u>(3,829,096)</u>	<u>6,063,930</u>	<u>4,151,163</u>	<u>6,385,997</u>
Net change in fund balances	8,356,787	376,817	2,118,340	10,851,944
Fund balances - beginning	11,876,089	9,786,234	7,722,078	29,384,401
Fund balances - ending	<u>\$ 20,232,876</u>	<u>\$ 10,163,051</u>	<u>\$ 9,840,418</u>	<u>\$ 40,236,345</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, 2007**

Net change in fund balances-total governmental funds \$ 10,851,944

*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	11,097,954	
Less: current year's depreciation	<u>(3,177,505)</u>	7,920,449

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 128,136

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. (130,706)

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:

increase in long-term portion of insurance claims payable	(1,670,693)
Increase in net pension asset - Firefighters' Pension Fund	82,134

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. (378,318)

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 earned, \$2,621,062, exceeded the amount used, \$2,190,811. (430,251)

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		2,427,913
Debt issued or incurred:		
Florida Municipal Loan Council ("FMLC") Revenue Bonds, Series 2006		(5,965,000)
Associated premium on FMLC Revenue Bonds, Series 2006		(32,679)
Associated bond issuance costs on FMLC Revenue Bonds, Series 2006		116,982

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. (219,467)

Change in net assets of governmental activities \$ 12,700,444

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, 2007**

	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 819,564	\$ 103,045	\$ 922,609
Investments	12,400,684	218,008	12,618,692
Restricted cash and cash equivalents:			
Customer deposits	408,835	64,044	472,879
Receivables (net):			
Accounts	3,048,385	1,900,723	4,949,108
Delinquent assessments	57,571	-	57,571
Interest	285,122	-	285,122
Inventories	349,493	-	349,493
Prepaid items	2,560	-	2,560
Total current assets	<u>17,372,214</u>	<u>2,285,820</u>	<u>19,658,034</u>
Noncurrent assets:			
Restricted cash and cash equivalents:			
Revolving loan covenant accounts	688,821	-	688,821
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	51,303,391	44,700	51,348,091
Equipment	5,395,123	10,448,374	15,843,497
Construction in progress	9,832,620	-	9,832,620
Less accumulated depreciation	(39,514,443)	(7,780,631)	(47,295,074)
Total capital assets (net of accumulated depreciation)	<u>63,924,877</u>	<u>2,712,443</u>	<u>66,637,320</u>
Total noncurrent assets	<u>64,613,698</u>	<u>2,712,443</u>	<u>67,326,141</u>
Total assets	<u>81,985,912</u>	<u>4,998,263</u>	<u>86,984,175</u>

(Continued)

**CITY OF DEERFIELD BEACH, FLORIDA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2007**

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	2,069,114	684,556	2,753,670
Accrued liabilities	179,834	138,055	317,889
Unearned revenue	48,000	-	48,000
Customer deposits payable	408,835	64,044	472,879
Compensated absences	399,648	284,660	684,308
Matured interest payable	218,819	-	218,819
Capital leases payable - current	-	649,572	649,572
Loan payable, current	1,243,340	-	1,243,340
Total current liabilities	<u>4,567,590</u>	<u>1,820,887</u>	<u>6,388,477</u>
Noncurrent liabilities:			
Compensated absences	544,133	307,417	851,550
Capital leases payable	-	1,392,774	1,392,774
Loan payable	19,827,208	-	19,827,208
Total noncurrent liabilities	<u>20,371,341</u>	<u>1,700,191</u>	<u>22,071,532</u>
Total liabilities	<u>24,938,931</u>	<u>3,521,078</u>	<u>28,460,009</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	42,854,329	670,097	43,524,426
Unrestricted	14,192,652	807,088	14,999,740
Total net assets	<u>\$ 57,046,981</u>	<u>\$ 1,477,185</u>	<u>\$ 58,524,166</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, 2007

	<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 revolving loans	\$ 11,301,145	\$ -	\$ 11,301,145
Sewer charges pledged as security for revolving loans	6,862,310	-	6,862,310
Solid waste charges	-	14,790,276	14,790,276
Engineering fees	302,926	-	302,926
Miscellaneous	<u>404,152</u>	<u>1,232,864</u>	<u>1,637,016</u>
Total operating revenues	<u>18,870,533</u>	<u>16,023,140</u>	<u>34,893,673</u>
Operating expenses:			
Personal services	5,629,895	4,129,194	9,759,089
Contractual services	592,254	747,187	1,339,441
Electricity	1,057,838	-	1,057,838
Insurance	918,133	728,173	1,646,306
Fixed charges	51,574	18,591	70,165
County wastewater charge	4,425,639	-	4,425,639
County raw water charge	70,721	-	70,721
Disposal fees	-	7,135,964	7,135,964
General administrative charge	2,454,635	887,220	3,341,855
Commodities	1,697,904	913,920	2,611,824
Depreciation	2,829,978	1,083,589	3,913,567
Fiscal charges	<u>10,920</u>	<u>-</u>	<u>10,920</u>
Total operating expenses	<u>19,739,491</u>	<u>15,643,838</u>	<u>35,383,329</u>
Operating income (loss)	<u>(868,958)</u>	<u>379,302</u>	<u>(489,656)</u>
Non-operating revenues (expenses):			
Investment earnings	772,066	-	772,066
Interest charges	<u>(585,720)</u>	<u>(73,798)</u>	<u>(659,518)</u>
Total non-operating expenses	<u>186,346</u>	<u>(73,798)</u>	<u>112,548</u>
Income (loss) before contributions	(682,612)	305,504	(377,108)
Capital contributions - tap fees	174,208	-	174,208
Transfers out	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>
Change in net assets	(508,404)	295,504	(212,900)
Total net assets - beginning	<u>57,555,385</u>	<u>1,181,681</u>	<u>58,737,066</u>
Total net assets - ending	<u>\$ 57,046,981</u>	<u>\$ 1,477,185</u>	<u>\$ 58,524,166</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, 2007**

	<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	\$ 18,767,512	\$ 15,823,047	\$ 34,590,559
Payments to suppliers	(11,434,210)	(11,038,224)	(22,472,434)
Payments to employees	(5,491,876)	(4,028,302)	(9,520,178)
Net cash provided by operating activities	<u>1,841,426</u>	<u>756,521</u>	<u>2,597,947</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Transfer to other funds	-	(10,000)	(10,000)
Repayment of interfund loans	-	(291,374)	(291,374)
Net cash used in non-capital financing activities	<u>-</u>	<u>(301,374)</u>	<u>(301,374)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Loan proceeds	3,917,106	-	3,917,106
Capital contributed from connection fees	174,208	-	174,208
Acquisition and construction of capital assets	(5,641,763)	(269,323)	(5,911,086)
Principal paid on:			
Revenue bonds	(420,000)	-	(420,000)
Capital lease	-	(728,270)	(728,270)
Loan	(922,810)	-	(922,810)
Interest paid on:			
Revenue bonds	(12,863)	-	(12,863)
Capital lease	-	(73,434)	(73,434)
Loan	(570,797)	-	(570,797)
Deposits	(3,615)	(364)	(3,979)
Collection of special assessment levies	2,839	-	2,839
Interest received on special assessment	9,241	-	9,241
Net cash used in capital and related financing activities	<u>(3,468,454)</u>	<u>(1,071,391)</u>	<u>(4,539,845)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sales and maturities of investments	13,955,919	772,438	14,728,357
Purchase of investments	(12,400,682)	-	(12,400,682)
Interest and dividends received	721,734	-	721,734
Net cash provided by investing activities	<u>2,276,971</u>	<u>772,438</u>	<u>3,049,409</u>
<b>Net increase in cash and cash equivalents</b>	649,943	156,194	806,137
<b>Cash and cash equivalents, beginning of year</b>	1,267,277	10,895	1,278,172
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,917,220</u>	<u>\$ 167,089</u>	<u>\$ 2,084,309</u>
Cash and cash equivalents	\$ 819,564	\$ 103,045	\$ 922,609
Cash and cash equivalents - restricted (current)	408,835	64,044	472,879
Cash and cash equivalents - restricted (noncurrent)	688,821	-	688,821
Cash and cash equivalents, end of year	<u>\$ 1,917,220</u>	<u>\$ 167,089</u>	<u>\$ 2,084,309</u>

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

(Continued)

**CITY OF DEERFIELD BEACH, FLORIDA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Total</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (868,958)	\$ 379,302	\$ (489,656)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	2,829,978	1,083,589	3,913,567
Changes in assets and liabilities:			
Increase in accounts receivable, net of allowances	(121,193)	(223,997)	(345,190)
Increase in inventories	(20,252)	-	(20,252)
Increase in prepaid items	(2,560)	-	(2,560)
Increase in customer deposits	18,172	7,431	25,603
Decrease in accounts payable and accrued liabilities	(130,320)	(583,532)	(713,852)
Increase in compensated absences payable	136,559	93,728	230,287
Total adjustments	2,710,384	377,219	3,087,603
Net cash provided by operating activities	\$ 1,841,426	\$ 756,521	\$ 2,597,947
 <b>Non-cash investing, capital and financing activities:</b>			
Net appreciation in the value of investments reported at fair value	\$ 21,805	\$ -	\$ 21,805
Capital assets acquired by capital lease	-	406,628	406,628
Total non-cash investing, capital and financing activities	\$ 21,805	\$ 406,628	\$ 428,433

**CITY OF DEERFIELD BEACH, FLORIDA**  
**PENSION TRUST FUNDS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**SEPTEMBER 30, 2007**

	<b><u>Fiduciary Funds</u></b>
<b>ASSETS:</b>	
Investments:	
Money market funds	\$ 4,961,823
U.S. Government securities	23,130,291
Corporate equities	146,028,179
Corporate bonds and notes	<u>15,117,196</u>
Total investments	<u>189,237,489</u>
Receivables:	
Interest and dividends	519,243
Accounts receivable	366,808
Due from brokers	<u>658,903</u>
Total receivables	<u>1,544,954</u>
Total assets	<u>190,782,443</u>
<b>LIABILITIES:</b>	
Accounts payable	1,546,181
Deferred revenue	<u>39,344</u>
Total liabilities	<u>1,585,525</u>
<b>NET ASSETS:</b>	
Held in trust for pension benefits	<u>\$ 189,196,918</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, 2007**

	<b>Fiduciary Funds</b>
<b>ADDITIONS:</b>	
Contributions:	
Employer	\$ 4,219,574
Employer (on behalf of plan members)	107,535
Plan members	1,284,128
State of Florida	<u>1,237,160</u>
Total contributions	<u>6,848,397</u>
Investment earnings:	
Interest and dividends	4,032,519
Net increase in the fair value of investments	<u>17,976,519</u>
Total investment earnings	22,009,038
Less investment expense	<u>(816,195)</u>
Net investment earnings	<u>21,192,843</u>
Other miscellaneous income	<u>40,361</u>
Total additions	<u>28,081,601</u>
<b>DEDUCTIONS:</b>	
Benefits paid	8,785,165
Administrative expenses	<u>253,557</u>
Total deductions	<u>9,038,722</u>
Change in net assets	19,042,879
Net assets held in trust for pension benefits:	
Beginning of year	<u>170,154,039</u>
End of year	<u>\$ 189,196,918</u>

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

**CITY OF DEERFIELD BEACH, FLORIDA**  
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SEPTEMBER 30, 2007

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**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007

**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 basic financial statements include both government-wide and fund financial statements. This government-wide focus is 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 78,575 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.

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

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007

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 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.

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007

Property taxes, (when levied for), franchise taxes, intergovernmental revenue (when the eligibility requirements are met), licenses, special assessments, charges for services for ambulance fees, as well as 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 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.

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007

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 noncurrent 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.

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.

**CITY OF DEERFIELD BEACH, FLORIDA**  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2007

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 resources of the City’s Water and Sewer enterprise fund 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 and loan agreements. The state revolving loan sinking fund account is used to segregate resources that are accumulated for the payment of principal and interest on the City’s revolving loans with the Florida Departmental of Environmental Protection.

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 cost of the assets constructed.

Furthermore, interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized cost of the asset constructed. The City capitalized interest costs in the amount of \$57,440 during the fiscal year.

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

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

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
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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. Debt principal payments and 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 is 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.

The government-wide statement of net assets reports \$10,098,177 of restricted net assets of which \$2,490,504 is restricted by enabling legislation.

**Unrestricted Net Assets** – have no third-party limitations on their use. 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, 2007

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

**A. Excess of Expenditures Over Appropriations** – For the year ended September 30, 2007, expenditures did not exceed appropriations in any of the City's departments, the legal level of budgetary control. However, the Community Development Block Grant Fund exceeded its budgeted appropriations by \$905,101.

**B. Deficit Fund Equity** - At September 30, 2007, the Capital Projects Grants Fund had a deficit fund balance of \$80,738. The Miscellaneous Grants Fund also had a deficit fund balance in the amount of \$245,608. Deficits in these funds are expected to be funded by future grant reimbursements, which were not susceptible to accrual at September 30, 2007.

**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 non-fiduciary 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, 2007, the carrying amount of the City's deposits totaled \$5,209,572.

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, 2007 represented less than 1% of the total investment assets of the SBA. Throughout the year, and as of September 30, 2007, 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 64% 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.

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
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The Florida Municipal Investment Trust (as administered by the Florida League of Cities) 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, 2007, the City had the following investments:

	Pension Trust Funds	All Other Funds	Total
Investment in Fl. Local Gov't. Investment Trust	\$ -	\$ 13,783,039	\$ 13,783,039
Investment in Fl. Municipal Investment Trust	-	11,330,789	11,330,789
Money market bond funds	4,961,823	-	4,961,823
Other money market funds	-	13,556,783	13,556,783
U.S. Government and agency securities	23,130,291	10,591,731	33,722,022
Domestic corporate bonds and notes	15,117,196	-	15,117,196
International corporate equities	7,976,941	-	7,976,941
Domestic corporate equities	138,051,238	-	138,051,238
Total	<u>\$ 189,237,489</u>	<u>\$ 49,262,342</u>	<u>\$ 238,499,831</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 interest rate 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.

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
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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:

***(City General Investments)***

Investment Type	Fair Value	Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Investment pools	\$ 25,113,828	\$ 25,113,828	\$ -	\$ -	\$ -
Other money market funds	13,556,783	13,556,783			
U.S. Agencies, implicitly guaranteed	10,591,731	10,591,731	-	-	-
<b>Total</b>	<b>\$ 49,262,342</b>	<b>\$ 49,262,342</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

***(Pension Trust Funds)***

Investment Type	Fair Value	Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Money market bond funds	\$ 4,961,823	\$ -	\$ 4,961,823	\$ -	\$ -
U.S. Treasuries	8,598,631	-	1,746,832	4,689,812	2,161,987
U.S. Agencies, explicitly guaranteed	8,756,601	430,662	1,375,782	1,819,215	5,130,942
U.S. Agencies, implicitly guaranteed	5,775,059	-	1,062,334	2,936,226	1,776,499
Domestic corporate bonds and notes	15,117,196	-	5,603,084	5,973,796	3,540,316
<b>Total</b>	<b>\$ 43,209,310</b>	<b>\$ 430,662</b>	<b>\$ 14,749,855</b>	<b>\$ 15,419,049</b>	<b>\$ 12,609,744</b>

**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, 2007, as applicable:

**CITY OF DEERFIELD BEACH, FLORIDA**  
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SEPTEMBER 30, 2007

**Quality Credit Rating**

S& P	Moody's	Fair Value
A		\$ 424,609
A+		626,464
AA-		216,258
AA		5,261,888
AAA		1,424,377
BBB		182,841
BBB+		245,208
BBB-		237,980
	Aaa	14,338,274
	Aa1	1,313,879
	Aa2	1,482,083
	Aa3	2,418,954
	A1	2,583,459
	A2	530,574
	A3	1,062,952
	Baa1	310,865
	Baa2	340,170
	NR	59,470,817
Total corporate bonds and notes, U.S. agency securities and money market bond funds		\$ 92,471,652
Total categorized City general investments		\$ 49,262,342
Total categorized pension trust fund investments		43,209,310
Total		\$ 92,471,652

**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, 2007. The various pension plans limit their exposure through diversification of investments by security type and institution and limit holdings in any one type of investment with any one issuer with various durations of maturities.

**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, equities and mutual funds 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.

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Custodial Credit Risk (Continued)

With the exception of the investments with the SBA, all of the City's general investments were held by the City's custodial bank and were insured or registered in the City's name as of year-end.

**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>Water and Sewer</u>	<u>Solid Waste</u>	<u>Nonmajor Governmental Funds</u>	<u>Pension Trust Funds</u>	<u>Total</u>
Receivables:						
Accounts	\$ 1,698,986	\$ 3,262,722	\$ 2,042,969	\$ 254	\$ 1,025,711	\$ 8,030,642
Assessments	841	57,571	-	-	-	58,412
Interest	52,441	285,122	-	24,595	519,243	881,401
Intergovernmental	<u>1,662,165</u>	<u>-</u>	<u>-</u>	<u>1,151,508</u>	<u>-</u>	<u>2,813,673</u>
Gross receivables	3,414,433	3,605,415	2,042,969	1,176,357	1,544,954	11,784,128
Less: allowance for uncollectibles	<u>-</u>	<u>(214,337)</u>	<u>(142,246)</u>	<u>-</u>	<u>-</u>	<u>(356,583)</u>
Net receivables	<u>\$ 3,414,433</u>	<u>\$ 3,391,078</u>	<u>\$ 1,900,723</u>	<u>\$ 1,176,357</u>	<u>\$ 1,544,954</u>	<u>\$ 11,427,545</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	\$ 150,489
Uncollectible related to sewer charges	63,848
Uncollectible related to solid waste charges	<u>142,246</u>
Total uncollectibles for the current fiscal year	<u>\$ 356,583</u>

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**C. Capital Assets** – The following is a summary of capital asset activity for the year ended September 30, 2007:

	Beginning Balance	Increases	Decreases	Total
<b>Governmental activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 9,185,192	\$ 1,895,870	\$ -	\$ 11,081,062
Construction in progress	23,389,520	5,909,217	27,209,561	2,089,176
<i>Total capital assets not being depreciated</i>	<u>32,574,712</u>	<u>7,805,087</u>	<u>27,209,561</u>	<u>13,170,238</u>
 <i>Capital assets being depreciated:</i>				
Buildings	10,618,889	25,368,873	-	35,987,762
Improvements other than buildings	3,249,481	-	-	3,249,481
Equipment	15,378,402	2,066,314	26,059	17,418,657
Infrastructure	50,574,451	3,067,241	-	53,641,692
<i>Total capital assets being depreciated</i>	<u>79,821,223</u>	<u>30,502,428</u>	<u>26,059</u>	<u>110,297,592</u>
 <i>Less: accumulated depreciation for:</i>				
Buildings	4,985,811	267,480	-	5,253,291
Improvements other than buildings	893,531	145,077	-	1,038,608
Equipment	11,730,168	1,082,112	26,059	12,786,221
Infrastructure	24,811,978	1,682,836	-	26,494,814
<i>Total accumulated depreciation</i>	<u>42,421,488</u>	<u>3,177,505</u>	<u>26,059</u>	<u>45,572,934</u>
Total capital assets being depreciated, net	<u>37,399,735</u>	<u>27,324,923</u>	<u>-</u>	<u>64,724,658</u>
Governmental activities capital assets, net	<u>\$ 69,974,447</u>	<u>\$ 35,130,010</u>	<u>\$ 27,209,561</u>	<u>\$ 77,894,896</u>
 <b>Business-type activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 50,531	\$ -	\$ -	\$ 50,531
Construction in progress	4,299,981	5,532,639	-	9,832,620
<i>Total capital assets not being depreciated</i>	<u>4,350,512</u>	<u>5,532,639</u>	<u>-</u>	<u>9,883,151</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	51,339,511	8,580	-	51,348,091
Equipment	15,508,853	369,867	35,223	15,843,497
<i>Total capital assets being depreciated</i>	<u>103,706,019</u>	<u>378,447</u>	<u>35,223</u>	<u>104,049,243</u>
 <i>Less: accumulated depreciation for:</i>				
Buildings	847,483	59,431	-	906,914
Utility plants in service	8,560,240	1,012,949	-	9,573,189
Improvements other than buildings	22,739,363	1,583,954	-	24,323,317
Equipment	11,269,644	1,257,233	35,223	12,491,654
<i>Total accumulated depreciation</i>	<u>43,416,730</u>	<u>3,913,567</u>	<u>35,223</u>	<u>47,295,074</u>
Total capital assets being depreciated, net	<u>60,289,289</u>	<u>(3,535,120)</u>	<u>-</u>	<u>56,754,169</u>
Business-type activities capital assets, net	<u>\$ 64,639,801</u>	<u>\$ 1,997,519</u>	<u>\$ -</u>	<u>\$ 66,637,320</u>

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Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 121,136
Economic environment	648
Public safety	796,295
Human services	48,422
Physical environment	389,592
Transportation	1,082,150
Culture and recreation	<u>739,262</u>
Total depreciation expense - governmental activities	<u>\$ 3,177,505</u>
Business-type activities:	
Water and Sewer	\$ 2,829,978
Solid Waste	<u>1,083,589</u>
Total depreciation expense - business-type activities	<u>\$ 3,913,567</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, 2007:

<u>Project</u>	<u>Amounts Outstanding</u>
Hillsboro Boulevard - Streetscape Improvements	\$ 555,870
Public Works Facility	704,062
S-Curve Improvements, Phases I & II	980,210
Membrane Concentrate Pumping Facility	924,138
West Water Treatment Reverse Osmosis Plant - Design	140,397
West Water Treatment Plant Expansion	<u>612,250</u>
	<u>\$ 3,916,927</u>

**E. Unearned/Deferred Revenue** – Unearned revenue in the General Fund includes \$396,507 for occupational licenses relating to fiscal year 2008. Deferred revenue in the General Fund includes ambulance transport fees of \$255,894 which were not collected within 90 days of year-end; deferred property taxes of \$108,381 that were levied during the current fiscal year but were not received within 60 days of year-end and thus were not considered “available.”

The deferred revenue of \$228,177 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, 2007. 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 in connection with improvements to the City’s parks, which the City did not receive within 90 days of fiscal year end.

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**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, 2007 is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 59,766
Nonmajor Governmental Funds	General Construction Fund	202,674
Nonmajor Governmental Funds	Nonmajor Governmental Funds	922,518
Total		<u><u>\$ 1,184,958</u></u>

Interfund Transfers:

	<u>Transfers to:</u>			
	<u>General</u>	<u>General Construction</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
<b><u>Transfers from:</u></b>				
General	\$ -	\$ 50,325	\$ 5,308,470	\$ 5,358,795
General Construction	-	-	196,794	196,794
Nonmajor Governmental	1,183,874	212,720	112,487	1,509,081
Solid Waste Fund	-	-	10,000	10,000
Total	<u><u>\$ 1,183,874</u></u>	<u><u>\$ 263,045</u></u>	<u><u>\$ 5,627,751</u></u>	<u><u>\$ 7,074,670</u></u>

Transfers to the General Fund represent amounts paid by the nonmajor governmental funds for matching grant requirements for amounts which were accounted for in the General Fund. Transfers to the nonmajor 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.

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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, 2007, were as follows:

Fiscal Year	Governmental Activities	Business-Type Activities	Total
2008	\$ 845,935	\$ 715,923	\$ 1,561,858
2009	719,902	628,062	1,347,964
2010	430,273	494,816	925,089
2011	131,344	270,929	402,273
2012	95,863	74,694	170,557
After 2012	59,703	-	59,703
Total Minimum lease payments	2,283,020	2,184,424	4,467,444
Less: amount representing interest	(142,963)	(142,078)	(285,041)
Present value of future minimum lease payments	<u>\$ 2,140,057</u>	<u>\$ 2,042,346</u>	<u>\$ 4,182,403</u>

As of September 30, 2007, the equipment held under capital leases for governmental activities and business-type activities were \$3,526,696 and \$3,255,550, respectively. Accumulated depreciation for equipment held under capital leases was \$1,247,570 and \$1,192,078 for governmental and business-type activities, respectively, as of September 30, 2007.

**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, 2007:

**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 were 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, \$10,942,756, 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, the proceeds of which were used for refunding two previously issued general obligation bonds, namely Series 1993 and 1995. The outstanding bonds of the issue, \$3,825,000, 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.
- *General Obligation Bonds, Series 2003B* - The original amount of this issue was \$15,410,000, which proceeds were used for the acquisition and construction of a

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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 \$14,660,000.

- *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, \$6,470,000, 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, \$2,290,000, 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.
- *Covenant Bond, Series 2006* – The original amount of this issue was \$5,965,000. The proceeds of this bond issue were used to complete the construction of the public works facility and the municipal operations complex. The interest rates on these bonds range from 4.00% to 5.00%. Principal is due annually on October 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, 2031. The remaining outstanding bonds of this issue total \$5,965,000. The principal and interest of this issue will be payable from and secured by a pledge of the City's electric franchise fees.

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

- *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, 2007, the City borrowed \$25,312,707, with interest rates ranging from 2.27% to 3.57%. As of September 30, 2007, the aggregate outstanding principal amount of these loans totaled \$21,070,548. 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, 2007 was \$15,843,251. Principal and interest payments on the two Florida Water Pollution Control Construction loans are due on April 15 and October 15 of each year. At September 30, 2007, the unpaid principal balances of Water Pollution Control Loan No. WW69302L and Loan No. WW693030 were \$1,356,673 and \$3,870,624, respectively. Revenues of the Water and Sewer System have been pledged as security for repayment of these loans.

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**3. Changes in Long-Term Liabilities** – The following is a summary of changes in long-term liabilities for the year ended September 30, 2007:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 30,850,943	\$ -	\$ 1,423,187	\$ 29,427,756	\$ 1,414,345
Covenant bonds	9,005,000	5,965,000	245,000	14,725,000	350,000
Plus: Deferred amounts for premiums/discounts on refunding	955,344	32,679	58,561	929,462	67,205
Total bonds payable	40,811,287	5,997,679	1,726,748	45,082,218	1,831,550
Capital leases	2,521,465	378,318	759,726	2,140,057	776,166
Claims and judgments	4,060,000	5,977,301	5,846,301	4,191,000	1,426,000
Compensated absences	3,060,551	2,621,062	2,190,811	3,490,802	1,423,612
Total governmental activities long-term liabilities	<u>\$ 50,453,303</u>	<u>\$ 14,974,360</u>	<u>\$ 10,523,586</u>	<u>\$ 54,904,077</u>	<u>\$ 5,457,328</u>
<b>Business-type activities:</b>					
Capital leases	\$ 2,363,988	\$ 406,628	\$ 728,270	\$ 2,042,346	\$ 649,572
Compensated absences	1,305,571	929,072	698,785	1,535,858	684,308
Loan payable	18,076,252	3,917,106	922,810	21,070,548	1,243,340
Total business-type activities long-term liabilities	<u>\$ 21,745,811</u>	<u>\$ 5,252,806</u>	<u>\$ 2,349,865</u>	<u>\$ 24,648,752</u>	<u>\$ 2,577,220</u>

**4. Advance and Current Refundings** – At September 30, 2007, 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, 2007, outstanding bonds of \$9,155,000 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.

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**5. Summary of Annual Debt Service Requirements** – The annual debt service requirements to maturity for debt outstanding as of September 30, 2007 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
2008	\$ 1,414,345	\$ 1,243,622	\$ 350,000	\$ 680,262
2009	1,405,212	1,248,946	395,000	668,383
2010	1,398,530	1,255,072	420,000	655,093
2011	1,412,235	1,244,334	435,000	636,963
2012	1,427,497	1,229,447	455,000	617,941
2013-2017	6,076,814	7,247,222	2,595,000	2,741,695
2018-2022	5,283,747	7,989,935	3,310,000	2,008,086
2023-2027	5,954,376	7,322,435	4,190,000	1,149,580
2028-2032	5,055,000	257,094	2,575,000	246,689
Total	\$ 29,427,756	\$ 29,038,107	\$ 14,725,000	\$ 9,404,692

<b>Business-Type Activities Debt</b>		
<b>Year Ending September 30</b>	<i>Revolving Loans</i>	
	Principal	Interest
2008	\$ 1,243,340	\$ 683,308
2009	1,279,072	647,576
2010	1,315,851	610,798
2011	1,353,712	572,936
2012	1,392,685	533,963
2013-2017	7,589,361	2,043,879
2018-2022	6,776,985	694,925
2023-2027	119,542	15,124
Total	\$ 21,070,548	\$ 5,802,509

The City is still drawing down funds on its revolving loan agreement No. WW693030. A final debt payment schedule has not yet been established. The City currently makes estimated annual payments of \$453,340, which is included in the schedule above.

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**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, 2007:

	Business-Type Activities		
	Water and Sewer Fund	Solid Waste Fund	Total
Customer Deposits	\$ 408,835	\$ 64,044	\$ 472,879
Revolving loan covenant accounts	688,821	-	688,821
Total business-type activities restricted assets	\$ 1,097,656	\$ 64,044	\$ 1,161,700

**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, 2007, the amount of these liabilities was \$4,191,000. Changes in the reported liability since September 30, 2007 resulted from the following:

<b>Fiscal Year</b>	Claims Payable October 1	Current Year's Claims and Changes in Estimates	Claims Payments	Liability September 30
2007	\$ 4,060,000	\$ 5,977,301	\$ (5,846,301)	\$ 4,191,000
2006	6,127,020	3,793,729	(5,860,749)	4,060,000

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**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.

The City is currently the defendant in a number of litigation issues and claims that arose in the normal course of operations. City management has indicated that they intend to vigorously defend such matters, the ultimate outcome of which, in the opinion of management, will not have a material adverse effect on the financial condition of the City.

**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, 2007

**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 consists of excise taxes collected on fire and casualty insurance premiums on policies written within the City limits. For fiscal year 2007, the state contributed \$767,224 and \$469,936 to the Fire Pension and Police Pension Funds, respectively. On-behalf payments of fringe benefits and salaries for the City's employees were recognized as revenues and expenses during the period.

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	18.60%	75.20%	33.61%
Plan members	9.00%	0.00%	9.00%
Annual required contribution	\$1,837,841	\$1,092,163	\$1,299,342
Contributions made	\$1,837,841	\$1,092,163	\$1,299,342
Actuarial valuation date	10/01/06	10/01/06	10/01/06
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% to 3.5%	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, 2007

Information regarding fiscal year 2007 participant data for the three pension plans is as follows:

	<u>Fire</u>	<u>Police</u>	<u>Non-uniformed</u>	<u>Total</u>
<i>Number of plan members:</i>				
Retirees and beneficiaries				
currently receiving benefits	48	63	110	221
Vested terminated employees	1	0	10	11
<i>Active employees:</i>				
Fully vested	45	14	55	114
Non-vested	86	0	0	86
<i>Benefit provisions:</i>				
<i>Normal retirement benefit equals:</i>				
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, 2007

**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:

<b>Fiscal Year</b>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
<b>Fire</b>			
2006	\$ 2,245,151	81.9%	\$ (261,547)
2005	\$ 2,231,447	79.1%	\$ (179,413)
2004	\$ 1,597,171	101.6%	\$ (150,625)
<b>Police</b>			
2006	\$ 1,297,521	100.0%	\$ -
2005	\$ 1,145,716	100.0%	\$ -
2004	\$ 798,119	100.0%	\$ -
<b>Non-uniformed</b>			
2006	\$ 1,133,773	100.0%	\$ -
2005	\$ 741,914	100.0%	\$ -
2004	\$ 319,893	100.0%	\$ -

At September 30, 2006, the Firefighters' Pension Trust had a negative net pension obligation, which was derived as follows:

a. Annual required contribution ("ARC")	\$ 2,248,302
b. Interest on Net Pension Obligation ("NPO")	(13,680)
c. Adjustment to ARC	10,529
d. Annual pension cost (a+b+c)	2,245,151
e. Actual contributions	2,327,285
f. NPO at beginning of year	(179,413)
g. Increase (decrease) in NPO (d-e)	(82,134)
h. NPO at end of year (f+g)	(261,547)

**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 plan is 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, 2007 of \$1,372,849. 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 \$686,425.

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007

**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, 2007, those costs totaled \$850,159 for the 142 participants.

**H. Subsequent Events** – As discussed in Note III, at September 30, 2007, the City had \$13,783,039 invested in the State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool (Pool). On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Fund coupled with the absence of market liquidity for certain securities within the Pool. The significant amount of withdrawals followed reports that the Pool held asset-backed commercial paper that was subject to sub-prime mortgage risk. On December 4, 2007, based on recommendations from an outside advisor, the State Board of Administration restructured the Pool into two separate pools. Pool A consisted of all money market appropriate assets, which was approximately \$12 billion, or 86% of Pool assets. Pool B consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had significant credit and liquidity risk, which was approximately \$2 billion, or approximately 14% of Pool assets. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Pool A and Pool B.

Currently, Pool A participants may withdraw 37% of their balance or \$4 million, whichever is greater without penalty. Withdrawals in excess of the above limit are subject to a 2% redemption fee. New investments in Pool A are not subject to the redemption fee or withdrawal restrictions. Future withdrawal provisions from Pool A will be subject to further evaluation based on the maturities of existing investments and the liquidity requirements of the Pool. On December 21, 2007, Standard and Poor's Ratings Services assigned its "AAAM" principal stability fund rating to Pool A.

Currently, Pool B participants are prohibited from withdrawing any amount from the Pool, and a formal withdrawal policy has not yet been developed. Market valuations of the assets held in Pool B are not readily available. In addition, full realization of the principal value of Pool B's assets is not readily determinable.

As of December 31, 2007, the City had \$114 and \$14,447 invested in Pool A and B, respectively. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007

**I. New Accounting Pronouncements Not Yet Adopted** - Governmental Accounting Standards Board (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, 2007.

In September 2006, the GASB 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, 2007.

Further, in November 2006, the GASB 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, 2007.

GASB Statement No. 50, *Pension Disclosures* – an Amendment of GASB Statements No. 25 and 27 was issued May 2007. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (“OPEB”) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (“RSI”) by pension plans and by employers that provide pension benefits. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2009.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, was issued June 2007. This Statement establishes accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2010.

GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, was issued November 2007. Accounting standards previously required permanent and term endowments, including permanent funds, to report land and other real estate held as investments at their historical cost. Endowments exist to invest resources for the purpose of generating income. Other entities that exist for similar purposes—pension and other postemployment benefit plans, external investment pools, and Internal Revenue Code Section 457 deferred compensation plans—however, report land and other real estate held as investments at their fair value. This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2009.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF DEERFIELD BEACH, FLORIDA**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	Budgeted Amounts		(Budgetary Basis) Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 39,145,318	\$ 39,145,318	\$39,668,750	\$ 523,432
Sales taxes	4,883,843	4,883,843	4,555,929	(327,914)
Fire assessment fees	3,833,180	3,833,180	\$3,767,989	(65,191)
Franchise fees	10,315,668	10,315,668	12,477,400	2,161,732
Licenses and permits	1,815,800	1,815,800	2,394,634	578,834
Intergovernmental	2,766,769	4,881,769	6,244,141	1,362,372
Charges for services	5,869,487	5,869,487	5,931,964	62,477
Fines and forfeitures	1,364,000	1,364,000	1,307,122	(56,878)
Investment earnings	295,000	295,000	1,341,506	1,046,506
Miscellaneous:				
Donations/contributions	1,976,013	1,976,013	1,923,599	(52,414)
Administrative fees	3,074,281	3,074,281	3,074,281	-
Other	169,500	169,500	389,949	220,449
Total revenues	75,508,859	77,623,859	83,077,264	5,453,405
<b>EXPENDITURES:</b>				
Departmental:				
City commission	345,440	350,440	348,255	2,185
City manager	573,380	753,380	670,931	82,449
City clerk	507,023	563,023	496,134	66,889
City attorney	520,000	665,000	664,766	234
Central services	517,200	517,200	510,167	7,033
Parks & recreation	6,858,625	6,858,625	6,723,841	134,784
Fire/rescue	20,545,335	20,545,335	20,340,704	204,631
Human resources	577,132	577,132	536,171	40,961
Insurance/safety	6,617,469	8,717,469	7,340,917	1,376,552
Management and budget	2,614,343	2,614,343	2,430,024	184,319
Planning and growth management	931,437	931,437	821,405	110,032
Police	18,947,709	18,947,709	17,935,514	1,012,195
Public works	8,276,475	8,276,475	8,160,601	115,874
Senior services	2,384,188	2,384,188	2,204,235	179,953
Community participation	207,256	207,256	178,251	29,005
Other - unclassified	1,355,310	984,310	563,213	421,097
Debt service	858,847	858,847	769,493	89,354
Total expenditures	72,637,169	74,752,169	70,694,622	4,057,547
Excess (deficiency) of revenues over expenditures	2,871,690	2,871,690	12,382,642	9,510,952
<b>Other financing sources (uses):</b>				
Capital leases	556,653	556,653	345,825	(210,828)
Transfers in	1,034,532	1,034,532	1,183,874	149,342
Transfers out	(4,462,875)	(4,462,875)	(5,358,795)	(895,920)
Total other financing sources (uses)	(2,871,690)	(2,871,690)	(3,829,096)	(957,406)
Net change in fund balance	\$ -	\$ -	\$ 8,553,546	\$ 8,553,546

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>						
10/1/2001	\$ 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	9,622,066	91.4
10/1/2006	69,710,124	78,919,232	9,209,108	88.3	9,862,619	93.4
<b>POLICE</b>						
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
10/1/2006	39,055,355	48,645,417	9,590,062	80.3	1,453,000	660.0
<b>NON-UNIFORMED</b>						
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
10/1/2006	53,625,201	58,124,569	N/A	92.3	3,865,828	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	Fire		Police		Non-uniformed	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
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
2006	1,837,841	100	1,092,163	100	1,299,342	100

See accompanying notes to required supplementary information.

**CITY OF DEERFIELD BEACH, FLORIDA**  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 SEPTEMBER 30, 2007

**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 2007, the City Commission made supplemental appropriations in the amount of \$2,115,000 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	\$ 70,121,888	\$ (196,759)	\$ 69,925,129
Debt service	769,493	-	769,493
Total expenditures	\$ 70,891,381	\$ (196,759)	\$ 70,694,622

In the above reconciliation, “net encumbrances” represents the difference between the encumbrances outstanding as of September 30, 2007 and the outstanding encumbrances as of September 30, 2006, which were paid during fiscal year 2007.

**C. Excess of Expenditures Over Appropriations** – For the year ended September 30, 2007, expenditures did not exceed appropriations in any of the City’s departments, the legal level of budgetary control.

## 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 hovers 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.*

General Obligation Sinking Fund – to accumulate monies for payment of Series 2000, 2003 and 2006 Florida Municipal Loan Council Revenue bonds with remaining principal and interest due in varying amounts until maturity in 2031.

### CAPITAL PROJECTS FUNDS

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.

**CITY OF DEERFIELD BEACH, FLORIDA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**SEPTEMBER 30, 2007**

	<b>Special Revenue Funds</b>	<b>General Obligation Debt Service Fund</b>	<b>Capital Grants Capital Projects Fund</b>	<b>Perpetual Care Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,852,626	\$ -	\$ -	\$293,438	\$ 2,146,064
Investments	4,792,050	242,033	-	1,799,832	6,833,915
Receivables (net):					
Accounts	-	-	-	254	254
Interest	12,271	-	-	12,324	24,595
Due from other funds	1,125,192	-	-	-	1,125,192
Due from other governments	1,090,805	-	60,703	-	1,151,508
Prepaid items	3,956	-	-	-	3,956
Total assets	<u>\$ 8,876,900</u>	<u>\$ 242,033</u>	<u>\$ 60,703</u>	<u>\$ 2,105,848</u>	<u>\$ 11,285,484</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 143,152	\$ -	\$ -	\$ -	\$ 143,152
Accrued liabilities	32,288	-	-	-	32,288
Due to other funds	900,008	-	82,276	-	982,284
Unearned/deferred revenue	228,177	-	59,165	-	287,342
Total liabilities	<u>1,303,625</u>	<u>-</u>	<u>141,441</u>	<u>-</u>	<u>1,445,066</u>
Fund balances (deficit):					
Reserved for:					
Encumbrances	84,339	-	-	-	84,339
Prepaid items	3,956	-	-	-	3,956
Perpetual care	-	-	-	2,105,848	2,105,848
Unreserved	7,484,980	242,033	(80,738)	-	7,646,275
Total fund balances	<u>7,573,275</u>	<u>242,033</u>	<u>(80,738)</u>	<u>2,105,848</u>	<u>9,840,418</u>
Total liabilities and fund balances	<u>\$ 8,876,900</u>	<u>\$ 242,033</u>	<u>\$ 60,703</u>	<u>\$ 2,105,848</u>	<u>\$ 11,285,484</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, 2007

	Special Revenue Funds	General Obligation Debt Service Fund	Capital Grants Capital Projects Fund	Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 2,006,605	\$ -	\$ -	\$ -	\$ 2,006,605
Local option gas tax	1,384,787	-	-	-	1,384,787
Intergovernmental	4,662,750	-	-	-	4,662,750
Charges for services	504,265	-	-	-	504,265
Fines and forfeitures	40,966	-	-	-	40,966
Investment earnings	248,956	6,773	-	98,358	354,087
Miscellaneous:					
Parking deviation fees	18,145	-	-	-	18,145
Cemetery plot sales	-	-	-	134,150	134,150
Donations/contributions	93,214	-	-	-	93,214
Administrative fees	311,553	-	-	-	311,553
Other	5,142	-	-	-	5,142
Total revenues	<u>9,276,383</u>	<u>6,773</u>	<u>-</u>	<u>232,508</u>	<u>9,515,664</u>
<b>EXPENDITURES</b>					
Current:					
Economic environment	2,738,198	-	-	-	2,738,198
Public safety	214,860	-	-	-	214,860
Human services	260,569	-	-	-	260,569
Physical environment	71,111	-	-	-	71,111
Transportation	1,707,576	-	-	-	1,707,576
Culture and recreation	681,404	-	-	-	681,404
Capital outlay	2,355,252	-	21,572	-	2,376,824
Debt service:					
Principal	60,048	1,668,187	-	-	1,728,235
Interest and fiscal charges	8,623	1,761,087	-	-	1,769,710
Total expenditures	<u>8,097,641</u>	<u>3,429,274</u>	<u>21,572</u>	<u>-</u>	<u>11,548,487</u>
Excess (deficiency) of revenues over expenditures	<u>1,178,742</u>	<u>(3,422,501)</u>	<u>(21,572)</u>	<u>232,508</u>	<u>(2,032,823)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital lease proceeds	32,493	-	-	-	32,493
Transfers in	1,967,497	3,660,254	-	-	5,627,751
Transfers out	(1,509,081)	-	-	-	(1,509,081)
Total other financing sources (uses)	<u>490,909</u>	<u>3,660,254</u>	<u>-</u>	<u>-</u>	<u>4,151,163</u>
Net change in fund balances	1,669,651	237,753	(21,572)	232,508	2,118,340
Fund balances (deficit) - beginning	5,903,624	4,280	(59,166)	1,873,340	7,722,078
Fund balances (deficit) - ending	<u>\$ 7,573,275</u>	<u>\$ 242,033</u>	<u>\$ (80,738)</u>	<u>\$ 2,105,848</u>	<u>\$ 9,840,418</u>

**CITY OF DEERFIELD BEACH, FLORIDA**  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2007

	<u>Road and Bridge Tax Fund</u>	<u>CDBG Fund</u>	<u>CRA Fund</u>	<u>SHIP Grant Fund</u>	<u>Miscellaneous Grants Fund</u>	<u>Parking Deviation Fund</u>	<u>General Trust Fund</u>	<u>Target Area Trust Fund</u>	<u>Beautification and Landscape Trust Fund</u>	<u>Crime Prevention Trust Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b>ASSETS</b>											
Cash and cash equivalents	\$ 239,132	\$ -	\$ 335,615	\$ 640,524	\$ 8,532	\$ 313,859	\$ 244,035	\$ 24,494	\$ 41,434	\$ 5,001	\$ 1,852,626
Investments	1,222,661	-	3,569,389	-	-	-	-	-	-	-	4,792,050
Receivables (net):											
Interest	8,372	-	3,899	-	-	-	-	-	-	-	12,271
Due from other funds	1,117,924	-	7,268	-	-	-	-	-	-	-	1,125,192
Due from other governments	154,193	132,655	-	-	803,957	-	-	-	-	-	1,090,805
Prepaid items	-	-	-	-	-	-	3,956	-	-	-	3,956
Total assets	<u>\$ 2,742,282</u>	<u>\$ 132,655</u>	<u>\$ 3,916,171</u>	<u>\$ 640,524</u>	<u>\$ 812,489</u>	<u>\$ 313,859</u>	<u>\$ 247,991</u>	<u>\$ 24,494</u>	<u>\$ 41,434</u>	<u>\$ 5,001</u>	<u>\$ 8,876,900</u>
<b>LIABILITIES AND FUND BALANCES</b>											
Liabilities:											
Accounts payable	\$ 49,832	\$ 9,160	\$ 28,105	\$ 918	\$ 53,407	\$ -	\$ 1,598	\$ -	\$ -	\$ 132	\$ 143,152
Accrued liabilities	29,735	-	2,553	-	-	-	-	-	-	-	32,288
Due to other funds	-	123,495	-	-	776,513	-	-	-	-	-	900,008
Unearned/deferred revenue	-	-	-	-	228,177	-	-	-	-	-	228,177
Total liabilities	<u>79,567</u>	<u>132,655</u>	<u>30,658</u>	<u>918</u>	<u>1,058,097</u>	<u>-</u>	<u>1,598</u>	<u>-</u>	<u>-</u>	<u>132</u>	<u>1,303,625</u>
Fund balances (deficit):											
Reserved for:											
Encumbrances	3,702	-	80,637	-	-	-	-	-	-	-	84,339
Prepaid items	-	-	-	-	-	-	3,956	-	-	-	3,956
Unreserved	2,659,013	-	3,804,876	639,606	(245,608)	313,859	242,437	24,494	41,434	4,869	7,484,980
Total fund balances (deficit)	<u>2,662,715</u>	<u>-</u>	<u>3,885,513</u>	<u>639,606</u>	<u>(245,608)</u>	<u>313,859</u>	<u>246,393</u>	<u>24,494</u>	<u>41,434</u>	<u>4,869</u>	<u>7,573,275</u>
Total liabilities and fund balances	<u>\$ 2,742,282</u>	<u>\$ 132,655</u>	<u>\$ 3,916,171</u>	<u>\$ 640,524</u>	<u>\$ 812,489</u>	<u>\$ 313,859</u>	<u>\$ 247,991</u>	<u>\$ 24,494</u>	<u>\$ 41,434</u>	<u>\$ 5,001</u>	<u>\$ 8,876,900</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, 2007**

	Road and Tax Fund	CDBG Fund	CRA Fund	SHIP Grant Fund	Miscellaneous Grants Fund	Parking Deviation Fund	General Trust Fund	Target Area Trust Fund	Beautification and Landscape Trust Fund	Crime Prevention Trust Fund	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>											
Property taxes	\$ -	\$ -	\$ 2,006,605	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,006,605
Local option gas tax	1,384,787	-	-	-	-	-	-	-	-	-	1,384,787
Intergovernmental	537,062	1,183,260	-	203,651	2,738,777	-	-	-	-	-	4,662,750
Charges for services	-	-	43	-	1,057	-	487,625	-	15,540	-	504,265
Fines and forfeitures	-	-	-	-	-	-	-	32,348	-	8,618	40,966
Investment earnings	70,612	-	124,603	34,541	-	9,039	8,304	60	1,565	232	248,956
Miscellaneous:											
Parking deviation fees	-	-	-	-	-	18,145	-	-	-	-	18,145
Donations/contributions	-	-	-	55,092	-	-	30,306	-	7,816	-	93,214
Administrative fees	311,553	-	-	-	-	-	-	-	-	-	311,553
Other	5,142	-	-	-	-	-	-	-	-	-	5,142
Total revenues	<u>2,309,156</u>	<u>1,183,260</u>	<u>2,131,251</u>	<u>293,284</u>	<u>2,739,834</u>	<u>27,184</u>	<u>526,235</u>	<u>32,408</u>	<u>24,921</u>	<u>8,850</u>	<u>9,276,383</u>
<b>EXPENDITURES</b>											
Current:											
Economic environment	-	1,050,937	313,106	1,306,185	67,970	-	-	-	-	-	2,738,198
Public safety	-	-	-	-	160,891	-	41,661	-	-	12,308	214,860
Human services	-	10,000	-	-	250,569	-	-	-	-	-	260,569
Physical environment	-	500	-	-	25,302	-	33,149	-	12,160	-	71,111
Transportation	1,707,576	-	-	-	-	-	-	-	-	-	1,707,576
Culture and recreation	-	-	-	-	286,904	-	394,500	-	-	-	681,404
Capital outlay	63,705	-	93,766	-	2,190,356	-	-	7,425	-	-	2,355,252
Debt service:											
Principal	60,048	-	-	-	-	-	-	-	-	-	60,048
Interest and fiscal charges	8,623	-	-	-	-	-	-	-	-	-	8,623
Total expenditures	<u>1,839,952</u>	<u>1,061,437</u>	<u>406,872</u>	<u>1,306,185</u>	<u>2,981,992</u>	<u>-</u>	<u>469,310</u>	<u>7,425</u>	<u>12,160</u>	<u>12,308</u>	<u>8,097,641</u>
Excess (deficiency) of revenues over expenditures	<u>469,204</u>	<u>121,823</u>	<u>1,724,379</u>	<u>(1,012,901)</u>	<u>(242,158)</u>	<u>27,184</u>	<u>56,925</u>	<u>24,983</u>	<u>12,761</u>	<u>(3,458)</u>	<u>1,178,742</u>
<b>OTHER FINANCING SOURCES (USES)</b>											
Capital leases	32,493	-	-	-	-	-	-	-	-	-	32,493
Transfers in	-	-	1,553,943	-	369,036	-	-	44,518	-	-	1,967,497
Transfers out	(158,299)	(121,823)	(899,059)	(110,152)	(44,518)	-	(87,260)	(67,970)	(20,000)	-	(1,509,081)
Total other financing sources (uses)	<u>(125,806)</u>	<u>(121,823)</u>	<u>654,884</u>	<u>(110,152)</u>	<u>324,518</u>	<u>-</u>	<u>(87,260)</u>	<u>(23,452)</u>	<u>(20,000)</u>	<u>-</u>	<u>490,909</u>
Net change in fund balances	343,398	-	2,379,263	(1,123,053)	82,360	27,184	(30,335)	1,531	(7,239)	(3,458)	1,669,651
Fund balances (deficit) - beginning	<u>2,319,317</u>	<u>-</u>	<u>1,506,250</u>	<u>1,762,659</u>	<u>(327,968)</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>
Fund balances (deficit) - ending	<u>\$ 2,662,715</u>	<u>\$ -</u>	<u>\$ 3,885,513</u>	<u>\$ 639,606</u>	<u>\$ (245,608)</u>	<u>\$ 313,859</u>	<u>\$ 246,393</u>	<u>\$ 24,494</u>	<u>\$ 41,434</u>	<u>\$ 4,869</u>	<u>\$ 7,573,275</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, 2007**

	<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	\$ 1,448,208	\$ 1,448,208	\$ 1,384,787	\$ (63,421)
Intergovernmental	653,730	653,730	537,062	(116,668)
Investment earnings	37,000	37,000	70,612	33,612
Miscellaneous:				
Administrative fees	311,553	311,553	311,553	-
Other	5,142	5,142	5,142	-
Total revenues	<u>2,455,633</u>	<u>2,455,633</u>	<u>2,309,156</u>	<u>(146,477)</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	1,977,474	1,977,474	1,711,278	266,196
Capital outlay	151,500	151,500	31,903	119,597
Debt service:				
Principal	68,903	68,903	60,048	8,855
Interest	15,518	15,518	8,623	6,895
Total expenditures	<u>2,213,395</u>	<u>2,213,395</u>	<u>1,811,852</u>	<u>401,543</u>
Excess (deficiency) of revenues over expenditures	<u>242,238</u>	<u>242,238</u>	<u>497,304</u>	<u>255,066</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease proceeds	73,000	73,000	32,493	(40,507)
Transfers out	<u>(315,238)</u>	<u>(315,238)</u>	<u>(158,299)</u>	<u>156,939</u>
Total other financing sources (uses)	<u>(242,238)</u>	<u>(242,238)</u>	<u>(125,806)</u>	<u>116,432</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 371,498</u>	<u>\$ 371,498</u>

	GAAP Basis Actual	Net Encumbrances*	Non-GAAP Basis Actual
<b>Reconciliation of Budget and Actual:</b>			
Current expenditures	\$ 1,707,576	\$ 3,702	\$ 1,711,278
Capital outlay	63,705	(31,802)	31,903
Debt service	68,671	-	68,671
Total expenditures	<u>\$ 1,839,952</u>	<u>\$ (28,100)</u>	<u>\$ 1,811,852</u>

\*In the above reconciliation, "net encumbrances" represents the difference between the encumbrances outstanding as of September 30, 2007 and the outstanding encumbrances as of September 30, 2006, which were paid during fiscal year 2007.

**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, 2007

	<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	\$ 620,545	\$ 620,545	\$ 1,183,260	\$ 562,715
Total revenues	<u>620,545</u>	<u>620,545</u>	<u>1,183,260</u>	<u>562,715</u>
<b>EXPENDITURES</b>				
Current:				
Economic environment	296,436	296,436	1,050,937	(754,501)
Human services	-	-	350,100	(350,100)
Physical environment	-	-	500	(500)
Capital outlay	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Total expenditures	<u>496,436</u>	<u>496,436</u>	<u>1,401,537</u>	<u>(905,101)</u>
Excess (deficiency) of revenues over expenditures	<u>124,109</u>	<u>124,109</u>	<u>(218,277)</u>	<u>(342,386)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	<u>(124,109)</u>	<u>(124,109)</u>	<u>(121,823)</u>	<u>2,286</u>
Total other financing sources (uses)	<u>(124,109)</u>	<u>(124,109)</u>	<u>(121,823)</u>	<u>2,286</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (340,100)</u>	<u>\$ (340,100)</u>

	<u>GAAP Basis Actual</u>	<u>Net Encumbrances*</u>	<u>Non-GAAP Basis Actual</u>
<b>Reconciliation of Budget and Actual:</b>			
Total current expenditures	<u>\$ 1,061,437</u>	<u>\$ 340,100</u>	<u>\$ 1,401,537</u>

\*In the above reconciliation, "net encumbrances" represents the difference between the encumbrances outstanding as of September 30, 2007 and the outstanding encumbrances as of September 30, 2006 which were paid during fiscal year 2007.

**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, 2007

	Budgeted Amounts		(Budgetary Basis) Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 1,365,979	\$ 1,365,979	\$ 2,006,605	\$ 640,626
Charges for services	-	-	43	43
Investment earnings	15,000	15,000	124,603	109,603
Total revenues	1,380,979	1,380,979	2,131,251	750,272
<b>EXPENDITURES</b>				
Current:				
Economic environment	1,748,333	1,748,333	393,743	1,354,590
Total expenditures	1,748,333	1,748,333	393,743	1,354,590
Excess (deficiency) of revenues over expenditures	(367,354)	(367,354)	1,737,508	2,104,862
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,057,963	1,057,963	1,553,943	495,980
Transfers out	(690,609)	(690,609)	(899,059)	(208,450)
Total other financing sources (uses)	367,354	367,354	654,884	287,530
Net change in fund balances	\$ -	\$ -	\$ 2,392,392	\$ 2,392,392

	GAAP Basis Actual	Net Encumbrances*	Non-GAAP Basis Actual
<b>Reconciliation of Budget and Actual:</b>			
Current expenditures	\$ 313,106	\$ 80,637	\$ 393,743
Capital outlay	93,766	(93,766)	-
Total expenditures	\$ 406,872	\$ (13,129)	\$ 393,743

\*In the above reconciliation, "net encumbrances" represents the difference between the encumbrances outstanding as of September 30, 2007 and the outstanding encumbrances as of September 30, 2006 which were paid during fiscal year 2007.

# **FIDUCIARY FUNDS**

**CITY OF DEERFIELD BEACH, FLORIDA**  
**PENSION TRUST FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**SEPTEMBER 30, 2007**

	<b>Fire Pension Fund</b>	<b>Police Pension Fund</b>	<b>Non- Uniformed Pension Fund</b>	<b>Total</b>
<b>ASSETS:</b>				
Investments:				
Money market funds	\$ -	\$ 4,961,823	\$ -	\$ 4,961,823
U.S. Government securities	13,173,712	1,642,082	8,314,497	23,130,291
Corporate equities	61,433,509	35,456,365	49,138,305	146,028,179
Corporate bonds and notes	7,789,520	3,657,802	3,669,874	15,117,196
	<u>82,396,741</u>	<u>45,718,072</u>	<u>61,122,676</u>	<u>189,237,489</u>
Receivables:				
Interest and dividends	252,828	72,797	193,618	519,243
Accounts receivable	366,808	-	-	366,808
Due from brokers	196,236	33,291	429,376	658,903
Total receivables	<u>815,872</u>	<u>106,088</u>	<u>622,994</u>	<u>1,544,954</u>
Total assets	<u>83,212,613</u>	<u>45,824,160</u>	<u>61,745,670</u>	<u>190,782,443</u>
<b>LIABILITIES:</b>				
Accounts payable	202,967	497,571	845,643	1,546,181
Deferred revenue	28,967	10,377	-	39,344
Total liabilities	<u>231,934</u>	<u>507,948</u>	<u>845,643</u>	<u>1,585,525</u>
<b>NET ASSETS:</b>				
Held in trust for pension benefits	<u>\$ 82,980,679</u>	<u>\$ 45,316,212</u>	<u>\$ 60,900,027</u>	<u>\$ 189,196,918</u>

**CITY OF DEERFIELD BEACH, FLORIDA**  
**PENSION TRUST FUNDS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<b>Fire Pension Fund</b>	<b>Police Pension Fund</b>	<b>Non- Uniformed Pension Fund</b>	<b>Total</b>
<b>ADDITIONS:</b>				
Contributions:				
Employer	\$ 1,837,841	\$ 1,092,163	\$ 1,289,570	\$ 4,219,574
Employer (on behalf of plan members)	-	104,425	3,110	107,535
Plan members	968,915	-	315,213	1,284,128
State of Florida	<u>767,224</u>	<u>469,936</u>	<u>-</u>	<u>1,237,160</u>
Total contributions	<u>3,573,980</u>	<u>1,666,524</u>	<u>1,607,893</u>	<u>6,848,397</u>
Investment earnings:				
Interest and dividends	1,751,623	808,842	1,472,054	4,032,519
Net increase in the fair value of investments	<u>6,183,864</u>	<u>5,587,829</u>	<u>6,204,826</u>	<u>17,976,519</u>
Total investment earnings	7,935,487	6,396,671	7,676,880	22,009,038
Less investment expense	<u>(289,407)</u>	<u>(185,305)</u>	<u>(341,483)</u>	<u>(816,195)</u>
Net investment earnings	<u>7,646,080</u>	<u>6,211,366</u>	<u>7,335,397</u>	<u>21,192,843</u>
Other miscellaneous income	<u>10,806</u>	<u>336</u>	<u>29,219</u>	<u>40,361</u>
Total additions	<u>11,230,866</u>	<u>7,878,226</u>	<u>8,972,509</u>	<u>28,081,601</u>
<b>DEDUCTIONS:</b>				
Benefits paid	2,262,220	3,574,372	2,948,573	8,785,165
Administrative expenses	<u>126,427</u>	<u>74,645</u>	<u>52,485</u>	<u>253,557</u>
Total deductions	<u>2,388,647</u>	<u>3,649,017</u>	<u>3,001,058</u>	<u>9,038,722</u>
Change in net assets	8,842,219	4,229,209	5,971,451	19,042,879
Net assets held in trust for pension benefits:				
Beginning of year	<u>74,138,460</u>	<u>41,087,003</u>	<u>54,928,576</u>	<u>170,154,039</u>
End of year	<u>\$ 82,980,679</u>	<u>\$ 45,316,212</u>	<u>\$ 60,900,027</u>	<u>\$ 189,196,918</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.*

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*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 FIVE FISCAL YEARS**  
 (Accrual Basis of Accounting)

	Fiscal Year*				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</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	\$ 40,835,672
Restricted	4,397,424	7,240,711	5,166,154	8,343,884	10,098,177
Unrestricted	<u>(2,467,724)</u>	<u>2,730,352</u>	<u>5,260,129</u>	<u>6,629,059</u>	<u>13,167,465</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>	<u>\$ 64,101,314</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	\$ 43,524,426
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>	<u>14,999,740</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>	<u>\$ 58,524,166</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	\$ 84,360,098
Restricted	10,301,611	16,084,377	9,570,178	12,043,884	10,098,177
Unrestricted	<u>5,744,382</u>	<u>10,136,536</u>	<u>13,989,340</u>	<u>18,101,447</u>	<u>28,167,205</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>	<u>\$ 122,625,480</u>

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

**CITY OF DEERFIELD BEACH, FLORIDA**

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

	Fiscal Year*				
	2003	2004	2005	2006	2007
<b>Expenses</b>					
<i>Governmental activities:</i>					
General government	\$ 12,772,118	\$ 13,173,248	\$ 16,465,472	\$ 16,392,601	\$ 21,310,205
Economic environment	841,411	1,209,660	1,104,229	1,083,068	2,748,846
Public safety	26,211,599	29,863,193	34,156,399	48,317,723	38,092,021
Human services	2,197,139	2,338,711	2,489,242	2,447,371	2,283,091
Physical environment	3,493,509	3,642,515	4,640,670	5,063,502	5,476,504
Transportation	2,374,763	2,476,519	2,839,192	3,121,928	2,861,275
Culture and recreation	3,734,646	3,781,281	4,777,558	5,682,273	5,795,840
Interest on long-term debt	1,026,374	1,512,795	1,713,398	1,790,112	2,058,992
Total governmental activities expenses	<u>52,651,559</u>	<u>57,997,922</u>	<u>68,186,160</u>	<u>83,898,578</u>	<u>80,626,774</u>
<i>Business-type activities:</i>					
Water and sewer	14,232,165	15,564,964	18,577,991	17,699,651	20,325,211
Solid waste	11,507,115	11,621,977	14,118,216	15,495,440	15,717,636
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>	<u>36,042,847</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>	<u>\$ 116,669,621</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	\$ 4,850,457
Public safety	7,648,419	7,972,744	9,730,171	11,216,934	10,887,195
Human services	498,903	521,681	590,202	621,291	530,763
Physical environment	249,869	233,985	236,985	182,875	247,415
Transportation	1,130,876	1,283,784	1,213,092	1,395,776	1,543,358
Culture and recreation	750,577	599,528	981,510	1,179,948	1,181,555
Operating grants and contributions	3,163,889	5,229,862	4,459,951	14,957,903	8,221,289
Capital grants and contributions	2,305,850	2,470,520	1,521,244	732,532	1,700,423
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>	<u>29,162,455</u>

	Fiscal Year*				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Business-type activities:</b>					
Charges for services:					
Water and sewer	18,518,349	18,980,659	19,001,300	19,026,919	18,870,533
Solid waste	11,629,628	12,822,688	14,169,586	14,508,283	16,023,140
Capital grants and contributions	<u>127,001</u>	<u>213,360</u>	<u>111,760</u>	<u>224,577</u>	<u>174,208</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>	<u>35,067,881</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>	<u>\$ 64,230,336</u>
Net (expense)/revenue					
Governmental activities	\$ (33,858,400)	\$ (36,463,814)	\$ (44,930,444)	\$ (48,750,133)	\$ (51,464,319)
Business-type activities	4,535,698	4,829,766	586,439	564,688	(974,966)
Total primary government net expense	<u>\$ (29,322,702)</u>	<u>\$ (31,634,048)</u>	<u>\$ (44,344,005)</u>	<u>\$ (48,185,445)</u>	<u>\$ (52,439,285)</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	\$ 41,783,736
Sales taxes	3,774,962	3,786,457	3,970,596	4,777,520	4,555,929
Franchise taxes	7,511,692	8,465,117	9,082,753	10,779,607	12,477,400
Motor fuel taxes	1,130,453	1,348,128	1,239,308	1,417,779	1,384,787
Alcoholic beverage/mobile home license taxes	-	-	54,143	53,554	56,304
Unrestricted grants and contributions	1,951,679	2,276,438	2,779,545	1,791,559	1,589,751
Unrestricted investment earnings	374,558	497,863	1,183,078	1,913,598	2,254,270
Miscellaneous	114,182	72,457	279,254	14,675	52,586
Transfers	620,000	960,000	-	-	10,000
Total governmental activities	<u>39,862,620</u>	<u>45,008,142</u>	<u>50,368,084</u>	<u>56,390,089</u>	<u>64,164,763</u>
Business-type activities:					
Unrestricted investment earnings	154,473	146,225	377,479	545,719	772,066
Miscellaneous	-	-	-	-	-
Transfers	<u>(620,000)</u>	<u>(960,000)</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>
Total business-type activities	<u>(465,527)</u>	<u>(813,775)</u>	<u>377,479</u>	<u>545,719</u>	<u>762,066</u>
Total primary government	<u>39,397,093</u>	<u>44,194,367</u>	<u>50,745,563</u>	<u>56,935,808</u>	<u>64,926,829</u>
<b>Change in Net Assets</b>					
Governmental activities	6,004,220	8,544,328	5,437,640	7,639,956	12,700,444
Business-type activities	4,070,171	4,015,991	963,918	1,110,407	(212,900)
Total primary government	<u>\$ 10,074,391</u>	<u>\$ 12,560,319</u>	<u>\$ 6,401,558</u>	<u>\$ 8,750,363</u>	<u>\$ 12,487,544</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
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
2007	41,783,736	4,555,929	12,477,400	1,384,787	56,304	60,258,156

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

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$ 1,286,484	\$ 2,316,721	\$ 1,219,696	\$ 678,630	\$ 776,958	\$ 935,746	\$ 1,532,890	\$ 2,178,213	\$ 2,172,010	\$ 1,785,062
Unreserved	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	18,447,814
Total general fund	\$ 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	\$ 20,232,876
All other governmental funds										
Reserved	\$ 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	\$ 2,935,906
Unreserved, reported in:										
Special revenue funds	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	7,484,980
Debt service funds	198,399	214,639	240,549	188,981	143,428	148,262	151,186	166,762	4,280	242,033
Capital projects funds	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	9,340,550
Total all other governmental funds	\$ 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	\$ 20,003,469

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Revenues</b>										
Property taxes	\$ 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	\$ 41,675,355
Sales taxes	2,578,822	2,699,792	3,053,854	3,555,078	3,662,369	3,774,962	3,766,457	3,970,596	4,777,520	4,555,929
Fire assessment fees	-	-	-	-	2,188,669	2,956,946	2,862,874	3,432,997	3,662,090	3,767,989
Franchise fees	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	12,477,400
Local option gas tax	927,595	953,035	956,182	1,200,877	1,223,132	1,130,453	1,348,128	1,417,779	1,417,779	1,384,787
Licenses and permits	1,639,968	1,738,231	1,500,511	1,439,905	1,677,301	1,567,473	1,619,185	1,420,371	2,595,719	2,394,634
Intergovernmental	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	10,906,891
Charges for services	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	6,436,229
Fines and forfeitures	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	1,348,088
Investment earnings	876,184	814,838	848,596	1,541,038	1,165,452	497,863	1,262,404	1,262,404	2,107,992	2,422,453
Miscellaneous	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	5,950,033
<b>Total revenues</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>93,319,788</b>
<b>Expenditures</b>										
General government	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	19,284,351
Economic environment	132,975	524,309	399,459	739,004	567,645	840,763	1,209,012	1,103,581	1,082,420	2,748,198
Public safety	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	38,650,648
Human services	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	2,587,844
Physical environment	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	5,346,214
Transportation	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	1,837,419
Culture and recreation	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	5,340,932
Capital outlay	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	8,673,815
Debt service										
Principal	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	2,427,913
Interest	880,544	845,508	784,866	818,595	788,482	722,607	1,292,586	1,677,340	1,817,507	1,839,525
Other charges	1,000	1,932	6,361	16,636	16,636	268,660	321,552	-	-	116,982
<b>Total expenditures</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>	<b>88,853,841</b>
Excess of revenues over (under) expenditures	(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)	4,465,947
<b>Other financing sources (uses)</b>										
Transfers in	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	7,074,670
Transfers out	(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)	(7,064,670)
Refunding bonds issued	-	-	-	-	-	5,140,000	-	-	-	-
Bonds issued	-	-	-	2,820,183	-	6,825,000	17,890,000	-	-	5,965,000
Premium on bonds issued	-	-	-	-	-	702,164	464,820	-	-	32,679
Payment to refunding bond escrow agent	-	-	(206,677)	-	-	(5,399,498)	-	-	-	-
Capital leases	1,240,229	406,292	1,355,700	578,421	390,563	352,860	1,449,167	1,551,437	584,532	378,318
Note proceeds	250,000	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</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>6,385,997</b>
<b>Net change in fund balances</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>	<b>\$ 10,851,944</b>
Debt service as a percentage of noncapital expenditures	7.0%	6.3%	5.9%	6.4%	6.2%	6.4%	6.0%	6.4%	5.5%	5.6%

**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
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
2007	41,675,355	4,555,929	12,477,400	1,384,787	56,304	60,149,775

**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	
							Value	Rate
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%	
2007	8,903,496,041	468,575,927	2,762,178,022	6,609,893,946	6.2500	10,969,565,368	60.257%	

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				Total Direct & Overlapping Rates
	Operating Millage	Service Millage	Debt Millage	Total City Millage	Operating Millage	Service Millage	Debt Millage	Total County Millage	Operating Millage	Service Millage	Debt Millage	Total School District Millage	Children's Services	North Broward Hospital District	South Florida Water Management District	Florida Inland Navigation District	
1998	5.6144	0.6536	0.6280	6.2680	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	6.2278	6.2278	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	6.2278	6.2278	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	6.2278	6.2278	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	5.7677	6.6677	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	6.8506	6.6685	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	6.8369	6.6065	6.6065	0.5815	7.1890	8.1240	0.2936	8.4176	0.3920	2.5000	0.6970	0.0385	26.0700		
2005	6.5205	0.3096	6.8301	6.4831	6.4831	0.5399	7.0230	8.0140	0.2555	8.2695	0.4231	2.4803	0.6970	0.0385	25.7615		
2006	5.9949	0.5051	6.5000	6.2942	6.2942	0.4888	6.7830	7.8410	0.2213	8.0623	0.4231	2.1746	0.6970	0.0385	24.6785		
2007	5.8250	0.4250	6.2500	5.6433	5.6433	0.4228	6.0661	7.6790	0.1897	7.8687	0.4073	1.8317	0.6970	0.0385	23.1593		

Source: Broward County, Florida Property Appraiser.

**CITY OF DEERFIELD BEACH, FLORIDA**  
 PRINCIPAL PROPERTY TAXPAYERS  
 SEPTEMBER 30, 2007

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
1. City National Bank of FL, Trustee	\$ 69,922,300	1	1.06	\$ -	-	-
2. Publix Supermarket	63,373,260	2	0.96	60,061,280	1	2.51
3. Felcor/CSS Holdings LP	45,714,030	3	0.69	21,010,000	5	.88
4. CP Deerfield LLC	36,632,230	4	0.55	-	-	-
5. Security Capital Atlantic, Inc.	30,816,640	5	0.47	-	-	-
6. SPTMRT Properties Trust	28,233,070	6	0.43	-	-	-
7. CMD Realty Investors	24,106,720	7	0.36	-	-	-
8. Quiet Waters Business Park LLC	22,905,740	8	0.35	-	-	-
9. News & Sun Sentinel Company	21,139,260	9	0.32	15,396,500	9	.64
10. FGI Financing I Corp.	21,135,460	10	0.32	-	-	-
<b>Totals</b>	<b>\$ 363,978,710</b>		<b>5.51%</b>	<b>\$ 96,467,780</b>		<b>4.03%</b>

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
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%	167,194	34,560,753	100.3%
2007	2006	40,848,973	39,613,127	97.0%	-	39,613,127	97.0%

\*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 2007</u>
Residential - Single Family	1,009,215
Residential - Multi-Family	1,248,119
Commercial	637,803
Irrigation	500,496
Hydrants	5,194
Total	<u>3,400,827</u>
Total direct rate per 1,000 gallons	<u>\$ 1.80</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>
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
2007	12.57	1.80	8.96	1.77

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					
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	
2007	29,427,756	-	14,725,000	2,140,057	-	-	2,042,346	21,070,548		69,405,707	3.15%	883	

\*Personal income data not available for fiscal years 1998 - 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>
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
2007	29,427,756	242,033	29,185,723	0.27%	371.44

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

**CITY OF DEERFIELD BEACH, FLORIDA**  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF SEPTEMBER 30, 2007

	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Direct and Overlapping Debt</b>
<b>Direct Debt:</b>			
General obligation bonds			\$ 29,427,756
Covenant bonds (1)			14,725,000
Capital leases			2,140,057
Total direct debt			46,292,813
<b>Overlapping Debt:</b>			
School Board of Broward County, Florida:			
General obligation bonds	\$ 27,949,000	4.00% *	1,117,960
Certificates of participation	1,687,556,000	4.00% *	67,502,240
Capital leases	62,743,000	4.00% *	2,509,720
Broward County, Florida (2)	532,535,994	4.00% *	21,301,440
Subtotal, overlapping debt			92,431,360
Total direct and overlapping debt			\$ 138,724,173

(1) \$5,965,000 of covenant bonds are secured by and payable from the Florida, Power and Light Company electric franchise fees. The remaining balance of covenant bonds are payable from all governmental activities revenue sources of the City, except for ad valorem taxes.

(2) Overlapping debt includes only general obligation debt secured by ad valorem taxes as of September 30, 2007.

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*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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt limit	\$ 358,416,768	\$ 384,835,508	\$ 451,449,762	\$ 482,805,842	\$ 614,399,523	\$ 686,536,198	\$ 772,537,371	\$ 921,069,575	\$ 1,093,827,897	\$ 1,340,744,996
Total net debt applicable to limit	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	29,185,723
Legal debt margin	\$ 347,331,768	\$ 374,540,508	\$ 432,005,915	\$ 461,536,738	\$ 594,184,159	\$ 667,662,424	\$ 739,055,152	\$ 888,788,386	\$ 1,062,976,954	\$ 1,311,559,273
Total net debt applicable to the limit as a percentage of debt limit	3.09%	2.68%	4.31%	4.41%	3.29%	2.75%	4.33%	3.50%	2.82%	2.18%

**Legal Debt Margin Calculation for Fiscal Year 2007:**

Assessed value	\$ 8,938,299,975
Debt limit (15% of assessed value)	1,340,744,996
Debt applicable to limit:	
General obligation bonds	29,427,756
Less: Amount set aside for repayment of general obligation bonds	(242,033)
Total net applicable debt	29,185,723
Debt applicable to limit:	\$ 1,311,559,273

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**Note:** Under state finance law, the City's outstanding general obligation debt should not exceed 15% of the City's total assessed property value. By law, the general obligation debt subject to this limitation may be offset by amounts set aside for repayment of the general obligation bonds.

**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)	
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	1,331,993	564,714	1,896,707	3.97
2007	19,642,599	14,454,880	5,187,719	1,243,340	683,308	1,926,648	2.69

- 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. 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.

The debt service requirements for the State of Florida Drinking Water Revolving Loan, as well as the State's Water Pollution Control Financing Corporation revolving loans are set forth in the 'Clean Water State Revolving Fund Agreement' between the City and the State of Florida, Department of Environmental Protection.

**CITY OF DEERFIELD BEACH, FLORIDA**  
 FLORIDA MUNICIPAL LOAN COUNCIL REVENUE BONDS, SERIES 2006  
 PLEDGED-REVENUE COVERAGE  
 CURRENT FISCAL YEAR

Fiscal Year (D)	Gross Revenues (A)	Expenses (B)	Net Revenue Available for Debt Service	<u>Debt Service Requirements</u>			Coverage
				Escrow or Principal	Interest	Total (C)	
2007	\$ 6,983,852	\$ -	\$ 6,983,852	\$ -	\$ 59,192	\$ 59,192	117.99

- A) Gross revenue represent franchise fees collected from Florida Power and Light Company ("FPL"). The loan repayment obligations of the City are payable from and secured by a pledge of and lien upon the City's electric franchise fees. In consideration of the grant of the privilege to operate within the City, FPL has agreed to pay the City an amount equal to 5.9% of FPL's billed revenues, less write-offs, from the sale of electric energy within the incorporated limits of the City.
- B) No applicable operating expenses are directly chargeable to the City's franchise fees.
- C) The debt service requirements for the Series 2006 revenue bonds are set forth in the loan agreement between the City and the Florida Municipal Loan Council, dated December 1, 2006.
- D) The pledge revenue coverage for fiscal years prior to fiscal 2007 are not applicable, since the Series 2006 revenue bonds were issued during fiscal year 2007.

**CITY OF DEERFIELD BEACH, FLORIDA**  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TWO FISCAL YEARS

Fiscal Year*	(1) Population	Personal Income**	(2) Per Capita Personal Income	(1) Median Age	(3) School Enrollment	(2) Unemployment Rate
2006	77,807	\$ 2,117,595	\$ 27,216	46.20	7,397	5.1%
2007	78,575	2,205,600	28,070	43.63	7,524	4.0%

Sources

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

(2) U.S. Bureau of Labor, BEA, Florida Agency for Workforce Innovation-Labor Market Statistics Center

(3) School Board of Broward County, Florida

\*This information is not available for fiscal years 1998 through 2005.

\*\*Personal income data expressed in thousands.

**CITY OF DEERFIELD BEACH, FLORIDA**

PRINCIPAL EMPLOYERS

CURRENT FISCAL YEAR

<u>Employer</u>	<b>2007</b>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Publix Corporation	1,690	1	4.98%
North Broward Hospital	1,643	2	4.85%
JM Family Enterprises	1,382	3	4.08%
City of Deerfield Beach	841	4	2.48%
Sun-Sentinel	718	5	2.12%
United Parcel Service	553	6	1.63%
List Industries	275	7	0.81%
Health Benefits Direct	191	8	0.56%
Double Eagle Distributing	140	9	0.41%
MAPEI	<u>137</u>	10	<u>0.40%</u>
	<u><u>7,570</u></u>		<u><u>22.32%</u></u>

*Sources: Employer's Human Resource Department  
 City of Deerfield Beach, Planning & Growth Management Department  
 Florida Agency for Workforce Innovation*

*This information is not available for fiscal years 1998 through 2005.*

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

<b><u>Function/Programs</u></b>	<b><u>Full-time Equivalent Employees as of September 30</u></b>									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Government	56	57	59	58	60	64	67	71	78	67
Public Safety										
Police										
Uniformed	80	87	100	100	100	108	108	123	129	129
Civilians	47	50	53	53	53	55	55	62	68	53
Fire/Rescue										
Firefighters and officers	94	103	128	130	130	133	133	149	149	167
Bldg. Inspection Services	14	14	16	15	15	17	18	21	22	22
Civilians	13	13	15	15	15	19	17	18	20	17
Economic Environment	1	1	1	1	1	1	1	1	1	1
Culture and Recreation	42	43	44	46	48	58	58	117	117	75
Human Services	40	40	45	45	48	47	50	50	46	40
Physical Environment										
Public Works Administration	3	3	3	3	3	4	4	4	4	4
Grounds Maintenance	39	37	41	43	43	34	38	39	42	40
Parks	9	11	14	14	14	21	27	44	44	39
Water & Sewer	78	78	79	78	78	83	90	87	87	74
Solid Waste	47	49	53	53	55	56	59	71	71	65
Transportation										
Streets Maintenance	13	13	13	13	13	13	15	15	15	14

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

**CITY OF DEERFIELD BEACH, FLORIDA**  
**OPERATING INDICATORS BY FUNCTION**  
**LAST TWO FISCAL YEARS**

<b>Function</b>	<b>Fiscal Year</b>	
	<b>2006</b>	<b>2007</b>
Public Safety		
<i>Police:</i>		
Physical arrests	4,070	4,768
Parking violations	23,871	21,758
Traffic violations	17,213	18,435
<i>Fire/Rescue:</i>		
Number of calls answered	14,949	18,739
Inspections	3,756	4,298
Fires extinguished	256	245
Transportation		
<i>Streets Maintenance:</i>		
Streets resurfacing (miles)	3	1
Potholes repaired	88	1,998 <sup>A</sup>
<i>Transit Services</i>		
Total route miles	105,252	113,879
Number of trips	12,253	13,909
Physical Environment		
Number of burials	150	123
Culture and Recreation		
Athletics field permits issued	68	75
Number of participants in arts & education classes	20,948	25,000
Number of special event permits issued	70	180
Attendance at special events	359,665	400,000
Water		
New connections	48	59
Water main breaks	41	107
Average daily consumption <i>(thousands of gallons)</i>	23,889	10,550
Permitted raw water withdrawal (gallons/day) <i>(thousands of gallons)</i>	12,080	12,080
Sewer		
Average daily sewage treatment <i>(thousands of gallons)</i>	6,500	6,500
Solid Waste		
Refuse collected (tons/day)	207	366
Recyclables collected (tons/day)	33	32
Human Services		
<i>Childcare:</i>		
Average daily attendance	25	30
Number of meals served	26,250	31,250
<i>Adult Daycare:</i>		
Average daily attendance	10	10
<i>Alzheimer's Daycare:</i>		
Average daily attendance	20	30

Source: Various City departments

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

A - The City changed its system of accounting for potholes during fiscal year 2007.

*This information is not available for fiscal years 1998 through 2005.*

**CITY OF DEERFIELD BEACH, FLORIDA**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**LAST TWO FISCAL YEARS**

<u>Function</u>	Fiscal Year	
	2006	2007
<i>Public Safety</i>		
<i>Police</i>		
Stations	2	2
Patrol units	162	162
<i>Fire/Rescue</i>		
Stations	4	4
Rescue ambulances	8	8
Fire engines	6	6
Ladder/heavy squad trucks	2	2
<i>Transportation</i>		
Streets (miles)	146	146
Sidewalks (miles)	135	135
Streetlights (poles)	4,400	4,400
Traffic signals	64	68
<i>Culture and Recreation</i>		
Parks acreage	125	125
Parks	29	29
Swimming pools	1	1
Tennis courts	5	6
Community centers	2	3
<i>Water</i>		
Water main (miles)	230	230
Fire hydrants	1,937	1,941
Maximum daily capacity (thousands of gallons)	34,800	34,800
<i>Sewer</i>		
Sanitary sewers (miles)	135	135
Storm sewers (miles)	37	37
Average daily treatment capacity (thousands of gallons)	7,000	7,000
<i>Solid Waste</i>		
Collection trucks	40	41

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 1998 through 2005.