

Comprehensive Annual Financial Report

Deerfield Beach, Florida

Fiscal Year ended September 30, 2011



City of

**DEERFIELD
BEACH**

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Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2010

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Linda C. Sandison

President

Jeffrey R. Emer

Executive Director



CITY OF DEERFIELD BEACH, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

Prepared by:
Office of Management and Budget
Hugh B. Dunkley, Director

CITY OF DEERFIELD BEACH, FLORIDA
 Comprehensive Annual Financial Report
 For the Year Ended September 30, 2011

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May 30, 2012

Citizens of Deerfield Beach
Honorable Mayor and 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, 2011.

Local ordinances and state statute require that the City 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.

Mayor
Peggy Noland

Vice Mayor
Bill Ganz

Commissioners
Joseph P. Miller
Martin Popelsky
Ben Preston

City Manager
Burgess Hanson

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, 2011, 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, 2011, 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 1998, the population within the City limits has increased by 49.4%. 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 57 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 75,000 residents, Deerfield Beach is located on the east coast of Florida in Broward County. The City is primarily a residential community and offers commercial development such as shopping facilities, office buildings, restaurants, tourist lodgings and light industry.

The City continues to struggle with the effects of the Great Recession: the taxable assessed values of properties within the City has declined by 24.6% since the beginning of Fiscal Year 2009. Likewise, the City has experienced a precipitous decline in the value of new construction during the same time period: from \$52.6 million to \$17.1 million, an almost 67% decline.

Deerfield Beach is not alone in experiencing the effects of the downturn in the housing market. South Florida has been and continues to be at the epicenter of the foreclosure crisis. Albeit, the nation's housing collapse appears to be winding down, with analysts predicting a gradual recovery in 2012 or early 2013. In South Florida, home sales are on the rise as prices approach a bottom, but burdensome mortgages taken out during the boom continue to hurt the market and test the resolve of tens of

thousands of homeowners across the region. In Broward County alone, foreclosures have decreased by over 44.9% from 2010 to 2011. Over this same time period, the City experienced an almost similar decline (approximately 52.2%) in the number of foreclosure filings.

The City's unemployment rate (seasonally adjusted) as of September 30, 2011 was 9.0%, as compared to 11.5% at the end of the previous fiscal year. The unemployment rates for the Broward County metropolitan statistical area and for the State of Florida were 9.4% and 10.4%, respectively.

Long-Term Financial Planning

With real gross domestic product increasing at an annual rate of approximately 3%, retail sales showing some signs of improvement and the unemployment rate steadily declining, the nation appears to be emerging slowly from the Great Recession. However, the lingering effects of the recession have created a "new norm" for all sectors of the economy, including governmental entities. The City's major revenues, i.e., ad valorem taxes (the single largest source of revenue in the General Fund), franchise taxes, state-shared revenues and special assessments, have declined significantly over the past several fiscal years. The demand for public services, however, continues to increase. Consequently, governments are faced with having to meet this growing demand coupled with fewer, limited resources: fewer employees, as a result of budget cuts and less financial resources due to declining revenues.

During the fiscal year, City management has taken several steps to buttress its financial viability by forging public-private partnerships, executing collective bargaining agreements that will produce wage concessions, and by creating a fund balance policy that requires a minimum level of fund balance for the General Fund to be at least 15% of total fund expenditures, including transfers. Furthermore, the City has begun the budgetary process for fiscal year 2013. Each functional area is being evaluated for efficiency and effectiveness to reduce expenditures. Revenue opportunities will also be presented for consideration during the budget process.

The Capital Improvement Plan (CIP) is a multi-year planning document that is updated and adopted on an annual basis. The CIP prioritizes major capital projects and identifies revenue sources available to finance the improvements. Although the City Commission adopted a FY2012-16 CIP in excess of \$105 million, a number of projects have been deferred until such time as the economy improves.

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:

- The pier entrance redesign project is currently in the design and development phase. This project encompasses the redesign of the buildings located adjacent to the Deerfield Beach International Fishing Pier. This facility is targeted to become the City's first LEED certified building. The current pier facility will be repositioned to allow a north/south connection of the Ocean Way Boardwalk, which will offer visitors a sweeping view of the Atlantic Ocean. The estimated construction cost of \$3.5 million has been budgeted, and funding for this project is provided by the City's Community Redevelopment Agency. Construction is planned to commence in November of 2011.
- The City merged its fire/rescue department with the Broward Sheriff's Office (BSO), so as to provide economies of scale relative to the delivery of police and fire protection. BSO had previously provided police protection to the City on a contractual basis.
- Recipient of approximately 50 acres of donated land (formerly the Tam O' Shanter Golf Course) for use as a future city park. This donation will double Deerfield Beach's currently limited space for athletic fields.
- Substantial completion of the Dixie Highway Flyover. This \$39.5 million project involves the realignment of Dixie Highway from south of Hillsboro Boulevard (SR-810) to north of the Hillsboro Canal to the Palm Beach County line. Initial discussion of this project began in the late 1980's and after more than two decades the groundbreaking for the project finally occurred in March

2010. The City has been conducting visioning sessions with the public to plan for the development of the areas around the flyover.

- Completion of the Cove Shopping Center parking lot improvements, a \$2.2 million project, consisting of new drainage, curbing, sidewalks, lighting and landscaping improvements.

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, 2010. This was the 31th 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 2011-12 for the 15th 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. This report could not have been prepared without the dedicated service of all of the employees of the Department of Financial Services as well as the support of the other City departments. Special appreciation is also extended to Mr. Miguel Augustin, Assistant Finance Director, whose dedicated service made the completion of this report all the more possible.

Respectfully submitted,

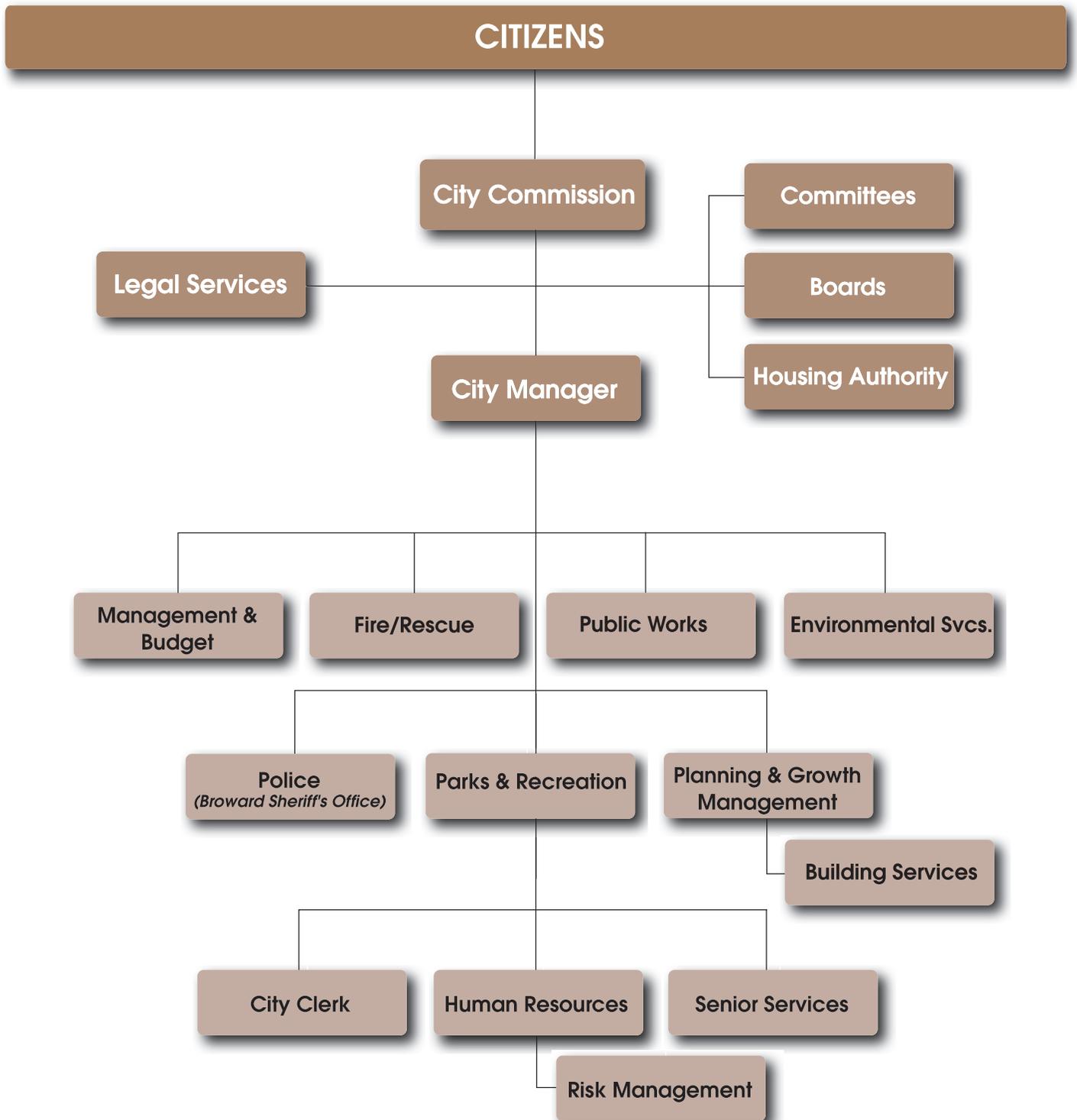
Burgess Hanson

Burgess Hanson
City Manager

Hugh B. Dunkley

Hugh B. Dunkley
Finance Director

Deerfield Beach Organizational Chart



City of Deerfield Beach, Florida
List of Elected and Appointed Officials
September 30, 2011

Elected Officials

Mayor	Peggy Noland
Vice Mayor	Martin Popelsky
Commissioner	Bill Ganz
Commissioner	Joseph P. Miller
Commissioner	Ben Preston

Appointed Officials

City Manager	Burgess Hanson
City Attorney	Law Offices of Andrew S. Maurodis, P.L.
City Clerk	Ada Graham-Johnson
Director of Parks & Recreation	Walt Bratton
Finance Director	Hugh B. Dunkley
Fire Chief	Chad Brocato
Director of Human Resources	Michael Milanowski
Director of Planning & Growth Management	Gerald R. Ferguson
Police Chief	Pete Sudler
Director of Public Works	Carl Peter
Director of Environmental Services	Charles DaBrusco
Director of Senior Services	Donna Defronzo



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, 2011, 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 93% of the total assets and 56% of the total revenue of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon 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 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, 2011, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1D to the financial statements, the City adopted the recognition and disclosure requirements of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during fiscal year 2011.

In accordance with *Government Auditing Standards*, we have also issued under separate cover a report dated May 30, 2012, 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.

The management's discussion and analysis, the budgetary comparison information, the pension fund schedules of funding progress and employer contributions, and the schedule of funding progress – other post employment benefits as listed in the table of contents 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 schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, 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 LLP

Fort Lauderdale, Florida
May 30, 2012

City of Deerfield Beach, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2011

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, 2011. 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 - iv of this report.

Financial Highlights

- The total assets of the City of Deerfield Beach at September 30, 2011 increased \$0.2 million from \$234.5 million to \$234.7 million, or 0.1% from the prior year.
- The City's total liabilities decreased by \$1.7 million, from \$100.0 million to \$98.3 million from the prior year. This resulted from scheduled principal payments.
- The assets of the City of Deerfield Beach exceeded its liabilities at the close of the most recent fiscal year by \$136.4 million (net assets). Of this amount, \$63.7 million was from governmental activities and \$72.7 million was from business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$27.5 million, a decrease of \$3.7 million, in comparison with the amount reported for the prior fiscal year. Of this amount, \$3.0 million was non-spendable; \$16.8 million was restricted; \$3.9 million was assigned, and \$3.8 million was unassigned and therefore available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance in the General Fund was \$4.7 million, or 5.9% of total General Fund expenditures and transfers. The City has a reserve policy of maintaining an amount in reserves that is at least 10% and 5%, respectively, of total General Fund expenditures and transfers for unassigned and committed fund balance. It is the City Commission's intent that ending fund balances be restored to these levels as soon as fiscal conditions allow.

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

City of Deerfield Beach, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2011

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

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

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

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

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

Governmental funds. Governmental funds are used to account for activities where the emphasis is placed on available financial resources, rather than upon net income determination. Therefore, unlike the government-wide financial statements, governmental fund financial statements focus on the acquisition and use of current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City of Deerfield Beach maintains 16 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for those funds that are considered significant (major) to the City as a whole. These financial statements report two major funds: general fund and community redevelopment agency 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 62 - 75 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, 2011

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 - 56 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 and other post employment 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 57 - 61 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the RSI. Combining and individual fund statements and schedules can be found on pages 62 - 75 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 \$136.4 million at the close of fiscal year 2011.

The largest portion of the City of Deerfield Beach's net assets (69.2%) 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, 2011

City of Deerfield Beach's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$36,803,729	\$40,181,055	\$32,812,320	\$31,294,937	\$69,616,049	\$71,475,992
Capital assets	83,582,142	82,298,090	81,548,136	80,679,049	165,130,278	162,977,139
Total assets	120,385,871	122,479,145	114,360,456	111,973,986	234,746,327	234,453,131
Current liabilities	5,915,798	5,245,999	2,666,885	2,948,622	8,582,683	8,194,621
Long-term liabilities	50,752,066	50,359,589	38,985,508	41,404,225	89,737,574	91,763,814
Total liabilities	56,667,864	55,605,588	41,652,393	44,352,847	98,320,257	99,958,435
Net assets:						
Invested in capital assets, net of related debt	46,212,686	42,523,352	48,174,577	47,731,493	94,387,263	90,254,845
Restricted	18,784,355	19,803,912	8,887,099	-	27,671,454	19,803,912
Unrestricted	(1,279,034)	4,546,293	15,646,387	19,889,646	14,367,353	24,435,939
Total net assets	\$63,718,007	\$66,873,557	\$72,708,063	\$67,621,139	\$136,426,070	\$134,494,696

An additional portion of the City of Deerfield Beach's net assets, approximately 20.3%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$14.4 million) may be used to meet the government's ongoing obligations to citizens and creditors.

The net assets of business-type activities increased by \$5.1 million to \$72.7 million in 2011. This increase was primarily due to decreases in wastewater charges from Broward County, as well as the overall excess of system revenues over expenses.

The City's current and other assets decreased by \$1.9 million from \$71.5 million to \$69.6 million. Conversely, capital assets increased by \$2.1 million from \$163.0 million to \$165.1 million, or 1.3% from the prior year. Both the decrease in the current and other assets as well as the increase in capital assets were due to the construction of various water and wastewater facilities as well as other roadway and infrastructure improvements which occurred during the fiscal year.

Current liabilities increased by 4.7% from \$8.2 million to \$8.6 million. This increase was due to a decrease in construction obligations at the end of the year, as a result of the near-completion of various major capital improvements during fiscal year 2011.

The City's total noncurrent liabilities decreased by \$2.1 million from \$91.8 million to \$89.7 million, or approximately 2.3%, from the prior year. This was due primarily to scheduled principal repayments on bonds and loans payable.

City of Deerfield Beach, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2011

City of Deerfield Beach's Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 24,910,863	\$ 21,887,046	\$ 39,733,401	\$ 39,299,798	\$ 64,644,264	\$ 61,186,844
Operating grants/contributions	5,009,285	6,999,594	-	-	5,009,285	6,999,594
Capital grants/contributions	2,038,731	925,167	292,206	12,240	2,330,937	937,407
General revenues:						
Taxes	49,445,010	49,881,574	-	-	49,445,010	49,881,574
Grants and contributions not restricted to specific programs and miscellaneous	1,674,028	1,240,010	-	-	1,674,028	1,240,010
Unrestricted investment earnings	77,980	160,249	31,833	9,771	109,813	170,020
Total revenues	83,155,897	81,093,640	40,057,440	39,321,809	123,213,337	120,415,449
Expenses:						
General government	22,805,473	18,528,933	-	-	22,805,473	18,528,933
Economic environment	770,651	1,415,860	-	-	770,651	1,415,860
Public safety	45,399,408	44,400,644	-	-	45,399,408	44,400,644
Human services	2,510,309	2,722,603	-	-	2,510,309	2,722,603
Physical environment	3,092,598	5,875,926	-	-	3,092,598	5,875,926
Transportation	2,579,100	2,911,620	-	-	2,579,100	2,911,620
Culture and recreation	7,223,675	6,465,100	-	-	7,223,675	6,465,100
Interest on long term-debt	1,923,219	1,970,464	-	-	1,923,219	1,970,464
Water and sewer	-	-	20,182,450	21,264,592	20,182,450	21,264,592
Solid waste	-	-	14,795,080	15,307,635	14,795,080	15,307,635
Total expenses	86,304,433	84,291,150	34,977,530	36,572,227	121,281,963	120,863,377
Change in net assets	(3,148,536)	(3,197,510)	5,079,910	2,749,582	1,931,374	(447,928)
Transfers	(7,014)	-	7,014	-	-	-
Change in net assets	(3,155,550)	(3,197,510)	5,086,924	2,749,582	1,931,374	(447,928)
Net assets, October 1	66,873,557	70,071,067	67,621,139	64,871,557	134,494,696	134,942,624
Net assets, September 30	\$ 63,718,007	\$ 66,873,557	\$ 72,708,063	\$ 67,621,139	\$ 136,426,070	\$ 134,494,696

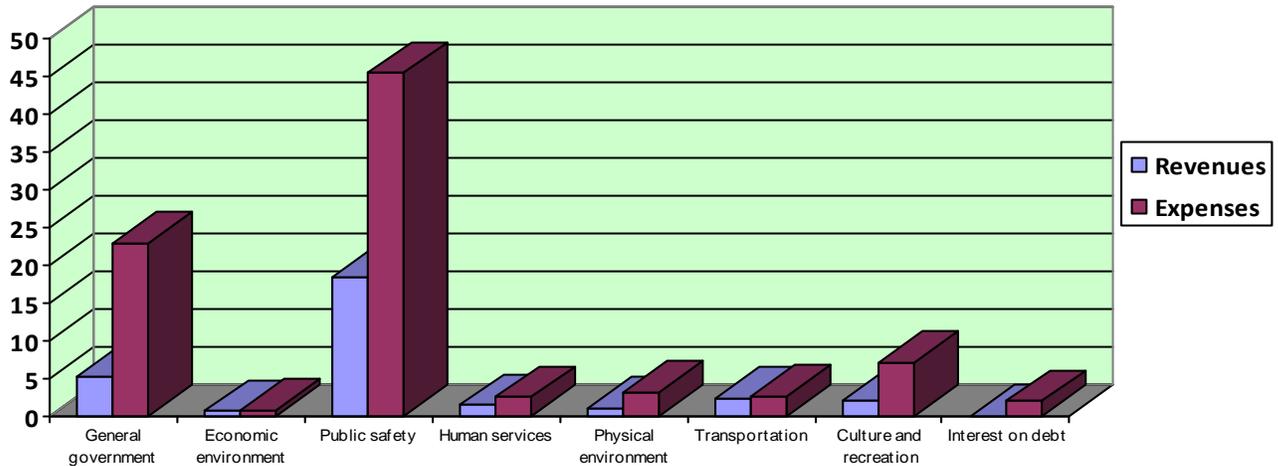
Governmental activities. Governmental activities decreased the City's net assets by \$3.2 million. The City's total revenues amounted to \$83.2 million in governmental activities. Of these revenues, 59.5% is generated from taxes, 29.9% is from charges for services, operating grants/contributions comprise 6.0%, capital grants/contributions make up 2.5%, grants and contributions not restricted to specific programs and miscellaneous revenues equals 2.0%, and unrestricted investment earnings generates 0.1%. Most of the decrease in the City's net assets mentioned above, was primarily due to decrease in collections from operating grants and contributions as well as decreases in ad valorem and franchise taxes, all of which have been impacted adversely by the global economic downturn.

The City's expenses cover a broad range of services, with approximately 52.6% of governmental activity expenses related to public safety (fire/rescue and police protection). General government expenses constitute the largest component of the change in total expenses due to an increase in the case reserves for insurance claims as well as an increase in the provision for other post employment benefits other than pension. The City's governmental activities had 3.8% more expenses than revenues. However, for business-type activities, revenues exceeded expenses by a 12.9% margin.

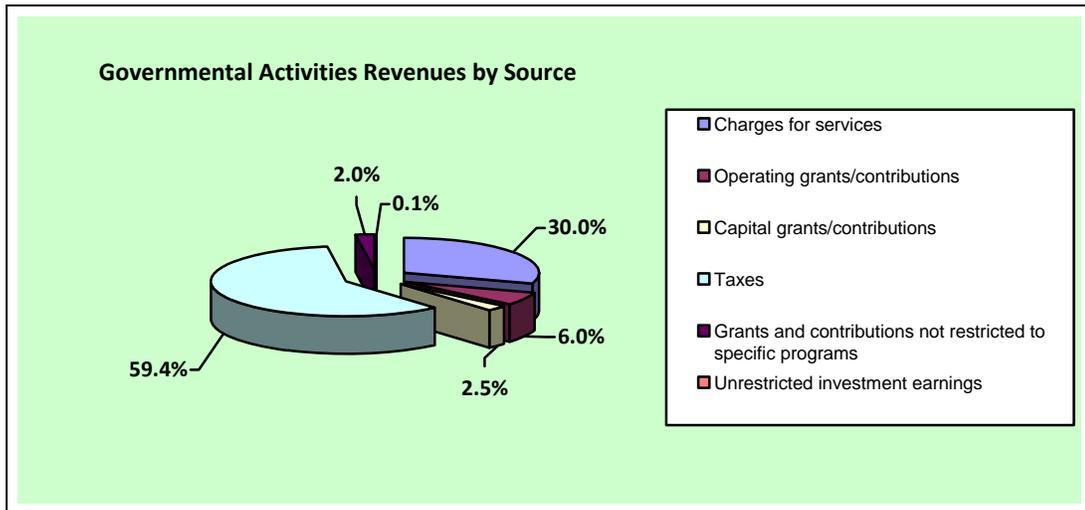
City of Deerfield Beach, Florida
 Management's Discussion and Analysis
 For the Year Ended September 30, 2011

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)**



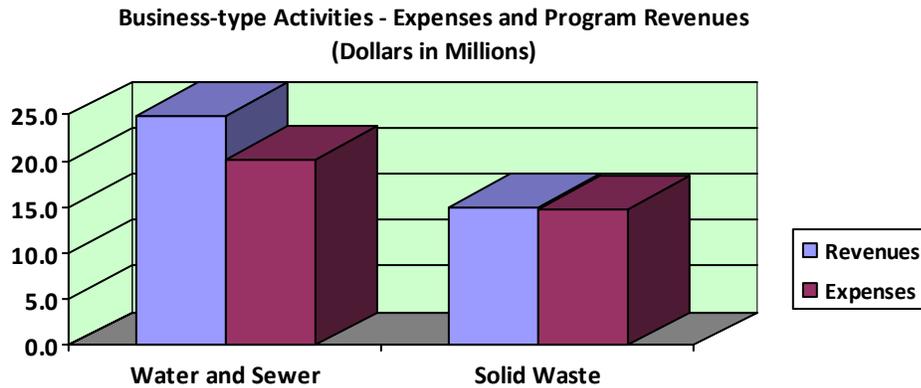
The next chart shows the percent of the total for each source of revenue supporting governmental activities.



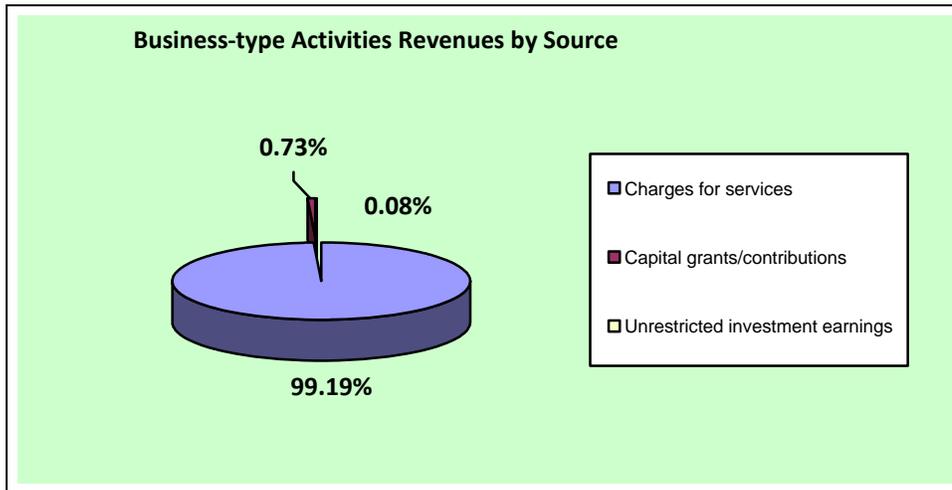
Business-type activities. Business-type activities increased the City's net assets by \$5.1 million. This increase in the net assets of business-type activities was due primarily to an excess of revenues over expenses.

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

City of Deerfield Beach, Florida
 Management's Discussion and Analysis
 For the Year Ended September 30, 2011



The following chart shows that 99.19% of revenues from business-type activities are generated by charges for services.



Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City of Deerfield Beach's governmental funds reported combined ending fund balances of \$27.5 million, a decrease of \$3.7 million from the prior year's ending balances of \$31.2 million. Approximately 13.7% of the combined fund balances (\$3,773,362) constitute *unassigned fund balance* that is available to meet the City's current and future needs. The remainder of fund balance is *non-spendable, restricted, committed and assigned* to indicate that it is not available for new spending.

City of Deerfield Beach, Florida
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For the Year Ended September 30, 2011

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$4.7 million, while total fund balance was \$9.4 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 5.9% of total general fund expenditures, while total fund balance represents approximately 11.7% of that same amount.

The total fund balance of the City of Deerfield Beach's General Fund decreased by \$3.9 million during the current fiscal year, which was less than prior year's decrease of \$6.7 million. Key factors in this decrease are as follows:

- Property tax revenue decreased by \$0.7 million as a result of the continued decline in the taxable values of real property.
- Fire assessment fees increased by \$2.0 million as a result of an increase in the rate charged to property owners.
- Intergovernmental revenue decreased by \$1.6 million as a result of decreases in non-recurring reimbursements for hurricane-related expenditures that were received in the previous fiscal year.
- Public safety expenditures increased by approximately \$0.4 million due to increased costs incurred for police and fire protection.
- Physical environment expenditures decreased by \$2.9 million as a result of the elimination of the Parks Maintenance Division and the subsequent merger of some of its employees into one of three recreational zones. Physical environment expenditures also decreased as a result of the elimination of 106 full and part-time positions, which became effective at the beginning of fiscal year 2011.
- Culture and recreation expenditures increased by \$1.0 million as a result of restructuring of the Parks & Recreation Department due to the elimination of the Parks Maintenance Division noted above.

The Community Redevelopment Agency Fund accounts for revenues collected from and expenditures incurred within the community redevelopment area which borders Federal Highway to the west and State Road A1A to the east. At the end of the fiscal year, the restricted and total fund balance in this fund totaled \$9.1 million, which represents a decrease of \$1.2 million from the prior year. This decrease was due to the CRA incurring additional expenditures as a result of increased projects and programs in the CRA target area.

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

Unrestricted net assets of the water and sewer fund at the end of the year amounted to \$15.7 million. The Solid Waste Fund had a deficit of \$33,403 at the end of the fiscal year. Factors concerning the finances of these two funds have already been addressed in the discussion of the City of Deerfield Beach's business-type activities.

General Fund Budgetary Highlights

As a result of an increase in grant funding for the City's Emergency Home Energy Assistance Program, during the year, the General Fund budget increased by \$36,738. This increase directly impacted the Senior Services Department. Further, there were interdepartmental budget transfers totaling \$44,150 that required approval of the City Commission, as follows:

City of Deerfield Beach, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2011

- Parks & Recreation - increase of \$44,150 in appropriations for expenses in connection with Pioneer Park Improvements Project, Phases I and II.
- Other Unclassified (Non-departmental) – decrease of \$44,150 in appropriations in furtherance of the Pioneer Park Improvements Project, Phases I and II.

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

- Franchise taxes – as a result of the current economic downturn, this revenue source was below what was originally anticipated.
- Licenses and permits – increase in electrical and mechanical permit revenues as a result of commercial project that was not anticipated.
- Parks & Recreation – expenditures exceeded amounts budgeted due to personnel costs incurred as a result of restructuring of the department.
- Fire/Rescue – expenditures incurred exceeded amounts budgeted as a result of increases in pension contributions as well as increased overtime costs.
- Insurance/Safety – expenditures incurred exceeded amounts budgeted as a result of increased health and workers' compensation claims costs.

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, 2011, amounted to \$165.1 million (net of accumulated depreciation). These capital assets include land, buildings, improvements other than building (such as improvements to parks), 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 1.3% (1.6% for governmental activities and 1.08% 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	
	2011	2010	2011	2010	2011	2010
Land	\$ 11,739,316	\$ 11,595,299	\$ 50,531	\$ 50,531	\$ 11,789,847	\$ 11,645,830
Buildings	27,890,185	28,793,489	665,495	725,174	28,555,680	29,518,663
Improvements other than buildings	2,434,525	2,414,064	32,444,213	31,998,137	34,878,738	34,412,201
Equipment	2,793,051	3,115,255	2,761,297	3,665,249	5,554,348	6,780,504
Utility plants in service	-	-	21,393,419	22,409,004	21,393,419	22,409,004
Infrastructure	22,814,595	23,178,996	-	-	22,814,595	23,178,996
Construction in progress	15,910,470	13,200,987	24,233,181	21,830,954	40,143,651	35,031,941
Total	\$ 83,582,142	\$ 82,298,090	\$ 81,548,136	\$ 80,679,049	\$ 165,130,278	\$ 162,977,139

City of Deerfield Beach, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2011

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

- Completion of the Cove Shopping Center Parking improvements project, which amounted to approximately \$2.2 million.
- Construction in progress of the reverse osmosis water treatment plant and various other water and wastewater facility improvements with an estimated cost of \$3.9 million.
- Pre-construction and design of the Deerfield Beach International Fishing Pier.
- Construction in progress of the Dixie Highway Flyover, which is funded by the American Recovery and Reinvestment Act as well as the Florida Department of Transportation.

Additional information on the City of Deerfield Beach's capital assets can be found in Note III (C) on pages 41 - 42 of this report.

Long-term debt. At year-end, the City of Deerfield Beach had \$23.8 million in general obligation bonds outstanding. The City also had \$13.1 million in outstanding covenant bonds (for which the City must "covenant" and appropriate funds necessary to pay the annual debt service), but which are primarily backed by sources other than ad valorem taxes. The business-type activities had \$16.0 million outstanding in revenue bonds and \$19.2 million outstanding in loans payable at the end of the fiscal year. No new debt was issued during the fiscal year.

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 Aa2 from Moody's Investors' Service, Inc. remain unchanged from the prior fiscal year.

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

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds (backed by the City)	\$ 23,797,434	\$ 25,209,669	\$ -	\$ -	\$ 23,797,434	\$ 25,209,669
Revenue bonds	-	-	16,019,116	16,623,792	16,019,116	16,623,792
Covenant bonds	13,125,000	13,560,000	-	-	13,125,000	13,560,000
Add/(subtract) premium/(discount)	664,963	729,972	-	-	664,963	729,972
Capital leases	882,697	1,375,734	1,649,043	2,472,783	2,531,740	3,848,517
Loan payable	-	-	19,167,958	20,499,422	19,167,958	20,499,422
Total bonds, loans and leases payable	<u>\$ 38,470,094</u>	<u>\$ 40,875,375</u>	<u>\$ 36,836,117</u>	<u>\$ 39,595,997</u>	<u>\$ 75,306,211</u>	<u>\$ 80,471,372</u>

The City's general obligation debt per capita, excluding enterprise fund debt, was \$315 at the end of fiscal year 2011. The City's outstanding net general obligation debt was 0.29% of the City's assessed property value. Neither the Florida statutes nor the current ordinances of the City of Deerfield Beach specify a legal debt margin.

Additional information on the City of Deerfield Beach's long-term debt can be found in Note III (H) on pages 45 – 48 of this report.

City of Deerfield Beach, Florida
Management's Discussion and Analysis
For the Year Ended September 30, 2011

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 2012 budget:

- The nation's economy will continue to contract amidst a global economic crisis.
- Florida will continue to experience a continued downturn in the housing market therefore limiting increases in the taxable value of property.
- Franchise taxes, namely the electric franchise tax, are expected to decrease by 8.7% in fiscal year 2012. This is as a result of fluctuations in consumption and the price of fuel.
- Property tax revenue will decrease by 19.8% due to decreases in the taxable values of properties within City limits as well as the imposition of a 10% municipal public service (utility) tax, which is projected to generate approximately \$6.2 million in revenue.
- The City's population will remain stable.
- Salaries and related benefits will decline by approximately 5% as a result of worker concessions.
- Water and sewer as well as solid waste rates will remain constant.

During the current fiscal year, total fund balance in the General Fund amounted to \$9.4 million. The City has no plans to utilize any of its available General Fund balance for spending in Fiscal Year 2012.

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 Finance, City of Deerfield Beach, 150 N.E. 2nd Avenue, Deerfield Beach, Florida 33441.

CITY OF DEERFIELD BEACH, FLORIDA

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,501,579	\$ 2,252,321	\$ 3,753,900
Investments	6,540,612	12,254,501	18,795,113
Receivables (net of allowances)	2,904,092	5,173,464	8,077,556
Due from other governments	2,493,823	-	2,493,823
Inventories	343,383	173,206	516,589
Prepays	918,388	24,308	942,696
Deferred charges	596,971	-	596,971
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	3,766,795	5,972,793	9,739,588
Investments	13,925,353	6,961,727	20,887,080
Due from other governments	1,622,704	-	1,622,704
Real estate held for resale	980,717	-	980,717
Permanently restricted:			
Investments	1,209,312	-	1,209,312
Capital assets:			
Nondepreciable	27,649,786	24,283,712	51,933,498
Depreciable (net)	<u>55,932,356</u>	<u>57,264,424</u>	<u>113,196,780</u>
Total assets	<u>120,385,871</u>	<u>114,360,456</u>	<u>234,746,327</u>
LIABILITIES			
Accounts payable	2,690,141	1,448,057	4,138,198
Accrued liabilities	573,457	146,420	719,877
Accrued interest payable	765,753	574,796	1,340,549
Due to other governments	37,576	-	37,576
Unearned revenue	724,440	-	724,440
Payable from restricted assets:			
Accounts payable	1,109,527	-	1,109,527
Accrued liabilities	14,904	-	14,904
Customer deposits	-	497,612	497,612
Non-current liabilities:			
Due within one year:			
Compensated absences	2,504,622	872,926	3,377,548
Insurance claims payable	1,198,000	-	1,198,000
Due to other governments	123,763	-	123,763
Bonds, loans and leases payable	2,350,701	2,606,571	4,957,272
Due in more than one year:			
Compensated absences	713,529	206,667	920,196
Net OPEB liability	2,296,448	1,069,807	3,366,255
Insurance claims payable	5,182,086	-	5,182,086
Due to other governments	263,525	-	263,525
Bonds, loans and leases payable	<u>36,119,392</u>	<u>34,229,537</u>	<u>70,348,929</u>
Total liabilities	<u>56,667,864</u>	<u>41,652,393</u>	<u>98,320,257</u>
NET ASSETS			
Invested in capital assets, net of related debt	46,212,686	48,174,577	94,387,263
Restricted for:			
Debt service	122,012	1,730,648	1,852,660
Rate stabilization		7,156,451	7,156,451
Perpetual care:			
Nonexpendable	1,209,312	-	1,209,312
Expendable	1,486,527	-	1,486,527
Economic environment	11,196,303	-	11,196,303
Public safety	1,315,993	-	1,315,993
Human services	264,352	-	264,352
Physical environment	491,134	-	491,134
Transportation	2,337,090	-	2,337,090
Culture and recreation	361,632	-	361,632
Unrestricted (deficit)	(1,279,034)	15,646,387	14,367,353
Total net assets	<u>\$ 63,718,007</u>	<u>\$ 72,708,063</u>	<u>\$ 136,426,070</u>

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, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 22,805,473	\$ 5,253,744	\$ -	\$ -
Economic environment	770,651	-	703,834	17,000
Public safety	45,399,408	15,899,993	1,898,464	652,556
Human services	2,510,309	23,387	1,285,179	166,941
Physical environment	3,092,598	186,497	141,235	655,658
Transportation	2,579,100	1,684,182	751,922	522,908
Culture and recreation	7,223,675	1,863,060	228,651	23,668
Interest and fiscal charges	1,923,219	-	-	-
Total governmental activities	<u>86,304,433</u>	<u>24,910,863</u>	<u>5,009,285</u>	<u>2,038,731</u>
Business-Type activities:				
Water and sewer	20,182,450	24,807,442	-	85,306
Solid waste	14,795,080	14,925,959	-	206,900
Total business-type activities	<u>34,977,530</u>	<u>39,733,401</u>	<u>-</u>	<u>292,206</u>
Total	<u>\$121,281,963</u>	<u>\$ 64,644,264</u>	<u>\$ 5,009,285</u>	<u>\$ 2,330,937</u>

General revenues:

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

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

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

Governmental Activities	Business-Type Activities	Total
\$ (17,551,729)	\$ -	\$ (17,551,729)
(49,817)	-	(49,817)
(26,948,395)	-	(26,948,395)
(1,034,802)	-	(1,034,802)
(2,109,208)	-	(2,109,208)
379,912	-	379,912
(5,108,296)	-	(5,108,296)
(1,923,219)	-	(1,923,219)
<u>(54,345,554)</u>	<u>-</u>	<u>(54,345,554)</u>
-	4,710,298	4,710,298
<u>-</u>	<u>337,779</u>	<u>337,779</u>
-	5,048,077	5,048,077
<u>(54,345,554)</u>	<u>5,048,077</u>	<u>(49,297,477)</u>
33,409,541	-	33,409,541
1,382,280	-	1,382,280
3,890,338	-	3,890,338
9,429,873	-	9,429,873
1,283,545	-	1,283,545
49,433	-	49,433
1,241,144	-	1,241,144
77,980	31,833	109,813
432,884	-	432,884
(7,014)	7,014	-
<u>51,190,004</u>	<u>38,847</u>	<u>51,228,851</u>
(3,155,550)	5,086,924	1,931,374
<u>66,873,557</u>	<u>67,621,139</u>	<u>134,494,696</u>
<u>\$ 63,718,007</u>	<u>\$ 72,708,063</u>	<u>\$ 136,426,070</u>

CITY OF DEERFIELD BEACH, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	<u>General</u>	<u>Community Redevelopment Agency</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,501,579	\$ 1,217,655	\$ 2,549,140	\$ 5,268,374
Investments	6,540,612	7,797,149	7,337,516	21,675,277
Receivables (net):				
Accounts	2,876,501	-	25,254	2,901,755
Assessments	842	-	-	842
Interest	1,475	11	9	1,495
Due from other funds	1,246,637	646,079	-	1,892,716
Due from other governments	2,493,823	-	1,622,704	4,116,527
Inventories	343,383	-	-	343,383
Real estate held for resale	-	-	980,717	980,717
Prepaid items	480,706	-	960	481,666
Total assets	<u>\$ 15,485,558</u>	<u>\$ 9,660,894</u>	<u>\$ 12,516,300</u>	<u>\$ 37,662,752</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,690,141	\$ 521,626	\$ 587,901	\$ 3,799,668
Accrued payroll	720,296	6,685	14,904	741,885
Due to other funds	-	-	1,892,716	1,892,716
Due to other governments	36,734	-	842	37,576
Unearned/deferred revenue	2,646,846	-	1,023,936	3,670,782
Total liabilities	<u>6,094,017</u>	<u>528,311</u>	<u>3,520,299</u>	<u>10,142,627</u>
Fund balances:				
Non-spendable	824,089	-	2,190,989	3,015,078
Restricted	-	9,132,583	7,713,690	16,846,273
Assigned	3,885,412	-	-	3,885,412
Unassigned (deficit)	4,682,040	-	(908,678)	3,773,362
Total fund balances	<u>9,391,541</u>	<u>9,132,583</u>	<u>8,996,001</u>	<u>27,520,125</u>
Total liabilities and fund balances	<u>\$ 15,485,558</u>	<u>\$ 9,660,894</u>	<u>\$ 12,516,300</u>	<u>\$ 37,662,752</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, 2011

Fund balances, total governmental funds: \$ 27,520,125

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	144,497,640	
Less: accumulated depreciation	<u>(60,915,498)</u>	
Net capital assets		83,582,142

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	(765,753)	
Bonds and notes payable	(36,922,434)	
Due to other governments	(387,288)	
Capital leases payable	(882,697)	
Insurance claims payable	(6,226,562)	
Net OPEB liability	(2,296,448)	
Compensated absences	<u>(3,218,151)</u>	
Total		(50,699,333)

Revenues are deferred in the governmental funds because they are not available to pay current period expenditures. They are, however, recognized in the government activities. 2,946,342

The pension assets are not considered current financial resources and are therefore not reported in the funds. 436,722

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	(729,971)	
Amortization	<u>65,009</u>	
Unamortized premium, September 30, 2011		(664,962)

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	641,184	
Amortization	<u>(44,213)</u>	
Unamortized deferred charges, September 30, 2011		<u>596,971</u>

Net assets of governmental activities \$ 63,718,007

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, 2011

	<u>General</u>	<u>Community Redevelopment Agency</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 32,870,366	\$ 1,382,280	\$ -	\$ 34,252,646
Sales and use taxes	5,165,731	-	-	5,165,731
Fire assessment fees	8,090,526	-	-	8,090,526
Franchise fees	9,584,608	-	-	9,584,608
Local option gas tax	-	-	1,283,545	1,283,545
Local business taxes/permits	2,567,037	-	-	2,567,037
Intergovernmental	2,398,734	-	4,380,656	6,779,390
Charges for services	8,013,366	-	84,837	8,098,203
Fines and forfeitures	1,006,653	-	239,932	1,246,585
Investment earnings	32,311	21,825	24,018	78,154
Miscellaneous:				
Cemetery plot sales	-	-	87,350	87,350
Donations/contributions	2,094,336	-	155,806	2,250,142
Administrative fees	2,641,813	-	354,280	2,996,093
Other	567,603	100	17,421	585,124
Total revenues	<u>75,033,084</u>	<u>1,404,205</u>	<u>6,627,845</u>	<u>83,065,134</u>
EXPENDITURES				
Current:				
General government	19,943,800	-	-	19,943,800
Economic environment	-	492,961	285,690	778,651
Public safety	43,593,854	-	298,182	43,892,036
Human services	2,454,137	-	-	2,454,137
Physical environment	2,063,990	-	204,395	2,268,385
Transportation	58,431	-	1,612,476	1,670,907
Culture and recreation	6,212,700	76,431	244,437	6,533,568
Capital outlay	-	2,580,591	2,368,583	4,949,174
Debt service:				
Principal	422,375	-	1,917,897	2,340,272
Interest and fiscal charges	28,681	-	1,926,356	1,955,037
Total expenditures	<u>74,777,968</u>	<u>3,149,983</u>	<u>8,858,016</u>	<u>86,785,967</u>
Excess (deficiency) of revenues over expenditures	<u>255,116</u>	<u>(1,745,778)</u>	<u>(2,230,171)</u>	<u>(3,720,833)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	958,202	1,256,339	3,939,744	6,154,285
Transfers out	(5,106,582)	(689,300)	(365,417)	(6,161,299)
Total other financing sources (uses)	<u>(4,148,380)</u>	<u>567,039</u>	<u>3,574,327</u>	<u>(7,014)</u>
Net change in fund balances	(3,893,264)	(1,178,739)	1,344,156	(3,727,847)
Fund balances - beginning	13,284,805	10,311,322	7,651,845	31,247,972
Fund balances - ending	<u>\$ 9,391,541</u>	<u>\$ 9,132,583</u>	<u>\$ 8,996,001</u>	<u>\$ 27,520,125</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, 2011

Net change in fund balances-total governmental funds \$ (3,727,847)

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	5,134,992	
Less: current year's depreciation	<u>(4,017,881)</u>	1,117,111

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 90,763

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		(1,456,673)
Increase in net pension asset		6,765
Increase in net OPEB liability		(1,718,624)

In the statement of activities, certain operating expenses - compensated absences (sick and vacation pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amounts actually used (paid). During the fiscal year, compensated absences used, \$2,262,561, exceeded the amount earned, \$2,109,696. 152,865

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		2,340,272
Note payable		8,000

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 net change in interest reported in the statement of activities is the net result of accrued interest on bonds, leases and notes payable. 31,818

Change in net assets of governmental activities \$ (3,155,550)

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, 2011

	Water and Sewer Fund	Solid Waste Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,716,444	\$ 535,877	\$ 2,252,321
Investments	12,254,501	-	12,254,501
Restricted cash and cash equivalents:			
Customer deposits	439,050	58,562	497,612
Revenue bond covenant accounts	984,016	-	984,016
Receivables (net):			
Accounts	3,251,100	1,686,141	4,937,241
Delinquent assessments	37,488	-	37,488
Interest	198,735	-	198,735
Due from other funds	750,000	-	750,000
Inventories	173,206	-	173,206
Prepaid items	24,308	-	24,308
Total current assets	19,828,848	2,280,580	22,109,428
Noncurrent assets:			
Restricted cash and cash equivalents:			
Revolving loan covenant accounts	746,632	-	746,632
Bond construction accounts	3,549,809	-	3,549,809
Rate stabilization	194,724	-	194,724
Restricted investments:			
Rate stabilization	6,961,727	-	6,961,727
Capital assets:			
Land	50,531	-	50,531
Buildings	1,810,875	-	1,810,875
Utility plants in service	35,059,134	-	35,059,134
Improvements other than buildings	63,569,799	48,500	63,618,299
Equipment	6,239,725	12,684,836	18,924,561
Construction in progress	24,233,181	-	24,233,181
Less accumulated depreciation	(51,568,574)	(10,579,871)	(62,148,445)
Total capital assets (net of accumulated depreciation)	79,394,671	2,153,465	81,548,136
Total noncurrent assets	90,847,563	2,153,465	93,001,028
Total assets	110,676,411	4,434,045	115,110,456

CITY OF DEERFIELD BEACH, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

	Water and Sewer Fund	Solid Waste Fund	Total
LIABILITIES			
Current liabilities:			
Accounts payable	990,383	457,674	1,448,057
Accrued payroll	86,322	60,098	146,420
Due to other funds	-	750,000	750,000
Customer deposits payable	439,050	58,562	497,612
Compensated absences	476,775	396,151	872,926
Matured interest payable	574,796	-	574,796
Capital leases payable - current	-	644,289	644,289
Bonds payable, current	592,344	-	592,344
Loan payable, current	1,369,938	-	1,369,938
Total current liabilities	4,529,608	2,366,774	6,896,382
Noncurrent liabilities:			
Compensated absences	123,424	83,243	206,667
Net OPEB liability	561,552	508,255	1,069,807
Capital leases payable	-	1,004,754	1,004,754
Bonds payable	15,426,762	-	15,426,762
Loan payable	17,798,021	-	17,798,021
Total noncurrent liabilities	33,909,759	1,596,252	35,506,011
Total liabilities	38,439,367	3,963,026	42,402,393
NET ASSETS			
Invested in capital assets, net of related debt	47,670,155	504,422	48,174,577
Restricted for:			
Debt service	1,730,648	-	1,730,648
Rate stabilization	7,156,451	-	7,156,451
Unrestricted	15,679,790	(33,403)	15,646,387
Total net assets	\$ 72,237,044	\$ 471,019	\$ 72,708,063

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, 2011

	<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	\$ 15,264,714	\$ -	\$ 15,264,714
Sewer charges pledged as security for revolving loans	8,858,603	-	8,858,603
Solid waste charges	-	14,505,477	14,505,477
Engineering fees	61,243	-	61,243
Miscellaneous	<u>622,882</u>	<u>420,482</u>	<u>1,043,364</u>
Total operating revenues	<u>24,807,442</u>	<u>14,925,959</u>	<u>39,733,401</u>
Operating expenses:			
Personal services	5,897,624	4,734,421	10,632,045
Contractual services	553,285	71,038	624,323
Electricity	881,357	-	881,357
Insurance	1,232,583	970,481	2,203,064
Fixed charges	34,446	17,858	52,304
County wastewater charge	4,385,246	-	4,385,246
County raw water charge	47,718	-	47,718
Disposal fees	-	6,074,254	6,074,254
General administrative charge	1,967,170	946,267	2,913,437
Commodities	1,520,781	973,821	2,494,602
Depreciation	3,099,257	944,974	4,044,231
Fiscal charges	<u>11,161</u>	<u>-</u>	<u>11,161</u>
Total operating expenses	<u>19,630,628</u>	<u>14,733,114</u>	<u>34,363,742</u>
Operating income (loss)	<u>5,176,814</u>	<u>192,845</u>	<u>5,369,659</u>
Non-operating revenues (expenses):			
Investment earnings	31,833	-	31,833
Interest charges	<u>(551,822)</u>	<u>(61,966)</u>	<u>(613,788)</u>
Total non-operating expenses	<u>(519,989)</u>	<u>(61,966)</u>	<u>(581,955)</u>
Income (loss) before contributions and transfers	4,656,825	130,879	4,787,704
Capital contributions - tap fees	3,060	-	3,060
Capital contributions - other	82,246	206,900	289,146
Transfers in	<u>7,014</u>	<u>-</u>	<u>7,014</u>
Change in net assets	4,749,145	337,779	5,086,924
Total net assets - beginning	<u>67,487,899</u>	<u>133,240</u>	<u>67,621,139</u>
Total net assets - ending	<u>\$ 72,237,044</u>	<u>\$ 471,019</u>	<u>\$ 72,708,063</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, 2011

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 25,529,145	\$ 15,265,045	\$ 40,794,190
Payments to suppliers	(10,605,005)	(8,983,894)	(19,588,899)
Payments to employees	(5,981,289)	(4,708,255)	(10,689,544)
Net cash provided by operating activities	<u>8,942,851</u>	<u>1,572,896</u>	<u>10,515,747</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in	7,014	-	7,014
Collection (repayment) of interfund loans	<u>200,401</u>	<u>(200,401)</u>	<u>-</u>
Net cash provided by (used in) non-capital financing activities	<u>207,415</u>	<u>(200,401)</u>	<u>7,014</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributed from connection fees	3,060	-	3,060
Acquisition and construction of capital assets	(4,624,182)	-	(4,624,182)
Principal paid on:			
Capital lease	-	(823,740)	(823,740)
Loan	(1,331,463)	-	(1,331,463)
Interest paid on:			
Capital lease	-	(61,900)	(61,900)
Loan	(1,167,814)	-	(1,167,814)
Deposits	(719)	(66)	(785)
Collection of special assessment levies	<u>3,460</u>	<u>-</u>	<u>3,460</u>
Net cash used in capital and related financing activities	<u>(7,117,658)</u>	<u>(885,706)</u>	<u>(8,003,364)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	14,141,643	-	14,141,643
Purchase of investments	(19,410,952)	-	(19,410,952)
Interest and dividends received	<u>31,937</u>	<u>-</u>	<u>31,937</u>
Net cash used in investing activities	<u>(5,237,372)</u>	<u>-</u>	<u>(5,237,372)</u>
Net increase (decrease) in cash and cash equivalents	(3,204,764)	486,789	(2,717,975)
Cash and cash equivalents, beginning of year	10,640,715	107,650	10,748,365
Cash and cash equivalents, end of year	<u>\$ 7,435,951</u>	<u>\$ 594,439</u>	<u>\$ 8,030,390</u>
Cash and cash equivalents	\$ 1,716,444	\$ 535,877	\$ 2,252,321
Cash and cash equivalents - restricted (current)	1,031,385	58,562	1,089,947
Cash and cash equivalents - restricted (noncurrent)	4,688,122	-	4,688,122
Cash and cash equivalents, end of year	<u>\$ 7,435,951</u>	<u>\$ 594,439</u>	<u>\$ 8,030,390</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, 2011

	Water and Sewer Fund	Solid Waste Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS)			
TO NET CASH PROVIDED BY			
OPERATING ACTIVITIES:			
Operating income	\$ 5,176,814	\$ 192,845	\$ 5,369,659
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation expense	3,099,257	944,974	4,044,231
Changes in assets and liabilities:			
Increase in accounts receivable, net of allowances	702,302	332,335	1,034,637
Increase in inventories	(6,681)	-	(6,681)
Decrease in prepaid items	992	-	992
Increase (decrease) in customer deposits	19,401	(6,100)	13,301
Decrease in accounts payable and accrued liabilities	(188,596)	(92,968)	(281,564)
Net increase in OPEB liability	472,973	428,632	901,605
Decrease in compensated absences payable	(333,611)	(226,822)	(560,433)
Total adjustments	3,766,037	1,380,051	5,146,088
Net cash provided by operating activities	\$ 8,942,851	\$ 1,572,896	\$ 10,515,747
 Non-cash investing, capital and financing activities:			
Net depreciation in the value of investments reported at fair value	\$ (34,985)	\$ -	\$ (34,985)
Capital contribution from governmental units	82,246	206,900	289,146
Capital assets acquired through vouchers payable	256,306	-	256,306

CITY OF DEERFIELD BEACH, FLORIDA
PENSION TRUST FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
SEPTEMBER 30, 2011

	<u>Fiduciary Funds</u>
ASSETS:	
Cash and cash equivalents	\$ 8,247,736
Investments:	
Mutual funds	68,949,607
U.S. Government securities	14,917,233
Corporate equities	50,793,904
Corporate bonds and notes	<u>16,114,875</u>
Total investments	<u>150,775,619</u>
Receivables:	
Interest and dividends	401,970
Contributions receivable	125,245
Due from brokers	<u>318,486</u>
Total receivables	<u>845,701</u>
Total assets	<u>159,869,056</u>
LIABILITIES:	
Accounts payable	<u>564,093</u>
Total liabilities	<u>564,093</u>
NET ASSETS:	
Held in trust for pension benefits	<u>\$ 159,304,963</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, 2011

	<u>Fiduciary Funds</u>
ADDITIONS:	
Contributions:	
Employer	\$ 5,527,180
Plan members	1,285,406
State of Florida	<u>1,275,393</u>
Total contributions	<u>8,087,979</u>
Investment earnings:	
Interest and dividends	4,217,860
Net decrease in the fair value of investments	<u>(2,905,269)</u>
Total investment earnings	1,312,591
Less investment expense	<u>(888,054)</u>
Net investment earnings	<u>424,537</u>
Other miscellaneous income	<u>18,547</u>
Total additions	<u>8,531,063</u>
DEDUCTIONS:	
Benefits paid	13,405,360
Administrative expenses	<u>430,944</u>
Total deductions	<u>13,836,304</u>
Change in net assets	(5,305,241)
Net assets held in trust for pension benefits:	
Beginning of year	<u>164,610,204</u>
End of year	<u>\$ 159,304,963</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, 2011

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CITY OF DEERFIELD BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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. The 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. Originally incorporated in June 1925, the Town of Deerfield was formed, under the provisions of Chapter 10462, Special Acts of the 1925 Legislature. In June 1951, Chapter 27503, laws of the State of Florida, created a new charter abolishing the Town and changing its name to City of Deerfield Beach. Today, the City is approximately 16.5 square miles in area. In addition to the public safety, general government, recreation, and public works services provided to its 75,018 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. Accordingly, the CRA is a blended component unit and is presented as a special revenue fund. The CRA has a September 30 year-end. Separate 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 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.

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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 is 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, pension, other post-employment benefits and claims and judgments, are recorded only when payment is due.

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

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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 **Community Redevelopment Agency ("CRA") Fund** accounts 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.

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.

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.

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D. New Accounting Pronouncements Adopted

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was issued in March 2009. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The impact of the implementation was to change the presentation of the governmental funds fund balances. The provisions of this Statement became effective for the City during the fiscal year and resulted in changes to the categorization of fund balance for governmental funds.

GASB Statement 59, Financial Instruments Omnibus, was issued in June 2010. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools. The provisions of this Statement became effective for the City during the fiscal year, however there was no impact.

E. 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.

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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 and prepaid items, that is, items of inventory/prepays are expended when they are consumed rather than when they are purchased.

Deferred charges on new debt issued are recorded as prepaid items in the government-wide financial statements. Further, certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the 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. The City capitalized interest costs in the amount of \$781,221 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 - 10

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

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

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

Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. 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 accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds report separate classifications of fund balance. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The restricted fund balance is defined as having restrictions (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Committed fund balance is defined as amounts that can only be used for specific purposes pursuant to constraints imposed by formal action performed prior to year-end, of the City Commission, such as resolutions and/or ordinances. Assigned fund balance represents amounts that are constrained by the government’s intent to be used for specific sources, but are neither restricted nor committed. The City has given the authority to assign fund balance to the City Manager. Assignment of fund balance may be a) made for a specific purpose that is narrower than the general purposes of the government itself; and/or b) used to reflect the appropriation of a portion of existing unassigned fund balance to eliminate a projected deficit in the subsequent year’s budget in an amount no greater than the projected excess of expenditures over expected revenues. Assigned fund balance shall reflect management’s intended use of resources as set forth each year by the City Manager. Assigned fund balance may or may not be appropriated for expenditure in the subsequent year depending on the timing of the project/reserve for which it was assigned. Unassigned fund balance is the residual classification for the General Fund, plus any deficits of any other governmental funds.

It is the City’s policy to obtain and maintain a minimum level of General Fund unassigned fund balance of at least 10% of General Fund operating expenditures and transfers. The disaster/emergency reserve fund balance is assigned by the City Commission as set forth in the annual budget (and any amendments thereto) to ensure the maintenance of services to the public during hurricanes and other natural disasters, as well as economic changes that might severely impact the City’s ability to provide necessary public services.

CITY OF DEERFIELD BEACH, FLORIDA
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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 \$27,671,454 of restricted net assets of which \$12,287,102 is restricted by enabling legislation.

Unrestricted Net Assets – have no third-party limitations on their use, and consists of all net assets that do not meet the definition of the other two components, and any net deficits that exist. 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.

NOTE II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Excess of Expenditures Over Appropriations – For the year ended September 30, 2011, expenditures exceeded appropriations in several of the City's departments, the legal level of budgetary control. The Central Services, Parks & Recreation, Public Works and Fire/Rescue departments exceeded their budgets by \$14,904, \$361,561, \$103,092 and \$513,720, respectively. Further, the Insurance/Safety, Planning & Growth Management, and Police departments exceeded their budgets by \$1,131,121, \$18,060 and \$70,927, respectively. The Other/Unclassified Department also exceeded its budget by \$119,050.

B. Deficit Fund Equity – At September 30, 2011, the Capital Projects Grants Fund had a deficit fund balance of \$85,229. The Community Development Block Grant Fund also had a deficit fund balance in the amount of \$1,949. Deficits in these funds are expected to be funded by future grant reimbursements, which were not susceptible to accrual at September 30, 2011.

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 fair 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

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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, 2011, the carrying amount of the City's deposits totaled \$13,298,763.

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 a SEC 2a-7 like pool as well as a fluctuating net asset value ("NAV") pool. The City's investment in the SBA at September 30, 2011 represented less than 1% of the total investment assets of the SBA. The SBA investments are allocated among two funds, Fund A and Fund B (hereinafter referred to as "LGIP-A" and "LGIP-B"). For LGIP-A, a 2a7-like pool, the value of the City's position is the same as the value of the pool shares and is recorded at amortized cost. At September 30, 2011, the City's investment in LGIP-A was that of \$14,959. LGIP-B is accounted for as a fluctuating NAV pool. The balance of the City's investment in LGIP-B at year end amounted to \$2,294 with a net asset value factor of 0.071893.

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, 2011, the City had the following investments:

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	Pension Trust Funds	All Other Funds	Total
Investment in Florida Local Government Investment Trust:			
Pool A shares	\$ -	\$ 14,959	\$ 14,959
Pool B shares	-	2,294	2,294
Investment in Florida Municipal Investment Trust	-	3,111,554	3,111,554
Money market funds	5,587,689	1,949,120	7,536,809
Mutual funds:			
Bond funds	17,412,702	-	17,412,702
International corporate equities	4,317,271	-	4,317,271
Other mutual funds	47,219,634	-	47,219,634
U.S. Government and agency securities	14,917,233	35,969,001	50,886,234
Domestic corporate bonds and notes	16,114,875	-	16,114,875
Domestic corporate equities	50,793,904	-	50,793,904
Total	\$ 156,363,308	\$ 41,046,928	\$ 197,410,236

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 is 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.

The Police Officers' Retirement Plan limits its exposure to interest rate risk by varying the durations of the maturities of its investment holdings.

Neither the Municipal Firefighter's Pension Trust Plan nor the Non-Uniform Employees' Retirement Plan has investment policies that use limits on investment maturities as a means of managing its exposure to fair value losses arising from interest rates.

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

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(City General Investments)

Investment Type	Fair Value	Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
FL Local Gov't. Invest. Tr.	\$ 17,253	\$ 17,253	\$ -	\$ -	\$ -
FL Municipal Investment Trust	3,111,554	-	3,111,554	-	-
Other money market funds	1,949,120	1,949,120	-	-	-
U.S. Treasuries	20,287,585	20,287,585	-	-	-
U.S. Agencies	15,681,416	11,998,760	3,682,656	-	-
Total	<u>\$ 41,046,928</u>	<u>\$ 34,252,718</u>	<u>\$ 6,794,210</u>	<u>\$ -</u>	<u>\$ -</u>

(Pension Trust Funds)

Investment Type	Fair Value	Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Bond funds	\$ 17,412,702	\$ 78,514	\$ 8,213,565	\$ 6,720,981	\$ 2,399,642
Other money market funds	5,420,775	5,420,775	-	-	-
U.S. Treasuries	5,069,198	1,022,130	1,084,073	1,027,489	1,935,506
U.S. Agencies	9,848,035	41,102	1,347,976	2,544,544	5,914,413
Domestic corporate bonds and notes	16,114,875	1,181,932	5,721,233	5,161,869	4,049,841
Total	<u>\$ 53,865,585</u>	<u>\$ 7,744,453</u>	<u>\$ 16,366,847</u>	<u>\$ 15,454,883</u>	<u>\$ 14,299,402</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSRO's). State law limits investments in commercial paper and corporate bonds to the top 3 ratings issued by NRSRO's. It is the City's policy 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 LGIP-A is rated by Standard and Poor's. The current rating is AAAM. LGIP-B, as well as the Florida Municipal Investment Trust, is not rated by any nationally recognized statistical rating agency. The following table discloses credit ratings by investment type, at September 30, 2011, as applicable:

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Quality Credit Rating

S & P	Moody's	Fair Value
AAAm		\$ 17,253
AAAf		3,111,554
AAA		13,314,701
AA+		1,481,408
AA		1,280,887
AA-		422,114
A+		1,380,500
A		2,987,107
A-		1,581,802
BBB+		626,147
BBB		203,947
BBB-		206,774
BB+		405,670
BB		364,599
BB-		325,577
B+		274,299
B		261,840
B-		26,644
CCC+		145,942
CCC		17,040
Not rated		11,977,422
	Aaa	1,412,397
	Aa1	1,130,080
	Aa2	1,125,556
	Aa3	615,037
	A1	398,466
	A2	1,556,217
	A3	812,792
	Baa	1,054,336
	Baa1	409,226
	Baa2	192,926
Total credit risk securities		49,120,260
U.S. govt and agency securities explicitly guaranteed		45,792,253
Total fixed income/credit risk securities		\$ 94,912,513
Total fixed income/credit risk securities - City		\$ 41,046,928
Total fixed income securities - pension trust funds		53,865,585
Total		\$ 94,912,513

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, 2011. The three pension plans limit their exposures by limiting their investments in any one issuer to no more than 5% of Plan Net Assets other than those issued by the US Government or its agencies. None of the plans had holdings that exceeded the 5% limit.

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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, and equities 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. 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 registered in the City's name as of year-end.

B. Receivables and Payables – The City reports the General, Community Redevelopment Agency (CRA), Water & Sewer and Solid Waste funds as major funds. Receivables at September 30, 2011 were as follows:

<u>Governmental Activities</u>	General	CRA	Other Governmental Funds	Total
Receivables:				
Accounts	\$ 3,952,367	\$ -	\$ 25,254	\$ 3,977,621
Assessments	842	-	-	842
Interest	1,475	11	9	1,495
Gross receivables	3,954,684	11	25,263	3,979,958
Less: allowance for uncollectibles	(1,075,866)	-	-	(1,075,866)
Net receivables	<u>\$2,878,818</u>	<u>\$ 11</u>	<u>\$ 25,263</u>	<u>\$2,904,092</u>

Business-type Activities

	Water and Sewer	Solid Waste	Total
Receivables:			
Accounts	\$ 3,659,489	\$ 1,863,177	\$ 5,522,666
Assessments	37,488	-	37,488
Interest	198,735	-	198,735
Gross receivables	3,895,712	1,863,177	5,758,889
Less: allowance for uncollectibles	(408,389)	(177,036)	(585,425)
Net receivables	<u>\$3,487,323</u>	<u>\$1,686,141</u>	<u>\$ 5,173,464</u>

Receivables of the Water and Sewer and Solid Waste Enterprise Funds are reported net of uncollectible amounts, and are as follows:

Uncollectible related to water sales	\$ 287,981
Uncollectible related to sewer charges	120,408
Uncollectible related to solid waste charges	177,036
Total uncollectibles for the current fiscal year	<u>\$ 585,425</u>

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Payables at September 30, 2011 are as follows:

	Vendors	Retainage	Total payables and accruals
Governmental activities:			
General fund	\$ 2,690,141	\$ -	\$ 2,690,141
CRA fund	359,374	162,252	521,626
Other governmental funds	587,901	-	587,901
Total - governmental activities	\$ 3,637,416	\$ 162,252	\$ 3,799,668
Business-type activities:			
Water and sewer fund	\$ 811,701	\$ 178,682	\$ 990,383
Solid Waste fund	457,674	-	457,674
Total - business-type activities	\$ 1,269,375	\$ 178,682	\$ 1,448,057

C. Capital Assets – The following is a summary of capital asset activity for the year ended September 30, 2011:

Governmental activities:	Beginning Balance	Increases	Decreases	Total
<i>Capital assets not being depreciated:</i>				
Land	\$ 11,595,299	\$ 144,017	\$ -	\$ 11,739,316
Construction in progress	13,200,987	2,709,483	-	15,910,470
<i>Total capital assets not being depreciated</i>	<u>24,796,286</u>	<u>2,853,500</u>	<u>-</u>	<u>27,649,786</u>
<i>Capital assets being depreciated:</i>				
Buildings	36,776,386	6,699	-	36,783,085
Improvements other than buildings	3,844,507	191,310	-	4,035,817
Equipment	19,114,576	927,534	120,783	19,921,327
Infrastructure	54,784,735	1,322,890	-	56,107,625
<i>Total capital assets being depreciated</i>	<u>114,520,204</u>	<u>2,448,433</u>	<u>120,783</u>	<u>116,847,854</u>
<i>Less: accumulated depreciation for:</i>				
Buildings	7,982,897	910,003	-	8,892,900
Improvements other than buildings	1,430,443	170,849	-	1,601,292
Equipment	15,999,321	1,249,738	120,783	17,128,276
Infrastructure	31,605,739	1,687,291	-	33,293,030
<i>Total accumulated depreciation</i>	<u>57,018,400</u>	<u>4,017,881</u>	<u>120,783</u>	<u>60,915,498</u>
Total capital assets being depreciated, net	<u>57,501,804</u>	<u>(1,569,448)</u>	<u>-</u>	<u>55,932,356</u>
Governmental activities capital assets, net	\$ 82,298,090	\$ 1,284,052	\$ -	\$ 83,582,142

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Business-type activities:	Beginning Balance	Increases	Decreases	Total
<i>Capital assets not being depreciated:</i>				
Land	\$ 50,531	\$ -	\$ -	\$ 50,531
Construction in progress	21,830,954	2,402,227	-	24,233,181
<i>Total capital assets not being depreciated</i>	<u>21,881,485</u>	<u>2,402,227</u>	<u>-</u>	<u>24,283,712</u>
<i>Capital assets being depreciated:</i>				
Buildings	1,810,875	-	-	1,810,875
Utility plants in service	35,059,134	-	-	35,059,134
Improvements other than buildings	61,410,289	2,208,010	-	63,618,299
Equipment	18,924,017	303,082	302,538	18,924,561
<i>Total capital assets being depreciated</i>	<u>117,204,315</u>	<u>2,511,092</u>	<u>302,538</u>	<u>119,412,869</u>
<i>Less: accumulated depreciation for:</i>				
Buildings	1,085,701	59,679	-	1,145,380
Utility plants in service	12,650,130	1,015,585	-	13,665,715
Improvements other than buildings	29,412,152	1,761,934	-	31,174,086
Equipment	15,258,768	1,207,034	302,538	16,163,264
<i>Total accumulated depreciation</i>	<u>58,406,751</u>	<u>4,044,232</u>	<u>302,538</u>	<u>62,148,445</u>
Total capital assets being depreciated, net	<u>58,797,564</u>	<u>(1,533,140)</u>	<u>-</u>	<u>57,264,424</u>
 Business-type activities capital assets, net	 <u>\$ 80,679,049</u>	 <u>\$ 869,087</u>	 <u>\$ -</u>	 <u>\$ 81,548,136</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 189,597
Public safety	1,137,244
Human services	56,172
Physical environment	824,213
Transportation	927,559
Culture and recreation	883,096
Total depreciation expense - governmental activities	<u>\$ 4,017,881</u>
 Business-type activities:	
Water and sewer	\$ 3,099,257
Solid waste	944,975
Total depreciation expense - business-type activities	<u>\$ 4,044,232</u>

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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, 2011:

<u>Project</u>	<u>Amounts Outstanding</u>
Hillsboro Boulevard - Streetscape Improvements	\$ 686,585
Cove Shopping Center Parking Lot Improvements	706,660
West Water Treatment Reverse Osmosis Plant	10,868
West Water Treatment Plant Expansion	443,734
	<u>\$ 1,847,847</u>

E. Unearned/Deferred Revenue – Unearned revenue in the General Fund includes \$397,101 for local business taxes (formerly referred to as occupational licenses) relating to fiscal year 2011; and a contribution from a private organization for \$320,997 to support City operations. Deferred revenue in the General Fund includes ambulance transport fees of \$1,075,866 as well as local communications services taxes of \$51,578 which were not collected within 90 days of year-end; deferred property taxes of \$800,864 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 Miscellaneous Grants non-major special revenue fund had \$791,379 of deferred revenue which represents grant reimbursements which the City did not receive within 90 days of fiscal year-end. The remaining \$188,682 was considered unearned revenue because the City received the funds in advance, but all the conditions for recognizing the revenue had not been satisfied at September 30, 2011. The Capital Grants non-major capital projects fund had \$37,973 in deferred revenue at September 30, 2011. This amount represents reimbursements from the Florida Department of Transportation for amounts incurred by the City in connection with improvements to the City’s road and street facilities, which the City did not receive within 90 days of fiscal year end.

F. Interfund Receivables, Payables and Transfers – The interfund balances below represent short-term loans to cover temporary negative balances in each fund’s equity in pooled cash at year-end. The composition of interfund balances at September 30, 2011 is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 1,246,637
Community Redevelopment Agency	General Construction Fund	646,079
Water and Sewer Fund	Solid Waste Fund	<u>750,000</u>
Total		<u>\$ 2,642,716</u>

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Interfund Transfers:

	Transfers to:				Total
	General	CRA Fund	Nonmajor Governmental	Water and Sewer Fund	
<u>Transfers from:</u>					
General	\$ -	\$ 1,256,339	\$ 3,850,243	\$ -	\$ 5,106,582
CRA Fund	689,300	-	-	-	689,300
Water and Sewer	-	-	-	-	-
Capital Grants	-	-	-	-	-
Nonmajor Governmental	268,902	-	89,501	7,014	365,417
Total	<u>\$ 958,202</u>	<u>\$ 1,256,339</u>	<u>\$ 3,939,744</u>	<u>\$ 7,014</u>	<u>\$ 6,161,299</u>

Transfers to the General Fund represent amounts paid by the nonmajor governmental funds for matching grant requirements for expenditures which were accounted for in the General Fund. The Community Redevelopment Agency Fund (CRA) is required to transfer amounts to the General Fund in connection with debt service payments made by the General Fund on behalf of the CRA. Transfers to the CRA represent tax incremental property tax revenues collected on behalf of the CRA. 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 cost sharing for the funded project.

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.

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, 2011, were as follows:

Fiscal Year	Governmental Activities	Business-Type Activities	Total
2012	\$ 422,023	\$ 667,404	\$ 1,089,427
2013	256,297	564,893	821,190
2014	153,799	358,792	512,591
2015	<u>81,422</u>	<u>123,156</u>	<u>204,578</u>
Total Minimum lease payments	913,541	1,714,245	2,627,786
Less: amount representing interest	<u>(30,844)</u>	<u>(65,202)</u>	<u>(96,046)</u>
Present value of future minimum lease payments	<u>\$ 882,697</u>	<u>\$ 1,649,043</u>	<u>\$ 2,531,740</u>

As of September 30, 2011, the equipment held under capital leases for governmental activities and business-type activities were \$2,020,018 and \$3,211,039, respectively. Accumulated depreciation for equipment held under capital leases was \$681,686 and \$1,485,203 for governmental and business-type activities, respectively, as of September 30, 2011.

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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, 2011:

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, \$8,827,433, have interest rates that range from 4.25% to 6.08%. For Series A, principal is due annually on April 1st and interest is payable semi-annually on April 1st and October 1st with the final maturity date being October 1, 2024. For Series B, principal is due annually on November 1st, and interest is payable semi-annually on May 1st and November 1st, 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, \$1,920,000, have interest rates that range from 3.00% to 5.00%. Principal is due annually on May 1st and interest is payable semi-annually on May 1st and November 1st, 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 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 1st and interest is payable semi-annually on June 1st and December 1st, with the final maturity date being December 1, 2028. The remaining outstanding bonds of this issue total \$13,050,000.
- *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, \$5,685,000, have interest rates that range from 3.00% to 5.00%. Principal is due annually on May 1st and interest is payable semi-annually on May 1st and November 1st, 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, \$2,020,000, 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 1st and interest is payable

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semi-annually on April 1st and October 1st, with the final maturity date being October 1, 2031. The remaining outstanding bonds of this issue total \$5,420,000 with total interest payable of \$2,876,574 over the remainder of the term of the bonds. The principal and interest of this issue will be payable from and secured by a pledge of the City's electric franchise fees. For the current year, principal and interest of \$393,069 were paid. Electric franchise fees amounted to \$5,049,066 for fiscal year 2011.

- *Due to Other Governments - U.S. Department of Housing & Urban Development (HUD)* – During the fiscal year, HUD's Office of Inspector General conducted an audit of the City's Community Development Division, which administers the Community Development Block Grant Program (CDBG), State Housing Initiative Partnership Program, and the Neighborhood Stabilization Program, among other programs. During the audit, it was discovered that expenditures totaling \$395,288 which had already been reimbursed under the CDBG Program were unallowable and would require repayment to HUD. The repayment agreement with HUD is interest-free and amounts are due in varying installments as follows: \$123,763 (FY2012); \$131,763 (FY2013); and \$131,762 (FY2014).

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 \$28,520,115. The primary purpose of these loans is to construct water and wastewater facilities. As of September 30, 2009, the City borrowed \$28,293,037, with interest rates ranging from 2.27% to 3.57%. As of September 30, 2011, the aggregate outstanding principal amount of these loans totaled \$19,167,958. 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, 2011 was \$12,155,937. 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, 2011, the unpaid principal balances of Water Pollution Control Loan No. WW69302L and Loan No. WW693030 were \$1,251,737 and \$5,760,284, respectively. Revenues of the Water and Sewer System have been pledged as security for repayment of these loans. Total principal and interest paid during the current year totaled \$1,894,601. Net revenues of the water and sewer system amounted to \$7,175,817 for the year ended September 30, 2011.
- *Florida Municipal Loan Council Revenue Bonds, Series 2008A* – The original amount of this issue was \$17,028,786. The proceeds of this bond issue are to be used to construct a reverse osmosis water treatment addition to the City's west water treatment facility, as well as various other improvements to the water distribution system. The interest rate on these bonds is 4.81%. Principal is due annually on October 1st and interest is payable semi-annually on April 1st and October 1st, with the final maturity date being October 1, 2028. The remaining outstanding bonds of this issue total \$16,019,116. The principal and interest of this issue will be payable from and secured by a pledge of the City's water and sewer system revenues. Total principal and interest paid during the year amounted to \$1,400,682.

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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, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 25,209,669	\$ -	\$ 1,412,235	\$ 23,797,434	\$ 1,427,497
Covenant bonds	13,560,000	-	435,000	13,125,000	455,000
Plus: Deferred amounts for premiums/discounts	729,972	-	65,009	664,963	64,267
Total bonds payable	39,499,641	-	1,912,244	37,587,397	1,946,764
Capital leases	1,375,734	-	493,037	882,697	403,937
Net OPEB liability	577,824	1,718,624	-	2,296,448	-
Claims and judgments	5,140,086	10,795,556	9,555,556	6,380,086	1,198,000
Due to other governments	395,288	-	8,000	387,288	123,763
Compensated absences	3,371,016	2,219,922	2,372,787	3,218,151	2,504,622
Total governmental activities long-term liabilities	<u>\$ 50,359,589</u>	<u>\$ 14,734,102</u>	<u>\$ 14,341,624</u>	<u>\$ 50,752,067</u>	<u>\$ 6,177,086</u>
Business-type activities:					
Capital leases	\$ 2,472,783	\$ -	\$ 823,740	\$ 1,649,043	\$ 644,289
Net OPEB liability	168,202	901,605	-	1,069,807	-
Compensated absences	1,640,026	440,427	1,001,308	1,079,145	872,926
Bonds payable	16,623,792	-	604,676	16,019,116	592,344
Loan payable	20,499,422	-	1,331,464	19,167,958	1,369,938
Total business-type activities long-term liabilities	<u>\$ 41,404,225</u>	<u>\$ 1,342,032</u>	<u>\$ 3,761,188</u>	<u>\$ 38,985,069</u>	<u>\$ 3,479,497</u>

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

4. Summary of Annual Debt Service Requirements – The annual debt service requirements to maturity for debt outstanding as of September 30, 2011 are as follows:

Year Ending <u>September 30</u>	<u>Governmental Activities Debt</u>					
	<u>General Obligation Bonds</u>			<u>Covenant Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,427,497	\$ 1,229,447	\$ 2,656,944	\$ 455,000	\$ 621,141	\$ 1,076,141
2013	1,436,568	1,216,875	2,653,443	470,000	601,069	1,071,069
2014	1,226,262	1,477,400	2,703,662	495,000	578,794	1,073,794
2015	1,183,414	1,470,736	2,654,150	520,000	554,863	1,074,863
2016	1,168,401	1,487,674	2,656,075	540,000	528,013	1,068,013
2017-2021	5,285,014	7,991,749	13,276,763	3,155,000	2,191,408	5,346,408
2022-2026	5,868,562	7,406,928	13,275,490	4,000,000	1,361,950	5,361,950
2027-2031	6,201,716	1,765,324	7,967,040	3,105,000	428,463	3,533,463
2032-2033	-	-	-	385,000	17,325	402,325
Total	<u>\$ 23,797,434</u>	<u>\$ 24,046,133</u>	<u>\$ 47,843,567</u>	<u>\$ 13,125,000</u>	<u>\$ 6,883,026</u>	<u>\$ 20,008,026</u>

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Business-Type Activities Debt

Year Ending September 30	Revolving Loans			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 1,369,938	\$ 524,662	\$ 1,894,600	\$ 592,344	\$ 781,221	\$ 1,373,565
2013	1,409,547	485,053	1,894,600	599,389	754,395	1,353,784
2014	1,450,328	444,272	1,894,600	630,957	723,102	1,354,059
2015	1,492,312	402,288	1,894,600	662,017	692,332	1,354,349
2016	1,535,535	359,065	1,894,600	694,606	660,046	1,354,652
2017-2021	8,372,125	1,100,875	9,473,000	4,017,482	2,760,880	6,778,362
2020-2026	3,115,809	208,868	3,324,677	5,111,134	1,677,397	6,788,531
2027-2030	422,364	7,012	429,376	3,711,187	367,935	4,079,122
Total	\$ 19,167,958	\$ 3,532,095	\$ 22,700,053	\$ 16,019,116	\$ 8,417,308	\$ 24,436,424

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, 2011:

Governmental Activities	Total
Community Redevelopment Agency Funds	\$ 9,660,894
Cemetery reserve endowments	2,695,839
Local option gas tax	2,150,310
Impact fees	331,065
Grant funds	2,739,680
Law Enforcement/Crime Prevention /Other Trust Funds	1,346,185
Bond construction account	2,882,423
Loan debt service accounts	290,794
Total governmental activities restricted assets	<u>\$ 22,097,190</u>

	Water and Sewer Fund	Solid Waste Fund	Total
Customer deposits	\$ 439,050	\$ 58,562	\$ 497,612
Bond construction accounts	3,549,809	-	3,549,809
Revenue bond covenant accounts	984,016	-	984,016
Revolving loan covenant accounts	746,632	-	746,632
Rate stabilization	7,156,451	-	7,156,451
Total business-type activities restricted assets	<u>\$ 12,875,958</u>	<u>\$ 58,562</u>	<u>\$ 12,934,520</u>

B. Risk Management – The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health; and natural disasters. Liability claims in the State of Florida are limited to some extent by Chapter 768.28 of the Florida Statutes, under the Doctrine of Sovereign Immunity. The General Fund provides coverage of up

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to \$200,000 per participant for employee health claims. The General Fund also provides coverage for workers compensation claims. The City retains the risk of loss up to \$200,000 for general liability claims and \$200,000 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 cover costs of current year's claims. Claim 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, 2011, the amount of these liabilities was \$6,380,086. Changes in the reported liability since September 30, 2010 resulted from the following:

<u>Fiscal Year</u>	<u>Claims Payable October 1</u>	<u>Current Year's Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Liability September 30</u>
2011	\$ 5,140,086	\$ 10,795,556	\$ (9,555,556)	\$ 6,380,086
2010	6,223,086	7,324,066	(8,407,066)	5,140,086

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. Other than the Due To Other Governments amount indicated in the Long-Term Debt footnote, amounts, if any, of other 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* and GASB Statement No. 50, *Pension Disclosures – an Amendment of GASB Statements No. 25 and 27*. These statements prescribe 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

CITY OF DEERFIELD BEACH, FLORIDA
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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. The reports for the Police Officers' Retirement Plan may be obtained by writing or calling the following: Tegrit Plan Administrators, LLC. 4360 Northlake Blvd., Suite 206, Palm Beach Gardens, FL 33410; (561) 624-3277. The reports for the Fire Pension Plan may also be obtained by contacting the following: Freiman Little Actuaries, LLC; 4105 Savannahs Trail; Merritt Island, FL 32953; (321) 453-6542.

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.

2. Funding Policy – 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 2011, the state contributed \$820,253 and \$455,140 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.

CITY OF DEERFIELD BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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3. Funded Status and Funding Progress – The following is funded status information for each defined benefit pension plan as of September 30, 2010, the most recent actuarial valuation date:

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (Excess of Assets over AAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll {(b-a)/c}
Fire	\$86,997,197	\$ 101,861,896	\$ 14,864,699	85.4%	\$11,313,910	131.4%
Police	36,192,921	50,068,994	13,876,073	72.3	-	N/A
Non-Uniformed*	56,383,536	64,282,850	7,899,314	87.7	2,382,749	331.5

**Effective October 1, 2000, the actuarial cost method was changed from the Entry Age Normal Cost Method to the Aggregate Cost Method, which does not produce a UAAL. As the ARC was calculated using the aggregate cost method, the information in the schedule of funding progress is calculated using the entry age actuarial cost method as a surrogate for the funding progress of the plan.*

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the AAL for benefits.

4. Annual Required Contributions – The City's annual required contribution for the current year and related information for each plan is as follows:

	Fire	Police	Non-uniformed
Contribution rates:			
City	19.70%	N/A	76.22%
Plan members	9.00%	0.00%	9.00%
Annual required contribution	\$3,321,431	\$1,498,638	\$1,816,148
Percentage contributed	100%	100%	100%
Actuarial valuation date	10/01/10	10/01/10	10/01/10
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of pay, closed	Level percentage of pay, closed	Level percentage of pay, closed
Remaining amortization period	30 years	20 years	15 years
Asset valuation method	5 year smoothed market	4 year smoothed market	4 year smoothed market
Actuarial assumptions:			
Investment rate of return	7.625%	6.750%	7.500%
Projected salary increases	5% to 11%	N/A	6.00%
Includes inflation of	4.00%	3% to 3.5%	4.00%
Cost of living adjustments	None	None	None

CITY OF DEERFIELD BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

Information regarding fiscal year 2011 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>				
<i>Retirees and beneficiaries</i>				
currently receiving benefits	60	77	116	253
Vested terminated employees	0	0	16	16
<i>Active employees:</i>				
Fully vested	97	0	32	129
Non-vested	23	0	0	23
<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	64/10	
(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, 2011

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

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
Fire			
2011	\$ 3,313,162	100.2%	\$ (355,645)
2010	\$ 3,067,935	100.3%	\$ (347,376)
2009	\$ 2,822,022	97.5%	\$ (339,299)
Police			
2011	\$ 1,500,142	99.9%	\$ (81,077)
2010	\$ 1,266,012	103.1%	\$ (82,581)
2009	\$ 1,249,843	101.2%	\$ (43,278)
Non-uniformed			
2011	\$ 1,816,148	100.0%	\$ -
2010	\$ 1,622,159	100.0%	\$ -
2009	\$ 802,633	100.0%	\$ (448,936)

The derivation of the net pension asset for the Fire, Police and Non-uniformed Pension plans as of September 30, 2011 follows:

	<u>Fire</u>	<u>Police</u>	<u>Non-Uniform</u>
a. Annual required contribution ("ARC")	\$ 3,321,431	\$ 1,498,638	\$ 1,816,148
b. Interest on Net Pension Obligation/(Asset) ("NPO"/"NPA")	(26,487)	(5,781)	-
c. Adjustment to ARC	18,218	7,285	-
d. Annual pension cost (a+b+c)	3,313,162	1,500,142	1,816,148
e. Actual contributions	3,321,431	1,498,638	1,816,148
f. NPO at beginning of year	(347,376)	(82,581)	-
g. Increase (decrease) in NPO/(NPA) (d-e)	(8,269)	1,504	-
h. NPO/(NPA) at end of year (f+g)	(355,645)	(81,077)	-

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, 2011 of \$1,084,269. 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 \$752,600.

CITY OF DEERFIELD BEACH, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2011

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 – The City’s Other Post Employment Benefits (OPEB) are presented in accordance with GASB Statement 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.” The provisions of this pronouncement were implemented prospectively with the actuarially determined liability of \$35,819,009 at the October 1, 2010 date of transition being amortized over 30 years.

Benefit Description and Funding Policy

The City provides a single employer defined benefit postemployment health insurance benefit to its general employees, firefighters and police officers who are members of the Deerfield Beach Municipal Police Officers’ Retirement Trust Fund. The City offers three fully-insured PPO plans for retirees. The City pays the premiums for the retiree only until the age of 65. The retiree pays the premium for an optional Medicare Supplementary coverage offered to post-65 retirees. Spouses of retired participants are eligible to participate in the retiree health care plan. Coverage continues to surviving spouses of deceased retirees for firefighters only. Coverage is terminated for spouses of all other retirees upon the death of the retiree.

Pursuant to Section 112.0801, Florida Statutes, general employees, firefighters and police officers who retire from the City may continue their participation in a City-sponsored health and/or dental insurance plan at the same premiums applicable to active employees. Since retiree claims are expected to result in higher costs to the plan, on average, than those for active employees on an actuarial basis, there is an implicit subsidy included in the premiums for the retirees.

Benefit provisions and City contribution requirements are established and may be amended by the City Commission. As of September 30, 2011, there were 195 retired employees receiving a monthly benefit with an additional 517 eligible for participation in the future. Benefit payments totaled \$1,611,826 for the year.

Annual OPEB Cost, Funding Status and Funding Progress

Annual OPEB Cost (AOC) is a measure of the periodic cost of an employer’s participation in a defined benefit OPEB plan. Details of the City’s AOC and Net OPEB Obligation (NOO) for the year ended September 30, 2011 follow:

Annual required contribution	\$ 4,236,129
Interest on plan obligation	33,571
Adjustment to ARC	<u>(37,645)</u>
Annual OPEB cost (AOC)	4,232,055
Actual contributions made	<u>(1,611,826)</u>
Increase in NOO	2,620,229
NOO - Beginning of year	<u>746,026</u>
NOO - End of year	<u>\$ 3,366,255</u>

CITY OF DEERFIELD BEACH, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2011

The City's annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB obligation for the last three fiscal years follow:

Fiscal Year	AOC	Contribution	Percent Contributed	NOO
2009	\$ 1,702,300	\$ 1,160,847	68.2%	\$ 541,453
2010	1,711,060	1,506,487	88.0%	746,026
2011	4,232,055	1,611,826	38.1%	3,366,255

As of the October 1, 2010 valuation date, the actuarial accrued liability for benefits was \$52,101,328 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$52,101,328. The payroll for active participating employees for that period was approximately \$33,561,568 and the unfunded actuarial accrued liability as a percentage of payroll was 155.2%. The annual OPEB cost and the actuarial accrued liability increased due to increased costs for claims based on the age-graded, sex distinct, monthly per capita cost.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Amounts determined regarding the funding status of benefits and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Following are the actuarial methods and significant actuarial assumptions used to determine the annual required contribution for the current year:

Valuation date:	October 1, 2010
Actuarial cost method:	Individual Entry-age
Amortization method:	Level percent, open
Remaining amortization period:	30 Years
Investment rate of return/discount rate:	4.50%
Inflation rate:	4.0%
Projected salary increases:	5.0% - 11.0%
Healthcare cost trend rate:	9.0% in 2011, trending downward to 4.5% by 2020

One year historical trend information is presented in a supplementary schedule following these notes (see Page 60).

H. Subsequent Events – On October 1, 2011, the City's Fire/Rescue Department was merged into the Broward Sheriff's Office (BSO). BSO now provides, on a contractual basis, police, fire and emergency medical services to the City's residents. Effective on that date, the City closed its Municipal Firefighters' Defined Benefit Pension Plan to new members. The fire department budget accounts for approximately 25% of total General Fund expenditures. The initial term of the contract with BSO is that of five years, through September 30, 2015.

I. New Accounting Pronouncements Not Yet Adopted – GASB Statement 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, was issued in December 2009. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). This Statement amends Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, to permit certain OPEB plans to use an alternative measurement

CITY OF DEERFIELD BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

method. Consistent with this change to the employer-reporting requirements, this Statement also amends a Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, requirement that a defined benefit OPEB plan obtain an actuarial valuation. In addition, this Statement clarifies that when actuarially determined OPEB measures are reported by an agent multiple-employer OPEB plan and its participating employers, those measures should be determined as of a common date and at a minimum frequency to satisfy the agent multiple-employer OPEB plan's financial reporting requirements. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2012.

GASB Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements*, was issued in November 2010. The objective of this Statement is to provide accounting and financial reporting guidance by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2013.

GASB Statement 61, *Financial Reporting Entity: Omnibus*, was issued in November 2010. This Statement amends Statement 14, *The Financial Reporting Entity*, as well as Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The primary purpose of this Statement is to improve financial reporting for governmental entities. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2013.

GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, was issued in December 2010. The objective of this Statement is to incorporate into the GASB's authoritative literature certain additional accounting and financial reporting guidance that was issued before November 30, 1989. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2013.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, was issued June 2011. The Statement establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2013.

GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53* was issued June 2011. The will improve financial reporting by state and local governments by clarifying the circumstances in which hedge accounting continues to be applied when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2012.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement will be effective for the City with its year ending September 30, 2014.

GASB Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement will be effective for the City with its year ending September 30, 2014.

CITY OF DEERFIELD BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

The City's management has not yet determined the effect that these statements will have on the City's financial statements.

CITY OF DEERFIELD BEACH, FLORIDA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		(Budgetary Basis) Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 33,238,333	\$ 33,238,333	\$ 32,870,366	\$ (367,967)
Sales and use taxes	5,425,313	5,425,313	5,165,731	(259,582)
Fire assessment fees	8,444,024	8,444,024	8,090,526	(353,498)
Franchise fees	10,853,086	10,853,086	9,584,608	(1,268,478)
Licenses and permits	2,127,500	2,127,500	2,567,037	439,537
Intergovernmental	2,320,526	2,357,264	2,398,734	41,470
Charges for services	7,846,725	7,846,725	8,013,366	166,641
Fines and forfeitures	1,220,306	1,220,306	1,006,653	(213,653)
Investment earnings	275,000	275,000	32,311	(242,689)
Miscellaneous:				
Donations/contributions	1,911,000	1,911,000	2,094,336	183,336
Administrative fees	2,641,794	2,641,794	2,641,813	19
Other	475,517	475,517	567,603	92,086
	76,779,124	76,815,862	75,033,084	(1,782,778)
EXPENDITURES:				
Departmental:				
City commission	329,577	329,577	296,509	33,068
City manager	987,939	987,939	873,891	114,048
City clerk	439,785	439,785	438,692	1,093
City attorney	527,700	527,700	492,490	35,210
Central services	450,500	450,500	465,404	(14,904)
Parks & recreation	5,856,166	5,900,316	6,261,877	(361,561)
Fire/rescue	18,769,590	18,769,590	19,283,310	(513,720)
Human resources	489,514	489,514	418,653	70,861
Insurance/safety	8,398,141	8,398,141	9,529,262	(1,131,121)
Management and budget	2,020,987	2,020,987	1,880,715	140,272
Planning and growth management	2,288,367	2,288,367	2,306,427	(18,060)
Police	21,104,647	21,104,647	21,175,574	(70,927)
Public works	6,606,121	6,606,121	6,709,213	(103,092)
Senior services	2,710,473	2,710,473	2,353,293	357,180
Community participation	109,023	109,023	109,023	-
Other - unclassified	1,789,019	1,744,869	1,863,919	(119,050)
Debt service	456,262	456,262	451,056	5,206
	73,333,811	73,333,811	74,909,308	(1,575,497)
Excess (deficiency) of revenues over expenditures	3,445,313	3,482,051	123,776	(3,358,275)
Other financing sources (uses):				
Transfers in	1,113,712	1,113,712	958,202	(155,510)
Transfers out	(5,033,935)	(5,033,935)	(5,106,582)	(72,647)
	(3,920,223)	(3,920,223)	(4,148,380)	(228,157)
Net change in fund balance	\$ (474,910)	\$ (438,172)	\$ (4,024,604)	\$ (3,586,432)

See accompanying notes to required supplementary information.

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, 2011

	Budgeted Amounts		(Budgetary Basis) Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 1,322,509	\$ 1,322,509	\$ 1,382,280	\$ 59,771
Investment earnings	60,000	60,000	21,825	(38,175)
Miscellaneous	-	-	100	100
Total revenues	<u>1,382,509</u>	<u>1,382,509</u>	<u>1,404,205</u>	<u>21,696</u>
EXPENDITURES				
Current:				
Economic environment	1,255,767	1,255,767	543,989	711,778
Culture and recreation	275,000	275,000	76,431	198,569
Capital outlay	<u>11,133,594</u>	<u>11,133,594</u>	<u>3,174,919</u>	<u>7,958,675</u>
Total expenditures	<u>12,664,361</u>	<u>12,664,361</u>	<u>3,795,339</u>	<u>8,869,022</u>
Excess (deficiency) of revenues over expenditures	<u>(11,281,852)</u>	<u>(11,281,852)</u>	<u>(2,391,134)</u>	<u>8,890,718</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,253,003	1,253,003	1,256,339	3,336
Transfers out	<u>(690,794)</u>	<u>(690,794)</u>	<u>(689,300)</u>	<u>1,494</u>
Total other financing sources (uses)	<u>562,209</u>	<u>562,209</u>	<u>567,039</u>	<u>4,830</u>
Net change in fund balances	<u>\$ (10,719,643)</u>	<u>\$ (10,719,643)</u>	<u>\$ (1,824,095)</u>	<u>\$ 8,895,548</u>

	GAAP Basis Actual	Net Encumbrances*	Non-GAAP Basis Actual
<u>Reconciliation of Budget and Actual:</u>			
Current expenditures	\$ 492,961	\$ 51,028	\$ 543,989
Culture and recreation	76,431	-	76,431
Capital outlay	<u>2,580,591</u>	<u>594,328</u>	<u>3,174,919</u>
Total expenditures	<u>\$ 3,149,983</u>	<u>\$ 645,356</u>	<u>\$ 3,795,339</u>

*In the above reconciliation, "net encumbrances" represents the difference between the encumbrances outstanding as of September 30, 2011 and the outstanding encumbrances as of September 30, 2010 which were paid during fiscal year 2011.

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 of Covered Payroll
FIRE						
10/1/2008	\$ 83,960,958	\$ 89,280,606	\$ 5,319,648	9400.0%	\$ 10,950,967	48.6 %
10/1/2009	86,680,011	95,806,258	9,126,247	90.5	11,376,000	80.2
10/1/2010	86,997,197	101,861,896	14,864,699	85.4	11,313,910	131.4
POLICE						
10/1/2008	\$ 40,087,946	\$ 50,658,055	\$ 10,570,109	7913.4%	\$ 493,035	2,143.9 %
10/1/2009	38,457,881	49,724,746	11,266,865	77.3	-	N/A
10/1/2010	36,192,921	50,068,994	13,876,073	72.3	-	N/A
NON-UNIFORMED						
10/1/2008	\$ 58,340,299	\$ 60,294,318	\$ 1,954,019	9675.9%	\$ 3,480,914	56.1 %
10/1/2009	56,887,766	61,610,579	4,722,813	92.3	3,295,395	143.3
10/1/2010	56,383,536	64,282,850	7,899,314	87.7	2,382,749	331.5

**As the ARC was calculated using the aggregate cost method, the information in the schedule of funding progress is calculated using the entry age actuarial cost method as a surrogate for the funding progress of the plan.*

Schedules of Contributions from Employer and Other Contributing Entities

Year Ended September 30	Fire		Police		Non-uniformed	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2009	\$2,750,854	100%	\$1,249,843	100%	\$ 802,633	100%
2010	3,076,012	100	1,265,223	100	1,622,159	100
2011	3,321,431	100	1,498,638	100	1,816,148	100

See accompanying notes to required supplementary information.

CITY OF DEERFIELD BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS – OTHER POST EMPLOYMENT BENEFITS
CURRENT FISCAL YEAR

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAAL as a Percentage of of Covered Payroll
10/1/2008*	\$ -	\$ 19,720,497	\$ 19,720,497	0.0 %	\$ 34,796,278	56.7 %
10/1/2010	-	52,101,328	52,101,328	0.0	33,561,568	155.2

*Valuation is performed every two years. The next valuation is for the fiscal year ending September 30, 2013.

See accompanying notes to required supplementary information.

CITY OF DEERFIELD BEACH, FLORIDA
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 SEPTEMBER 30, 2011

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 2011, the General Fund budget increased by \$36,738 as a result of increased grant funding from the Florida Department of Elder Affairs.

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	\$ 74,326,912	\$ 131,340	\$ 74,458,252
Debt service	<u>451,056</u>	-	<u>451,056</u>
Total expenditures	<u>\$ 74,777,968</u>	<u>\$ 131,340</u>	<u>\$ 74,909,308</u>

In the above reconciliation, “net encumbrances” represents the difference between the encumbrances outstanding as of September 30, 2011 and the outstanding encumbrances as of September 30, 2010, which were paid during fiscal year 2011.

C. Excess of Expenditures Over Appropriations – For the year ended September 30, 2011, expenditures exceeded appropriations in several of the City’s departments, the legal level of budgetary control. The Central Services, Parks & Recreation and Fire/Rescue departments exceeded their budgets by \$14,904, \$361,561 and \$513,720, respectively. Further, the Insurance/Safety, Planning & Growth Management, Police and Public Works departments exceeded their budgets by \$1,131,121, \$18,060, \$70,927, and \$103,092, respectively. The Other/Unclassified Department also exceeded its budget by \$119,050. Available fund balance was utilized to offset these amounts.

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.

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.

Law Enforcement Trust Fund - a revolving fund established to account for a portion of the proceeds from the sale of property seized from illegal drug-related activities. Funds may be expended to defray certain qualified law enforcement costs.

Crime Prevention Trust Fund – to account for penalties 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 Debt Service 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

General Construction Fund - This fund is used to account for the acquisition and construction of major capital improvements that are financed by the issuance of bonds.

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, 2011

	Special Revenue Funds	General Obligation Debt Service Fund	Capital Projects Funds
ASSETS			
Cash and cash equivalents	\$ 2,424,717	\$ -	\$ 36,663
Investments	1,618,142	290,794	2,820,760
Receivables (net):			
Accounts	-	-	25,000
Interest	4	-	-
Due from other governments	1,542,700	-	80,004
Real estate held for resale	980,717	-	-
Prepaid items	960	-	-
Total assets	<u>\$ 6,567,240</u>	<u>\$ 290,794</u>	<u>\$ 2,962,427</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 552,368	\$ -	\$ 35,533
Accrued liabilities	14,904	-	-
Due to other funds	1,119,377	-	773,339
Due to other governments	842	-	-
Unearned/deferred revenue	985,963	-	37,973
Total liabilities	<u>2,673,454</u>	<u>-</u>	<u>846,845</u>
 Fund balances (deficit):			
Non-spendable	981,677	-	-
Restricted	3,735,558	290,794	2,200,811
Unassigned	(823,449)	-	(85,229)
Total fund balances	<u>3,893,786</u>	<u>290,794</u>	<u>2,115,582</u>
Total liabilities and fund balances	<u>\$ 6,567,240</u>	<u>\$ 290,794</u>	<u>\$ 2,962,427</u>

Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
\$ 87,760	\$ 2,549,140
2,607,820	7,337,516
254	25,254
5	9
-	1,622,704
-	980,717
-	960
<u>\$ 2,695,839</u>	<u>\$ 12,516,300</u>

\$ -	\$ 587,901
-	14,904
-	1,892,716
-	842
-	1,023,936
-	<u>3,520,299</u>

1,209,312	2,190,989
1,486,527	7,713,690
-	(908,678)
<u>2,695,839</u>	<u>8,996,001</u>
<u>\$ 2,695,839</u>	<u>\$ 12,516,300</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, 2011

	Special Revenue Funds	General Obligation Debt Service Fund	Capital Projects Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Local option gas tax	\$ 1,283,545	\$ -	\$ -
Intergovernmental	3,571,880	-	808,776
Charges for services	84,837	-	-
Fines and forfeitures	239,932	-	-
Investment earnings	8,299	93	10,656
Miscellaneous:			
Cemetery plot sales	-	-	-
Donations/contributions	130,806	-	25,000
Administrative fees	354,280	-	-
Other	17,421	-	-
Total revenues	<u>5,691,000</u>	<u>93</u>	<u>844,432</u>
EXPENDITURES			
Current:			
Economic environment	285,690	-	-
Public safety	298,182	-	-
Physical environment	204,395	-	-
Transportation	1,612,476	-	-
Culture and recreation	244,437	-	-
Capital outlay	2,059,470	-	309,113
Debt service:			
Principal	70,662	1,847,235	-
Interest and fiscal charges	3,430	1,922,926	-
Total expenditures	<u>4,778,742</u>	<u>3,770,161</u>	<u>309,113</u>
Excess (deficiency) of revenues over expenditures	<u>912,258</u>	<u>(3,770,068)</u>	<u>535,319</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	167,039	3,772,705	-
Transfers out	<u>(365,417)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(198,378)</u>	<u>3,772,705</u>	<u>-</u>
Net change in fund balances	713,880	2,637	535,319
Fund balances - beginning	<u>3,179,906</u>	<u>288,157</u>	<u>1,580,263</u>
Fund balances - ending	<u>\$ 3,893,786</u>	<u>\$ 290,794</u>	<u>\$ 2,115,582</u>

<u>Perpetual Care Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 1,283,545
-	4,380,656
-	84,837
-	239,932
4,970	24,018
87,350	87,350
-	155,806
-	354,280
-	17,421
92,320	6,627,845
-	285,690
-	298,182
-	204,395
-	1,612,476
-	244,437
-	2,368,583
-	1,917,897
-	1,926,356
-	8,858,016
92,320	(2,230,171)
-	3,939,744
-	(365,417)
-	3,574,327
92,320	1,344,156
2,603,519	7,651,845
<u>\$ 2,695,839</u>	<u>\$ 8,996,001</u>

CITY OF DEERFIELD BEACH, FLORIDA

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

SEPTEMBER 30, 2011

	Road and Bridge Tax Fund	CDBG Fund	SHIP Grant Fund	Miscellaneous Grants Fund
ASSETS				
Cash and cash equivalents	\$ 394,186	\$ -	\$ 100,849	\$ 253,392
Investments	1,618,142	-	-	-
Receivables (net):				
Interest	4	-	-	-
Due from other governments	137,978	1,951	-	1,402,771
Real estate held for resale	-	-	-	980,717
Prepaid items	-	-	-	-
Total assets	<u>\$ 2,150,310</u>	<u>\$ 1,951</u>	<u>\$ 100,849</u>	<u>\$ 2,636,880</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 175,267	\$ 2	\$ -	\$ 375,757
Accrued liabilities	13,426	-	-	464
Due to other funds	-	1,949	-	1,117,428
Due to other governments	-	-	-	-
Unearned/deferred revenue	-	1,949	-	984,014
Total liabilities	<u>188,693</u>	<u>3,900</u>	<u>-</u>	<u>2,477,663</u>
 Fund balances (deficit):				
Non-spendable	-	-	-	980,717
Restricted	1,961,617	-	100,849	-
Unassigned	-	(1,949)	-	(821,500)
Total fund balances (deficit)	<u>1,961,617</u>	<u>(1,949)</u>	<u>100,849</u>	<u>159,217</u>
Total liabilities and fund balances	<u>\$ 2,150,310</u>	<u>\$ 1,951</u>	<u>\$ 100,849</u>	<u>\$ 2,636,880</u>

Parking Deviation Fund	General Trust Fund	Target Area Trust Fund	Beautification and Landscape Trust Fund	Law Enforcement Trust Fund	Crime Prevention Trust Fund	Total Nonmajor Special Revenue Funds
\$ 331,065	\$ 558,089	\$ 120,653	\$ 26,688	\$ 636,241	\$ 3,554	\$ 2,424,717
-	-	-	-	-	-	1,618,142
-	-	-	-	-	-	4
-	-	-	-	-	-	1,542,700
-	-	-	-	-	-	980,717
-	210	-	-	750	-	960
<u>\$ 331,065</u>	<u>\$ 558,299</u>	<u>\$ 120,653</u>	<u>\$ 26,688</u>	<u>\$ 636,991</u>	<u>\$ 3,554</u>	<u>\$ 6,567,240</u>
\$ -	\$ 1,132	\$ -	\$ -	\$ -	\$ 210	\$ 552,368
-	1,014	-	-	-	-	14,904
-	-	-	-	-	-	1,119,377
-	842	-	-	-	-	842
-	-	-	-	-	-	985,963
-	2,988	-	-	-	210	2,673,454
-	210	-	-	750	-	981,677
331,065	555,101	120,653	26,688	636,241	3,344	3,735,558
-	-	-	-	-	-	(823,449)
<u>331,065</u>	<u>555,311</u>	<u>120,653</u>	<u>26,688</u>	<u>636,991</u>	<u>3,344</u>	<u>3,893,786</u>
<u>\$ 331,065</u>	<u>\$ 558,299</u>	<u>\$ 120,653</u>	<u>\$ 26,688</u>	<u>\$ 636,991</u>	<u>\$ 3,554</u>	<u>\$ 6,567,240</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, 2011

	Road and Bridge Tax Fund	CDBG Fund	SHIP Grant Fund	Miscellaneous Grants Fund
REVENUES				
Local option gas tax	\$ 1,283,545	\$ -	\$ -	\$ -
Intergovernmental	498,716	196,969	57,005	2,725,324
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment earnings	2,238	-	174	-
Miscellaneous:				
Donations/contributions	-	-	3,140	40,568
Administrative fees	354,280	-	-	-
Other	<u>15,324</u>	<u>-</u>	<u>-</u>	<u>2,097</u>
Total revenues	<u>2,154,103</u>	<u>196,969</u>	<u>60,319</u>	<u>2,767,989</u>
EXPENDITURES				
Current:				
Economic environment	-	1,911	292	283,487
Public safety	-	-	-	99,351
Physical environment	-	-	-	178,858
Transportation	1,612,476	-	-	-
Culture and recreation	-	-	-	214,578
Capital outlay	112,092	197,007	-	1,707,676
Debt service:				
Principal	70,662	-	-	-
Interest and fiscal charges	<u>3,430</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,798,660</u>	<u>198,918</u>	<u>292</u>	<u>2,483,950</u>
Excess (deficiency) of revenues over expenditures	<u>355,443</u>	<u>(1,949)</u>	<u>60,027</u>	<u>284,039</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	87,224
Transfers out	<u>(212,514)</u>	<u>-</u>	<u>(9,625)</u>	<u>(7,014)</u>
Total other financing sources (uses)	<u>(212,514)</u>	<u>-</u>	<u>(9,625)</u>	<u>80,210</u>
Net change in fund balances	142,929	(1,949)	50,402	364,249
Fund balances (deficit) - beginning	<u>1,818,688</u>	<u>-</u>	<u>50,447</u>	<u>(205,032)</u>
Fund balances (deficit) - ending	<u>\$ 1,961,617</u>	<u>\$ (1,949)</u>	<u>\$ 100,849</u>	<u>\$ 159,217</u>

Parking Deviation Fund	General Trust Fund	Target Area Trust Fund	Beautification and Landscape Trust Fund	Law Enforcement Trust Fund	Crime Prevention Trust Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,283,545
-	-	-	-	93,866	-	3,571,880
-	80,907	-	3,930	-	-	84,837
-	-	60,364	-	177,666	1,902	239,932
1,297	1,958	529	183	1,902	18	8,299
-	60,974	-	-	-	26,124	130,806
-	-	-	-	-	-	354,280
-	-	-	-	-	-	17,421
<u>1,297</u>	<u>143,839</u>	<u>60,893</u>	<u>4,113</u>	<u>273,434</u>	<u>28,044</u>	<u>5,691,000</u>
-	-	-	-	-	-	285,690
-	135,507	-	-	32,816	30,508	298,182
-	-	-	25,537	-	-	204,395
-	-	-	-	-	-	1,612,476
-	29,859	-	-	-	-	244,437
-	-	-	-	42,695	-	2,059,470
-	-	-	-	-	-	70,662
-	-	-	-	-	-	3,430
-	<u>165,366</u>	-	<u>25,537</u>	<u>75,511</u>	<u>30,508</u>	<u>4,778,742</u>
<u>1,297</u>	<u>(21,527)</u>	<u>60,893</u>	<u>(21,424)</u>	<u>197,923</u>	<u>(2,464)</u>	<u>912,258</u>
-	79,815	-	-	-	-	167,039
-	-	(56,449)	-	(79,815)	-	(365,417)
-	<u>79,815</u>	<u>(56,449)</u>	-	<u>(79,815)</u>	-	<u>(198,378)</u>
1,297	58,288	4,444	(21,424)	118,108	(2,464)	713,880
<u>329,768</u>	<u>497,023</u>	<u>116,209</u>	<u>48,112</u>	<u>518,883</u>	<u>5,808</u>	<u>3,179,906</u>
<u>\$ 331,065</u>	<u>\$ 555,311</u>	<u>\$ 120,653</u>	<u>\$ 26,688</u>	<u>\$ 636,991</u>	<u>\$ 3,344</u>	<u>\$ 3,893,786</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, 2011

	<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>		
REVENUES				
Local option gas tax	\$ 1,333,983	\$ 1,333,983	\$ 1,283,545	\$ (50,438)
Intergovernmental	511,433	511,433	498,716	(12,717)
Investment earnings	40,000	40,000	2,238	(37,762)
Miscellaneous:				
Administrative fees	354,280	354,280	354,280	-
Other	8,398	8,398	15,324	6,926
Total revenues	<u>2,248,094</u>	<u>2,248,094</u>	<u>2,154,103</u>	<u>(93,991)</u>
EXPENDITURES				
Current:				
Transportation	1,851,936	1,851,936	1,572,673	279,263
Capital outlay	107,000	107,000	177,030	(70,030)
Debt service:				
Principal	71,396	71,396	70,662	734
Interest	5,248	5,248	3,430	1,818
Total expenditures	<u>2,035,580</u>	<u>2,035,580</u>	<u>1,823,795</u>	<u>211,785</u>
Excess (deficiency) of revenues over expenditures	<u>212,514</u>	<u>212,514</u>	<u>330,308</u>	<u>117,794</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(212,514)	(212,514)	(212,514)	-
Total other financing sources (uses)	<u>(212,514)</u>	<u>(212,514)</u>	<u>(212,514)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,794</u>	<u>\$ 117,794</u>

	GAAP Basis Actual	Net Encumbrances*	Non-GAAP Basis Actual
<u>Reconciliation of Budget and Actual:</u>			
Current expenditures	\$ 1,612,476	\$ (39,803)	\$ 1,572,673
Capital outlay	112,092	64,938	177,030
Debt service	74,092	-	74,092
Total expenditures	<u>\$ 1,798,660</u>	<u>\$ 25,135</u>	<u>\$ 1,823,795</u>

*In the above reconciliation, "net encumbrances" represents the difference between the encumbrances outstanding as of September 30, 2011 and the outstanding encumbrances as of September 30, 2010, which were paid during fiscal year 2011.

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, 2011

	<u>Budgeted Amounts</u>		<u>(Budgetary Basis) Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 802,018	\$ 802,018	\$ 196,969	\$ (605,049)
Other	-	-	-	-
Total revenues	<u>802,018</u>	<u>802,018</u>	<u>196,969</u>	<u>(605,049)</u>
EXPENDITURES				
Current:				
Economic environment	521,311	521,311	1,911	519,400
Human services	120,303	120,303	-	120,303
Capital outlay	-	-	200,001	(200,001)
Total expenditures	<u>641,614</u>	<u>641,614</u>	<u>201,912</u>	<u>439,702</u>
Excess (deficiency) of revenues over expenditures	<u>160,404</u>	<u>160,404</u>	<u>(4,943)</u>	<u>(165,347)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(160,404)	(160,404)	-	160,404
Total other financing sources (uses)	<u>(160,404)</u>	<u>(160,404)</u>	<u>-</u>	<u>160,404</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,943)</u>	<u>\$ (4,943)</u>

	GAAP Basis Actual	Net Encumbrances*	Non-GAAP Basis Actual
<u>Reconciliation of Budget and Actual:</u>			
Current expenditures	1,911	-	1,911
Capital outlay	197,007	2,994	200,001
Total expenditures	<u>198,918</u>	<u>2,994</u>	<u>201,912</u>

*In the above reconciliation, "net encumbrances" represents the difference between the encumbrances outstanding as of September 30, 2011 and the outstanding encumbrances as of September 30, 2010 which were paid during fiscal year 2011.

CITY OF DEERFIELD BEACH, FLORIDA

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

SEPTEMBER 30, 2011

	General Construction Fund	Capital Grants Capital Projects Fund	Total Nonmajor Capital Projects Funds
ASSETS			
Cash and cash equivalents	\$ 36,663	\$ -	\$ 36,663
Investments	2,820,760	-	2,820,760
Receivables (net):			
Accounts	25,000	-	25,000
Due from other governments	-	80,004	80,004
Total assets	<u>\$ 2,882,423</u>	<u>\$ 80,004</u>	<u>\$ 2,962,427</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 35,533	\$ -	\$ 35,533
Due to other funds	646,079	127,260	773,339
Unearned/deferred revenue	-	37,973	37,973
Total liabilities	<u>681,612</u>	<u>165,233</u>	<u>846,845</u>
Fund balances (deficit):			
Restricted	2,200,811	-	2,200,811
Unassigned	-	(85,229)	(85,229)
Total fund balances (deficit)	<u>2,200,811</u>	<u>(85,229)</u>	<u>2,115,582</u>
Total liabilities and fund balances	<u>\$ 2,882,423</u>	<u>\$ 80,004</u>	<u>\$ 2,962,427</u>

CITY OF DEERFIELD BEACH, FLORIDA

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT)
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	General Construction Fund	Capital Grants Capital Projects Fund	Total Nonmajor Capital Projects Governmental Funds
REVENUES			
Intergovernmental	\$ -	\$ 808,776	\$ 808,776
Miscellaneous:			
Donations/contributions	25,000	-	25,000
Investment earnings	<u>10,656</u>	<u>-</u>	<u>10,656</u>
Total revenues	<u>35,656</u>	<u>808,776</u>	<u>844,432</u>
EXPENDITURES			
Capital outlay	<u>74,137</u>	<u>234,976</u>	<u>309,113</u>
Total expenditures	<u>74,137</u>	<u>234,976</u>	<u>309,113</u>
Excess (deficiency) of revenues over expenditures	<u>(38,481)</u>	<u>573,800</u>	<u>535,319</u>
Net change in fund balances	(38,481)	573,800	535,319
Fund balances (deficit) - beginning	<u>2,239,292</u>	<u>(659,029)</u>	<u>1,580,263</u>
Fund balances (deficit) - ending	<u>\$ 2,200,811</u>	<u>\$ (85,229)</u>	<u>\$ 2,115,582</u>

CITY OF DEERFIELD BEACH, FLORIDA
PENSION TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
SEPTEMBER 30, 2011

	Fire Pension Fund	Police Pension Fund	Non- Uniformed Pension Fund	Total
ASSETS:				
Cash and cash equivalents	<u>\$ 5,587,689</u>	<u>\$ 1,171,689</u>	<u>\$ 1,488,358</u>	<u>\$ 8,247,736</u>
Investments:				
Mutual funds	26,365,497	17,079,392	25,504,718	68,949,607
U.S. Government securities	8,213,463	1,076,135	5,627,635	14,917,233
Corporate equities	24,492,460	11,950,534	14,350,910	50,793,904
Corporate bonds and notes	<u>10,230,388</u>	<u>1,554,389</u>	<u>4,330,098</u>	<u>16,114,875</u>
Total investments	<u>69,301,808</u>	<u>31,660,450</u>	<u>49,813,361</u>	<u>150,775,619</u>
Receivables:				
Interest and dividends	177,502	85,717	138,751	401,970
Contribution receivable	-	-	125,245	125,245
Due from brokers	<u>120,175</u>	<u>144,425</u>	<u>53,886</u>	<u>318,486</u>
Total receivables	<u>297,677</u>	<u>230,142</u>	<u>317,882</u>	<u>845,701</u>
Total assets	<u>75,187,174</u>	<u>33,062,281</u>	<u>51,619,601</u>	<u>159,869,056</u>
LIABILITIES:				
Accounts payable	<u>77,908</u>	<u>50,553</u>	<u>435,632</u>	<u>564,093</u>
Total liabilities	<u>77,908</u>	<u>50,553</u>	<u>435,632</u>	<u>564,093</u>
NET ASSETS:				
Held in trust for pension benefits	<u>\$ 75,109,266</u>	<u>\$ 33,011,728</u>	<u>\$ 51,183,969</u>	<u>\$ 159,304,963</u>

CITY OF DEERFIELD BEACH, FLORIDA
PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Fire Pension Fund	Police Pension Fund	Non- Uniformed Pension Fund	Total
ADDITIONS:				
Contributions:				
Employer	\$ 2,501,215	\$ 1,209,817	\$ 1,816,148	\$ 5,527,180
Plan members	1,129,138	-	156,268	1,285,406
State of Florida	<u>820,253</u>	<u>455,140</u>	<u>-</u>	<u>1,275,393</u>
Total contributions	<u>4,450,606</u>	<u>1,664,957</u>	<u>1,972,416</u>	<u>8,087,979</u>
Investment earnings:				
Interest and dividends	1,590,893	1,208,968	1,417,999	4,217,860
Net (decrease) increase in the fair value of investments	<u>(2,082,818)</u>	<u>(1,082,949)</u>	<u>260,498</u>	<u>(2,905,269)</u>
Total investment earnings	(491,925)	126,019	1,678,497	1,312,591
Less investment expense	<u>(349,439)</u>	<u>(229,934)</u>	<u>(308,681)</u>	<u>(888,054)</u>
Net investment earnings	<u>(841,364)</u>	<u>(103,915)</u>	<u>1,369,816</u>	<u>424,537</u>
Other miscellaneous income (loss)	<u>5,820</u>	<u>1,031</u>	<u>11,696</u>	<u>18,547</u>
Total additions	<u>3,615,062</u>	<u>1,562,073</u>	<u>3,353,928</u>	<u>8,531,063</u>
DEDUCTIONS:				
Benefits paid	4,667,664	4,455,820	4,281,876	13,405,360
Administrative expenses	<u>253,223</u>	<u>77,774</u>	<u>99,947</u>	<u>430,944</u>
Total deductions	<u>4,920,887</u>	<u>4,533,594</u>	<u>4,381,823</u>	<u>13,836,304</u>
Change in net assets	(1,305,825)	(2,971,521)	(1,027,895)	(5,305,241)
Net assets held in trust for pension benefits:				
Beginning of year	<u>76,415,091</u>	<u>35,983,249</u>	<u>52,211,864</u>	<u>164,610,204</u>
End of year	<u>\$ 75,109,266</u>	<u>\$ 33,011,728</u>	<u>\$ 51,183,969</u>	<u>\$ 159,304,963</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.

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.</i>	80
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue, property tax. Information about water and sewer rates is also included.</i>	86
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt as well as the City's ability to issue additional debt.</i>	93
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	98
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial statements relate to the services that the City provides as well as the activities that the City performs.</i>	100

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 NINE FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year*								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:									
Invested in capital assets, net of related debt	\$ 27,235,314	\$ 28,352,211	\$ 33,334,631	\$ 36,427,927	\$ 40,835,672	\$ 41,694,017	\$ 41,572,817	\$ 42,523,352	\$ 46,212,686
Restricted	4,397,424	7,240,711	5,166,154	8,343,884	10,098,177	13,071,373	17,264,796	19,803,912	18,784,355
Unrestricted	(2,467,724)	2,730,352	5,260,129	6,629,059	13,167,465	17,702,129	11,233,454	4,546,293	(1,279,034)
Total governmental activities net assets	\$ 29,165,014	\$ 38,323,274	\$ 43,760,914	\$ 51,400,870	\$ 64,101,314	\$ 72,467,519	\$ 70,071,067	\$ 66,873,557	\$ 63,718,007
Business-type activities:									
Invested in capital assets, net of related debt	\$ 38,530,457	\$ 40,412,891	\$ 44,493,424	\$ 43,564,678	\$ 43,524,426	\$ 44,080,196	\$ 46,197,560	\$ 47,731,493	\$ 48,174,577
Restricted	5,904,187	8,843,666	4,404,024	3,700,000	-	-	-	-	8,887,099
Unrestricted	8,212,106	7,406,184	8,729,211	11,472,388	14,999,740	18,368,395	18,673,997	19,889,646	15,646,387
Total business-type activities net assets	\$ 52,646,750	\$ 56,662,741	\$ 57,626,659	\$ 58,737,066	\$ 58,524,166	\$ 62,448,591	\$ 64,871,557	\$ 67,621,139	\$ 72,708,063
Primary government:									
Invested in capital assets, net of related debt	\$ 65,765,771	\$ 68,765,102	\$ 77,828,055	\$ 79,992,605	\$ 84,360,098	\$ 85,774,213	\$ 87,770,377	\$ 90,254,845	\$ 94,387,263
Restricted	10,301,611	16,084,377	9,570,178	12,043,884	10,098,177	13,071,373	17,264,796	19,803,912	27,671,454
Unrestricted	5,744,382	10,136,536	13,989,340	18,101,447	28,167,205	36,070,524	29,907,451	24,435,939	14,367,353
Total primary government net assets	\$ 81,811,764	\$ 94,986,015	\$ 101,387,573	\$ 110,137,936	\$ 122,625,480	\$ 134,916,110	\$ 134,942,624	\$ 134,494,696	\$ 136,426,070

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

CITY OF DEERFIELD BEACH, FLORIDA
 CHANGES IN NET ASSETS
 LAST NINE FISCAL YEARS
 (Accrual Basis of Accounting)

	Fiscal Year*								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
<i>Governmental activities:</i>									
General government	\$ 12,772,118	\$ 13,173,248	\$ 16,465,472	\$ 16,392,601	\$ 21,310,205	\$ 19,402,059	\$ 22,190,311	\$ 18,528,933	\$ 22,805,473
Economic environment	841,411	1,209,660	1,104,229	1,083,068	2,748,846	2,095,672	1,964,859	1,415,860	770,651
Public safety	26,211,599	29,863,193	34,156,399	48,317,723	38,092,021	39,946,697	41,915,667	44,400,644	45,399,408
Human services	2,197,139	2,338,711	2,489,242	2,447,371	2,283,091	3,007,015	2,588,723	2,722,603	2,510,309
Physical environment	3,493,509	3,642,515	4,640,670	5,063,502	5,476,504	5,583,768	6,164,735	5,875,926	3,092,598
Transportation	2,374,763	2,476,519	2,839,192	3,121,928	2,861,275	3,042,067	3,138,654	2,911,620	2,579,100
Culture and recreation	3,734,646	3,781,281	4,777,558	5,682,273	5,795,840	6,138,096	6,607,981	6,465,100	7,223,675
Interest on long-term debt	1,026,374	1,512,795	1,713,398	1,790,112	2,058,992	1,911,289	1,994,441	1,970,464	1,923,219
Total governmental activities expenses	52,651,559	57,997,922	68,186,160	83,898,578	80,626,774	81,126,663	86,565,371	84,291,150	86,304,433
<i>Business-type activities:</i>									
Water and sewer	14,232,165	15,564,964	18,577,991	17,699,651	20,325,211	20,123,711	23,145,215	21,264,592	20,182,450
Solid waste	11,507,115	11,621,977	14,118,216	15,495,440	15,717,636	15,522,193	15,588,347	15,307,635	14,795,080
Total business-type activities expenses	25,739,280	27,186,941	32,696,207	33,195,091	36,042,847	35,645,904	38,733,562	36,572,227	34,977,530
Total primary government expenses	\$ 78,390,839	\$ 85,184,863	\$ 100,882,367	\$ 117,093,669	\$ 116,669,621	\$ 116,772,567	\$ 125,298,933	\$ 120,863,377	\$ 121,281,963
Program Revenues									
<i>Governmental activities:</i>									
Charges for services:									
General government	\$ 3,044,776	\$ 3,222,004	\$ 4,522,561	\$ 4,861,186	\$ 4,850,457	\$ 4,271,872	\$ 3,994,889	\$ 4,770,617	\$ 5,253,744
Public safety	7,648,419	7,972,744	9,730,171	11,216,934	10,887,195	14,200,414	12,951,771	13,277,004	15,899,993
Human services	498,903	521,681	590,202	621,291	530,763	619,546	508,744	488,947	23,387
Physical environment	249,869	233,985	236,985	182,875	247,415	186,153	289,262	258,722	186,497
Transportation	1,130,876	1,283,784	1,213,092	1,395,776	1,543,358	1,566,684	1,519,532	1,581,055	1,684,182
Culture and recreation	750,577	599,528	981,510	1,179,948	1,181,555	1,426,646	1,759,727	1,510,701	1,863,060
Operating grants and contributions	3,163,889	5,229,862	4,459,951	14,957,903	8,221,289	4,612,921	6,877,028	6,999,594	5,009,285
Capital grants and contributions	2,305,850	2,470,520	1,521,244	732,532	1,700,423	820,248	426,674	925,167	2,038,731
Total governmental activities program revenues	18,793,159	21,534,108	23,255,716	35,148,445	29,162,455	27,704,484	28,327,627	29,811,807	31,958,879

	Fiscal Year*									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
Business-type activities:										
Charges for services:										
Water and sewer	18,518,349	18,980,659	19,001,300	19,026,919	18,870,533	22,667,068	25,001,144	24,675,663	24,807,442	
Solid waste	11,629,628	12,822,688	14,169,586	14,508,283	16,023,140	15,942,312	14,507,783	14,624,135	14,925,959	
Capital grants and contributions	127,001	213,360	111,760	224,577	174,208	591,520	1,333,400	12,240	292,206	
Total business-type activities program revenues	30,274,978	32,016,707	33,282,646	33,759,779	35,067,881	39,200,900	40,842,327	39,312,038	40,025,607	
Total primary government program revenues	\$ 49,068,137	\$ 53,550,815	\$ 56,538,362	\$ 68,908,224	\$ 64,230,336	\$ 66,905,384	\$ 69,169,954	\$ 69,123,845	\$ 71,984,486	
Net (expense)/revenue	\$ (33,858,400)	\$ (36,463,814)	\$ (44,930,444)	\$ (48,750,133)	\$ (51,464,319)	\$ (53,422,179)	\$ (58,237,744)	\$ (54,479,343)	\$ (54,345,554)	
Governmental activities	4,535,698	4,829,766	586,439	564,688	(974,966)	3,554,996	2,108,765	2,739,811	5,048,077	
Business-type activities	\$ (29,322,702)	\$ (31,634,048)	\$ (44,344,005)	\$ (48,185,445)	\$ (52,439,285)	\$ (49,867,183)	\$ (56,128,979)	\$ (51,739,532)	\$ (49,297,477)	
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes:										
Property taxes	\$ 24,385,094	\$ 27,601,682	\$ 31,779,407	\$ 35,641,797	\$ 41,783,736	\$ 39,040,869	\$ 36,685,924	\$ 35,093,629	\$ 34,791,821	
Sales taxes	3,774,962	3,786,457	3,970,596	4,777,520	4,555,929	4,282,151	3,832,424	3,693,667	3,890,338	
Franchise fees	7,511,692	8,465,117	9,082,753	10,779,607	12,477,400	12,540,651	11,908,808	9,767,204	9,429,873	
Local option gas taxes	1,130,453	1,348,128	1,239,308	1,417,779	1,384,787	1,369,644	1,336,986	1,271,279	1,283,545	
Alcoholic beverage/mobile home license taxes	-	-	54,143	53,554	56,304	55,940	56,288	55,795	49,433	
Unrestricted grants and contributions	1,951,679	2,276,438	2,779,545	1,791,559	1,589,751	2,947,124	1,213,534	1,174,449	1,241,144	
Unrestricted investment earnings	374,558	497,863	1,183,078	1,913,598	2,254,270	1,505,692	719,477	160,249	77,980	
Miscellaneous	114,182	72,457	279,254	14,675	52,586	46,313	87,851	65,561	432,884	
Transfers	620,000	960,000	-	-	10,000	-	-	-	(7,014)	
Total governmental activities	39,862,620	45,008,142	50,368,084	56,390,089	64,164,763	61,788,384	55,841,292	51,281,833	51,190,004	
Business-type activities:										
Unrestricted investment earnings	154,473	146,225	377,479	545,719	772,066	369,429	314,201	9,771	31,833	
Transfers	(620,000)	(960,000)	-	-	(10,000)	-	-	-	7,014	
Total business-type activities	(465,527)	(813,775)	377,479	545,719	762,066	369,429	314,201	9,771	38,847	
Total primary government	39,397,093	44,194,367	50,745,563	56,935,808	64,926,829	62,157,813	56,155,493	51,291,604	51,228,851	
Change in Net Assets										
Governmental activities	6,004,220	8,544,328	5,437,640	7,639,956	12,700,444	8,366,205	(2,396,452)	(3,197,510)	(3,155,550)	
Business-type activities	4,070,171	4,015,991	963,918	1,110,407	(212,900)	3,924,425	2,422,966	2,749,582	5,086,924	
Total primary government	\$ 10,074,391	\$ 12,560,319	\$ 6,401,558	\$ 8,750,363	\$ 12,487,544	\$ 12,290,630	\$ 26,514	\$ (447,928)	\$ 1,931,374	

*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
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
2008	39,040,869	4,282,151	12,540,651	1,369,644	55,940	57,289,255
2009	36,685,924	3,832,424	11,908,808	1,336,986	56,288	53,820,430
2010	35,093,629	3,693,667	9,767,204	1,271,279	55,795	49,881,574
2011	34,791,821	3,890,338	9,429,873	1,283,545	49,433	49,445,010

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved	\$ 776,958	\$ 935,746	\$ 1,532,890	\$ 2,178,213	\$ 2,172,010	\$ 1,785,062	\$ 1,512,466	\$ 1,236,143	\$ 1,603,545	\$ -
Unreserved	2,630,821	4,934,115	6,204,389	9,354,151	9,704,079	18,447,814	21,960,612	18,727,759	11,681,260	-
Non-spendable	-	-	-	-	-	-	-	-	-	824,089
Assigned	-	-	-	-	-	-	-	-	-	3,885,412
Unassigned	-	-	-	-	-	-	-	-	-	4,682,040
Total general fund	\$ 3,407,779	\$ 5,869,861	\$ 7,737,279	\$ 11,532,364	\$ 11,876,089	\$ 20,232,876	\$ 23,473,078	\$ 19,963,902	\$ 13,284,805	\$ 9,391,541
All other governmental funds										
Reserved	\$ 2,163,048	\$ 18,286,562	\$ 33,542,063	\$ 2,150,567	\$ 3,038,771	\$ 2,935,906	\$ 3,551,684	\$ 3,678,313	\$ 3,853,103	\$ -
Unreserved, reported in:										
Special revenue funds	1,696,069	260,894	344,506	3,295,186	5,809,033	7,484,980	9,535,257	11,371,568	12,241,644	-
Debt service funds	143,428	148,262	151,186	166,762	4,280	242,033	282,601	285,989	288,157	-
Capital projects funds	8,790,057	(1,959,534)	(1,660,782)	20,327,204	8,656,228	9,340,550	7,945,378	2,960,291	1,580,263	-
Non-spendable	-	-	-	-	-	-	-	-	-	2,190,989
Restricted	-	-	-	-	-	-	-	-	-	16,846,273
Unassigned	-	-	-	-	-	-	-	-	-	(908,678)
Total all other governmental funds	\$ 12,792,602	\$ 16,736,184	\$ 32,376,973	\$ 25,939,719	\$ 17,508,312	\$ 20,003,469	\$ 21,314,920	\$ 18,296,161	\$ 17,963,167	\$ 18,128,584

Note: The City implemented GASB 54 beginning with the fiscal year ended September 30, 2011.

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Property taxes	\$ 22,548,974	\$ 24,385,094	\$ 27,601,682	\$ 31,779,407	\$ 35,641,797	\$ 41,675,355	\$ 38,915,090	\$ 36,649,353	\$ 35,102,671	\$ 34,252,646
Sales taxes	3,662,369	3,774,962	3,786,457	3,970,596	4,777,520	4,552,929	4,713,093	3,832,424	5,036,695	5,165,731
Fire assessment fees	2,188,669	2,956,946	2,862,874	3,432,997	3,662,090	3,767,989	6,081,708	6,142,612	5,998,886	8,090,526
Franchise fees	5,798,169	7,511,692	8,465,117	9,082,753	10,779,607	12,477,400	11,645,505	12,011,964	9,921,939	9,584,608
Local option gas tax	1,223,132	1,130,453	1,348,128	1,239,308	1,417,779	1,384,787	1,369,644	1,336,986	1,271,279	1,283,548
Licenses and permits	1,677,301	1,567,473	1,619,185	1,420,371	2,595,719	2,394,634	2,116,220	1,638,823	1,673,573	2,567,037
Intergovernmental	3,441,169	5,646,977	6,646,581	8,151,325	17,663,255	10,906,891	5,861,670	7,969,279	6,813,940	6,779,390
Charges for services	5,037,560	4,895,715	4,874,660	6,294,641	6,591,097	6,436,229	6,911,507	7,515,348	7,859,433	8,098,203
Fines and forfeitures	1,126,129	1,226,663	1,500,637	1,463,170	1,398,343	1,348,088	1,851,372	1,161,701	1,508,597	1,246,585
Investment earnings	1,165,452	403,787	497,863	1,262,404	2,107,992	2,422,453	1,531,661	724,805	160,673	78,154
Miscellaneous	4,232,765	4,536,017	4,719,506	5,338,199	5,718,596	5,950,033	6,728,838	4,902,049	5,439,834	5,918,709
Total revenues	52,101,689	58,035,779	63,922,690	73,435,171	92,353,795	93,319,788	87,726,308	83,885,344	80,787,520	83,065,134
Expenditures										
General government	13,324,384	13,775,845	16,178,208	14,800,858	17,762,324	19,284,351	19,855,801	20,081,498	20,312,385	19,943,800
Economic environment	567,645	840,763	1,209,012	1,103,581	1,082,420	2,748,198	2,095,672	1,964,001	910,203	778,651
Public safety	22,243,484	26,014,787	30,303,355	33,818,934	48,610,412	38,650,648	39,162,132	41,341,005	43,407,203	43,892,036
Human services	1,986,327	2,135,110	2,227,748	2,384,248	2,366,688	2,587,844	2,948,669	2,506,240	2,766,956	2,454,137
Physical environment	2,535,156	3,138,612	3,493,836	4,299,381	4,856,488	5,346,214	4,831,311	5,754,973	5,043,035	2,268,385
Transportation	1,631,333	1,593,641	1,539,200	1,913,574	2,081,321	1,837,419	2,100,056	2,221,345	1,999,906	1,670,907
Culture and recreation	3,137,326	3,354,044	3,552,922	4,504,233	5,092,025	5,340,932	5,282,485	5,717,699	5,609,960	6,533,568
Capital outlay	4,580,320	5,720,628	5,038,057	10,573,713	14,459,905	8,673,815	2,721,325	6,744,382	3,641,497	4,949,174
Debt service										
Principal	2,203,602	2,305,944	2,021,994	2,552,915	2,896,919	2,427,913	2,560,050	2,622,732	2,532,394	2,340,272
Interest	788,482	722,607	1,292,586	1,677,340	1,817,507	1,839,525	2,033,398	2,016,157	2,000,860	1,955,037
Other charges	16,636	268,660	321,552	-	116,982	-	-	-	-	-
Total expenditures	53,014,695	59,870,641	67,178,470	77,628,777	101,026,009	88,853,841	83,590,899	90,970,032	88,224,399	86,785,967
Excess of revenues over (under) expenditures	(913,006)	(1,834,862)	(3,255,780)	(4,193,606)	(8,672,214)	4,465,947	4,135,409	(7,084,688)	(7,436,879)	(3,720,833)
Other financing sources (uses)										
Transfers in	2,667,537	2,974,727	5,017,178	5,559,140	5,609,200	7,074,670	6,513,791	6,611,397	6,013,653	6,154,285
Transfers out	(2,128,301)	(2,351,727)	(4,057,178)	(5,559,140)	(5,609,200)	(7,064,670)	(6,513,791)	(6,611,397)	(6,013,653)	(6,161,299)
Refunding bonds issued	-	5,140,000	-	-	-	-	-	-	-	-
Bonds issued	-	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	-	(5,399,498)	-	-	-	-	-	-	-	-
Capital leases	390,563	352,860	1,449,167	1,551,437	584,532	378,318	416,244	726,733	424,788	-
Note proceeds	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	929,799	8,240,526	20,763,987	1,551,437	584,532	6,385,997	416,244	726,733	424,788	(7,014)
Net change in fund balances	\$ 16,793	\$ 6,405,664	\$ 17,508,207	\$ (2,642,169)	\$ (8,087,682)	\$ 10,851,944	\$ 4,551,653	\$ (6,357,955)	\$ (7,012,091)	\$ (3,727,847)
Debt service as a percentage of noncapital expenditures	6.2%	6.4%	6.0%	6.4%	5.5%	5.6%	5.8%	5.6%	5.5%	5.4%

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

Fiscal Year	Property Taxes	Sales Taxes	Franchise Taxes	Local Option Gas Tax	Alcoholic Beverage/ Mobile Home License Taxes	Total
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
2008	38,915,090	4,713,093	11,645,505	1,369,644	55,940	56,699,272
2009	36,649,353	3,832,424	12,011,964	1,336,986	56,288	53,887,015
2010	35,102,671	5,036,695	9,921,939	1,271,279	55,795	51,388,379
2011	34,252,646	5,165,731	9,584,608	1,283,545	49,433	50,335,963

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
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
2008	9,816,224,848	496,970,279	2,992,634,043	7,320,561,084	5.3500	12,058,383,289	60.709
2009	9,221,922,520	453,847,937	2,863,212,036	6,812,558,421	5.3000	11,304,635,476	60.263
2010	7,933,546,387	450,375,114	2,293,568,030	6,090,353,471	5.7900	9,834,257,465	61.930
2011	6,413,168,923	411,439,128	1,684,098,356	5,140,509,695	6.7688	8,035,763,100	63.970

Note: Assessed values are determined as of January 1st for each fiscal year.

(1) Real Property is assessed at 88% and Personal Property is assessed at 55%

Source: Broward County, Florida Property Appraiser

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

Fiscal Year	City of Deerfield Beach					County					School District					Overlapping Rates						
	Operating Millage		Debt Service Millage		Total City Millage	Operating Millage		Debt Service Millage		Total County Millage	Operating Millage		Debt Service Millage		Total School District Millage	North Broward Hospital District		South Florida Water Management District		Florida Inland Navigation District		Total Direct & Overlapping Rates
	Millage	Rate	Millage	Rate	Rate	Millage	Rate	Millage	Rate	Rate	Millage	Rate	Millage	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate
2002	5.7166	0.0511	0.4960	0.0511	5.7677	6.6677	0.7328	0.6965	0.7328	7.4005	8.3590	0.3951	0.3415	0.3951	8.7541	0.3055	2.4803	0.6970	0.0385	0.0385	25.4436	
2003	6.3546	0.4960	0.4960	0.4960	6.8506	6.6685	0.6965	0.6965	0.6965	7.3650	8.5410	0.3415	0.3415	0.3415	8.8825	0.3316	2.4803	0.6970	0.0385	0.0385	26.6455	
2004	6.3819	0.4550	0.4550	0.4550	6.8369	6.0665	0.5815	0.5815	0.5815	7.1880	8.1240	0.2936	0.2936	0.2936	8.4176	0.3920	2.5000	0.6970	0.0385	0.0385	26.0700	
2005	6.5205	0.3096	0.3096	0.3096	6.8301	6.4831	0.5399	0.5399	0.5399	7.0230	8.0140	0.2555	0.2555	0.2555	8.2695	0.4231	2.4803	0.6970	0.0385	0.0385	25.7615	
2006	5.9949	0.5051	0.5051	0.5051	6.5000	6.2942	0.4888	0.4888	0.4888	6.7830	7.8410	0.2213	0.2213	0.2213	8.0623	0.4231	2.1746	0.6970	0.0385	0.0385	24.6785	
2007	5.8250	0.4250	0.4250	0.4250	6.2500	5.6433	0.4228	0.4228	0.4228	6.0661	7.6790	0.1897	0.1897	0.1897	7.8687	0.4073	1.8317	0.6970	0.0385	0.0385	23.1593	
2008	4.9537	0.3963	0.3963	0.3963	5.3500	4.8889	0.3979	0.3979	0.3979	5.2868	7.4770	0.1714	0.1714	0.1714	7.6484	0.3572	1.6255	0.6240	0.0345	0.0345	20.9264	
2009	4.9072	0.3928	0.3928	0.3928	5.3000	4.8889	0.4256	0.4256	0.4256	5.3145	7.4170	-	-	-	7.4170	0.3754	1.7059	0.6240	0.0345	0.0345	20.7713	
2010	5.3499	0.4401	0.4401	0.4401	5.7900	4.8889	0.5000	0.5000	0.5000	5.3889	7.4310	-	-	-	7.4310	0.4243	1.7059	0.6240	0.0345	0.0345	21.3986	
2011	6.2482	0.5206	0.5206	0.5206	6.7688	5.1021	0.4509	0.4509	0.4509	5.5530	7.6310	-	-	-	7.6310	0.4696	1.8750	0.6240	0.0345	0.0345	22.9559	

Source: Broward County, Florida Property Appraiser.

CITY OF DEERFIELD BEACH, FLORIDA
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
1. Publix Supermarket	\$ 64,621,890	1	1.26%	\$ 56,161,030	1	1.37%
2. City National Bank of FL, Trustee	53,511,179	2	1.04	-	-	-
3. Florida Power & Light Co.	48,972,864	3	0.95	-	-	-
4. CP Deerfield LLC	41,303,820	4	0.80	-	-	-
5. Quiet Waters Business Park LLC	41,236,190	5	0.80	-	-	-
6. Felcor/CSS Holdings LP	39,665,230	6	0.77	28,871,720	3	0.70
7. News and Sun Sentinel	37,805,327	7	0.74	-	-	-
8. City National Bank of Florida	37,053,457	8	0.72	-	-	-
9. Land TR	33,291,552	9	0.65	-	-	-
10. Florida Land Holdings LLC	28,461,270	10	0.55	-	-	-
11. HBC/JPI Deer Creek Ltd	-	-	-	39,768,300	2	0.97
12. Deerfield Retail/LLC	-	-	-	23,920,400	4	0.58
13. Security Capital Atlantic	-	-	-	19,081,170	5	0.47
14. TMT Pointe at Crystal Lake Inc	-	-	-	18,273,900	6	0.45
15. CMD Southwest Inc	-	-	-	18,259,650	7	0.45
16. Target	-	-	-	17,970,390	8	0.44
17. SPTMRT Properties Trust	-	-	-	17,858,310	9	0.44
18. Tivoli Lakes Club Investors LLC	-	-	-	16,820,500	10	0.40
Totals	\$ 425,922,779		8.28%	\$ 256,985,370		6.27%

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
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	255,226	24,263,239	100.0
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	163,207	31,019,035	100.0
2006	2005	34,450,571	34,393,559	99.8	57,012	34,450,571	100.0
2007	2006	39,462,009	38,057,717	96.4	167,194	38,224,911	96.9
2008	2007	37,493,335	37,132,068	99.0	(142,889) **	36,989,179	98.7
2009	2008	34,627,856	34,532,754	99.7	95,102	34,627,856	100.0
2010	2009	35,371,075	34,804,296	98.4	207,086	35,011,382	99.0
2011	2010	34,882,909	34,086,591	97.7	166,055	34,252,646	98.2

*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.

**Negative amount represents refund of prior year's taxes as a result of decision by Broward County Value Adjustment Board.

Source: Broward County, Florida Revenue Collector

CITY OF DEERFIELD BEACH, FLORIDA

WATER SOLD BY TYPE OF CUSTOMER

LAST FIVE FISCAL YEARS

(in thousands of gallons)

Type of Customer	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Residential - Single Family	1,009,215	853,997	869,554	828,961	838,122
Residential - Multi-Family	1,248,119	1,079,640	1,056,023	1,119,125	1,095,698
Commercial	637,803	595,610	557,264	518,014	515,713
Irrigation	500,496	386,885	466,396	532,637	489,519
Hydrants	5,194	1,343	368	777	1,764
Total	3,400,827	2,917,475	2,949,605	2,999,514	2,940,816
Total direct rate per 1,000 gallons	\$ 1.80	\$ 2.65	\$ 2.65	\$ 2.65	\$ 2.65

CITY OF DEERFIELD BEACH, FLORIDA

WATER AND SEWER RATES

LAST TEN FISCAL YEARS

Fiscal Year	Water		Sewer	
	Monthly Base Rate	Rate per 1,000 Gallons	Monthly Base Rate	Rate per 1,000 Gallons
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
2008	15.00	2.65	10.98	2.71
2009	15.00	2.65	10.98	2.71
2010	15.00	2.65	10.98	2.71
2011	15.00	2.65	10.98	2.71

Note: Rates are based on 3/4" meter, which is the standard household meter size. The City charges a tiered rate based upon specified levels of demand.

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					
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		
2008	28,013,411	-	14,375,000	1,760,596	-	17,028,786	2,231,955	22,739,773	86,149,521	3.57%	1,102		
2009	26,608,199	-	13,980,000	1,664,810	-	17,028,786	2,711,733	21,761,712	83,755,240	4.20%	1,081		
2010	25,209,669	-	13,560,000	1,375,734	-	16,623,792	2,472,783	20,499,422	79,741,400	4.59%	1,089		
2011	23,797,434	-	13,125,000	882,697	-	16,019,116	1,649,043	19,167,958	74,641,248	4.00%	995		

*Personal income data not available for fiscal years 2000 - 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>
2002	\$ 20,215,364	\$ -	\$ 20,215,364	39.22%	\$ 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
2008	28,013,411	282,601	27,730,810	0.23	354.67
2009	26,608,199	285,989	26,322,210	0.23	339.79
2010	25,209,669	288,157	24,921,512	0.25	340.38
2011	23,797,434	290,794	23,506,640	0.29	313.35

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

CITY OF DEERFIELD BEACH, FLORIDA
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF SEPTEMBER 30, 2011

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Direct Debt:			
General obligation bonds			\$ 23,797,434
Covenant bonds (1)			13,125,000
Capital leases			882,697
Total direct debt			37,805,131
Overlapping Debt:			
School Board of Broward County, Florida:			
Certificates of participation	1,907,842,000 (3)	4.10% *	78,221,522
Capital leases	23,740,000 (3)	4.10% *	973,340
Broward County, Florida (2)	393,665,000 (3)	4.10% *	16,140,265
Subtotal, overlapping debt			95,335,127
Total direct and overlapping debt			\$ 133,140,258

(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, 2011.

(3) Debt outstanding data provided by each governmental unit.

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

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

Note: The computation of legal debt margin is not included in the statistical section, since neither the Florida statutes nor the current ordinances of the City of Deerfield Beach specify a legal debt margin.

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)	
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
2008	23,036,497	14,453,677	8,582,820	1,311,105	706,552	2,017,657	4.25
2009	25,315,345	17,566,467	7,748,878	1,133,359	1,183,419	2,316,778	3.34
2010	24,685,434	15,503,529	9,181,905	1,667,284	1,452,922	3,120,206	2.94
2011	24,839,275	14,564,201	10,275,074	1,936,139	1,359,143	3,295,282	3.12

- 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.
- 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 Florida Municipal Loan Council Revenue bonds, Series 2008A is set forth in the tri-partite loan agreement between the City ("the Borrower"); Banc of America Public Capital Corporation ("the Purchaser"); and the Florida Municipal Loan Council ("the Issuer").

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
 LAST FIVE FISCAL YEARS

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
2008	5,877,311	-	5,877,311	100,000	257,869	357,869	16.42
2009	5,686,502	-	5,686,502	140,000	253,069	393,069	14.47
2010	5,100,276	-	5,100,276	150,000	242,269	392,269	13.00
2011	5,049,066	-	5,049,066	155,000	238,069	393,069	13.00

- 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 FIVE FISCAL YEARS

Fiscal Year*	(1) Population	Personal Income**	(2) Per Capita Personal Income	(1) Median Age	(3) School Enrollment	(2) Unemployment Rate
2007	78,575	2,205,600	28,070	43.6	7,524	4.0%
2008	78,187	2,416,487	30,907	44.8	7,741	5.8
2009	77,465	1,992,090	25,716	44.6	7,931	8.9
2010	73,216	1,736,610	23,719	42.2	8,169	11.5
2011	75,018	1,850,526	24,668	43.3	8,278	9.0

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 2000 through 2005.

**Personal income data expressed in thousands.

CITY OF DEERFIELD BEACH, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR

<u>Employer</u>	2011		
	Employees	Rank	Percentage of Total City Employment
North Broward Hospital	1,410	1	3.41%
Publix Corporation	1,268	2	3.06%
JM Family Enterprises	1,051	3	2.54%
Sun-Sentinel	716	4	1.73%
UPS	538	5	1.30%
City of Deerfield Beach	452	6	1.09%
Broward Sheriff Office	329	7	0.79%
List Industries	230	8	0.56%
Double Eagle Distribution	148	9	0.36%
Medics Ambulance Service	146	10	0.35%
	6,288		15.19%

*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 2000 through 2005.

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

<u>Function/Programs</u>	<u>Full-time Equivalent Employees as of September 30</u>									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government	60	64	67	71	78	67	66	66	58	62
Public Safety										
Police										
Uniformed	100	108	108	123	129	129	129	129	123	126
Civilians	53	55	55	62	68	53	53	53	43	43
Fire/Rescue										
Firefighters and Officers	130	133	133	149	151	151	150	149	140	140
Bldg. Inspection Services	15	17	18	21	22	22	21	21	20	17
Civilians	15	19	17	18	20	17	20	20	20	20
Economic Environment	1	1	1	1	1	1	0	1	1	1
Culture and Recreation	48	58	58	117	75	75	84	94	86	65
Human Services	48	47	50	50	46	40	41	37	40	37
Physical Environment										
Public Works Administration	3	4	4	4	4	4	4	4	3	1
Grounds Maintenance	43	34	38	39	42	40	39	39	21	42
Parks	14	21	27	44	44	39	41	44	11	11
Water & Sewer	78	83	90	87	87	74	75	74	68	65
Solid Waste	55	56	59	71	71	65	67	67	60	49
Transportation										
Street Maintenance	13	13	15	15	15	14	15	15	13	11

Source: City of Deerfield Beach, Financial Services Department

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

Function	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Public Safety					
<i>Police:</i>					
Physical arrests	4,768	4,815	4,775	4,195	2,926
Parking violations	21,758	15,281	19,654	19,638	17,446
Traffic violations	18,435	22,329	21,403	17,068	15,023
<i>Fire/Rescue:</i>					
Number of emergency responses	18,739	19,664	19,554	20,395	20,473
Number of incidents		13,969	14,388	15,159	14,719
Inspections	4,298	4,147	7,839	6,099	6,147
Fires extinguished	245	289	146	147	156
Transportation					
<i>Streets Maintenance:</i>					
Streets resurfacing (miles)	1	0	0	2.5	2.2
Potholes repaired	1,998*	2,209	2,313	2,212	2,212
<i>Transit Services</i>					
Total route miles	113,879	116,379	126,638	92,167	83,458
Number of trips	13,909	10,188	29,506**	27,672	23,329
Physical Environment					
Number of burials	123	128	209	118	130
Culture and Recreation					
Athletics field permits issued	75	11	32	73	70
Number of participants in arts & education classes	25,000	27,500	32,000	11,922***	12,000
Number of special event permits issued	180	112	97	59	70
Attendance at special events	400,000	400,000	350,000	244,750***	240,000
Water					
New connections	59	35	27	15	32
Water main breaks	107	120	65	63	65
Average daily consumption (millions of gallons)	10.55 mgd	9.41 mgd	9.60 mgd	9.49 mgd	9.49 mgd
Permitted Raw Water withdrawl	12.8 mgd	12.8 mgd	14.1 mgd	14.1 mgd	14.1 mgd
Sewer					
Average daily sewage treatment (thousands of gallons)	6,500	6,500	7,400	7,000	7,000
Solid Waste					
Refuse collected (tons/day)	366	247	189	248	196
Recyclables collected (tons/day)	32	33	22.8	26.7	37.4
Human Services					
<i>Childcare:</i>					
Average daily attendance	30	28	19	16	13
Number of meals served	31,250	29,500	24,648	27,997	18,956
<i>Adult Daycare:</i>					
Average daily attendance	10	10	10	7	6
<i>Alzheimer's Daycare:</i>					
Average daily attendance	30	25	24	27	23

Source: Various City departments

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

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

**The number of trips are higher than the previous years since they include both paratransit and local service program transportation services. transportation trips for 2007 – 38,216 trips and for 2008 - 33,520 trips.

*** Reduction due to economic downfall in participation and event cancellations.

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

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

Function	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
<i>Public Safety</i>					
<i>Police</i>					
Stations	2	2	2	2	2
Patrol units	162	162	162	129	126
<i>Fire/Rescue</i>					
Stations	4	4	4	5**	6
Rescue ambulances	8	8	8	8	8
Fire engines	6	6	6	6	6
Ladder/heavy squad trucks	2	2	2	2	2
<i>Transportation</i>					
Streets (miles)	146	146	146	146	146
Sidewalks (miles)	135	135	135	135	135
Streetlights (poles)	4,400*	4,400	5,200	5,200	7,000
Traffic signals	68	68	68	68	68
<i>Culture and Recreation</i>					
Parks acreage	125	125	140	140	324
Parks	29	29	31	33	33
Swimming Pools	1	1	1	1	1
Tennis Courts	6	12	12	12	12
Community Centers	3	3	2	3	2
<i>Water</i>					
Water Main (miles)	230	232	232	232	232
Fire hydrants	1,941	2,041	2,044	2,044	2,300
Maximum daily capacity (millions of gallons)	34.8 mgd				
<i>Sewer</i>					
Sanitary sewers (miles)	135	136	136	136	137
Storm sewers (miles)	37	37	47.7	48.0	48.0
Average Daily treatment capacity (thousands of gallons)	7,000	7,000	7,000	7,400	7,400
<i>Solid Waste</i>					
Collection trucks	41	43	40	41	38

Source: Various City Departments.

(a)- thousandths

* - The City changed its system of accounting for streetlight poles during fiscal year 2007

** - Temporary housing trailer station

Note: No Capital Asset Indicators are available for the general government function.

Data reported hereon was not available for fiscal years 1998 through 2005.