

# Comprehensive Annual Financial Report

*Deerfield Beach, Florida*

*Fiscal Year ended September 30, 2009*



*City of*

**DEERFIELD  
BEACH**



# Certificate of Achievement for Excellence in Financial Reporting

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Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2008

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President

Executive Director



**CITY OF DEERFIELD BEACH, FLORIDA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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

CITY OF DEERFIELD BEACH, FLORIDA  
 Comprehensive Annual Financial Report  
 For the Year Ended September 30, 2009

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City of  
**DEERFIELD  
BEACH**

April 30, 2010

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, 2009.

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

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

McGladrey & Pullen, LLP, a firm of licensed certified public accountants, audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Deerfield Beach for the fiscal year ended September 30, 2009, 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, 2009, 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

Mayor  
Peggy Noland

Vice Mayor  
Joseph P. Miller

Commissioners  
Bill Ganz  
Sylvia Poitier  
Martin Popelsky

Interim City Manager  
Burgess Hanson



emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Deerfield Beach's separately issued Single Audit Report.

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

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

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

Since 1990, the population within the City limits has increased 56.4% while the population of Broward County has grown by approximately 45.0%. 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 77,000 residents, Deerfield Beach is located on the east coast of Florida in Broward County. The City is primarily a residential community and offers commercial development such as shopping facilities, office buildings, restaurants, tourist lodgings and light industry.

The City of Deerfield Beach has begun bracing for a year of fiscal challenges. Preliminary estimates provided by the Broward County Property Appraiser's Office on February 8, 2010 indicate that the taxable value of the City's property has the potential to decline by 20% next fiscal year. This would result in a taxable base of real property that is more than \$1.1 billion less than in the previous fiscal year. Deerfield Beach is not alone with its readjusting tax base. Every other municipality in Broward County, as well as the unincorporated area, is expected to have lower taxable values next year.

In anticipation of the extensive measures that will be required to address the significant decline in the single largest source of revenue in the general fund, the City has begun the budgetary process for fiscal

year 2011. Each functional area is being evaluated for efficiency and effectiveness to reduce expenditures. Revenue opportunities will be presented for consideration during the budget process. For the past two years the City has relied upon the use of unreserved fund balance to bridge the gap between revenues and expenditures in the general fund. It is the intent of the current body of elected officials and administration to avoid this practice during the next budgetary cycle so that a reasonable level of reserves can be maintained for emergency purposes. Service level reductions are never easy, yet it is incumbent upon the City to be responsible in providing the degree of service that residents and business owners are willing to pay for.

The significant operational changes that loom on the horizon in all likelihood will become the new norm. As Floridians are beginning to emerge from the Great Recession while also contending with the impact of Amendment 1 that voters approved in 2007 limiting government's taxing ability, local governments will be forced to adapt to working within the confines of limited revenue. Elected officials will ultimately determine the priorities for Deerfield Beach in the upcoming year along with the funding methods to be implemented for improving the community.

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

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

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

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

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

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

The yield on investments during fiscal 2009 was 0.95%, as compared to an average federal funds rate of 0.26% for the same period.

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

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

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

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

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

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

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

### **Major Initiatives**

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

- The City's west water treatment plant is in the process of being expanded to enable the treatment of brackish raw water from the Floridan Aquifer. This expansion will also enhance the reliability of the City's water supply. The total cost of this project will be \$17 million which was funded by a loan that was secured with water and sewer fees.
- 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. The existing pier entry facility, restaurant, restrooms and other site improvements will be renovated to showcase the City's popular natural attraction. Construction is expected to begin in the fall of 2010 and funding for this project is provided by the City's Community Redevelopment Agency fund.
- Streetscape improvements along Hillsboro Boulevard from Federal Highway to A1A continue to rapidly proceed. Funded by the City's Community Redevelopment Agency monies, this \$6 million project includes undergrounding of overhead electrical lines, resurfacing, drainage improvements, landscaping and hardscape.
- Federal stimulus funding has been committed for the construction of the Dixie Flyover. This flyover will consist of a series of bridges that will connect Hillsboro Boulevard by way of Dixie Highway to the Palm Beach County line. Initial discussion of this project began in the late 1980s and after more than two decades the groundbreaking for the project finally occurred in March 2010. The flyover will be constructed at a cost of \$39.5 million with a projected time frame of two years to complete. The City has been conducting visioning sessions with the public to plan for the development of the areas around the flyover.

### **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, 2008. This was the 29<sup>th</sup> consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

Additionally, the City of Deerfield Beach also received the GFOA's Distinguished Budget Presentation Award for its annual budget for fiscal year 2008-09 for the 13<sup>th</sup> consecutive year. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,

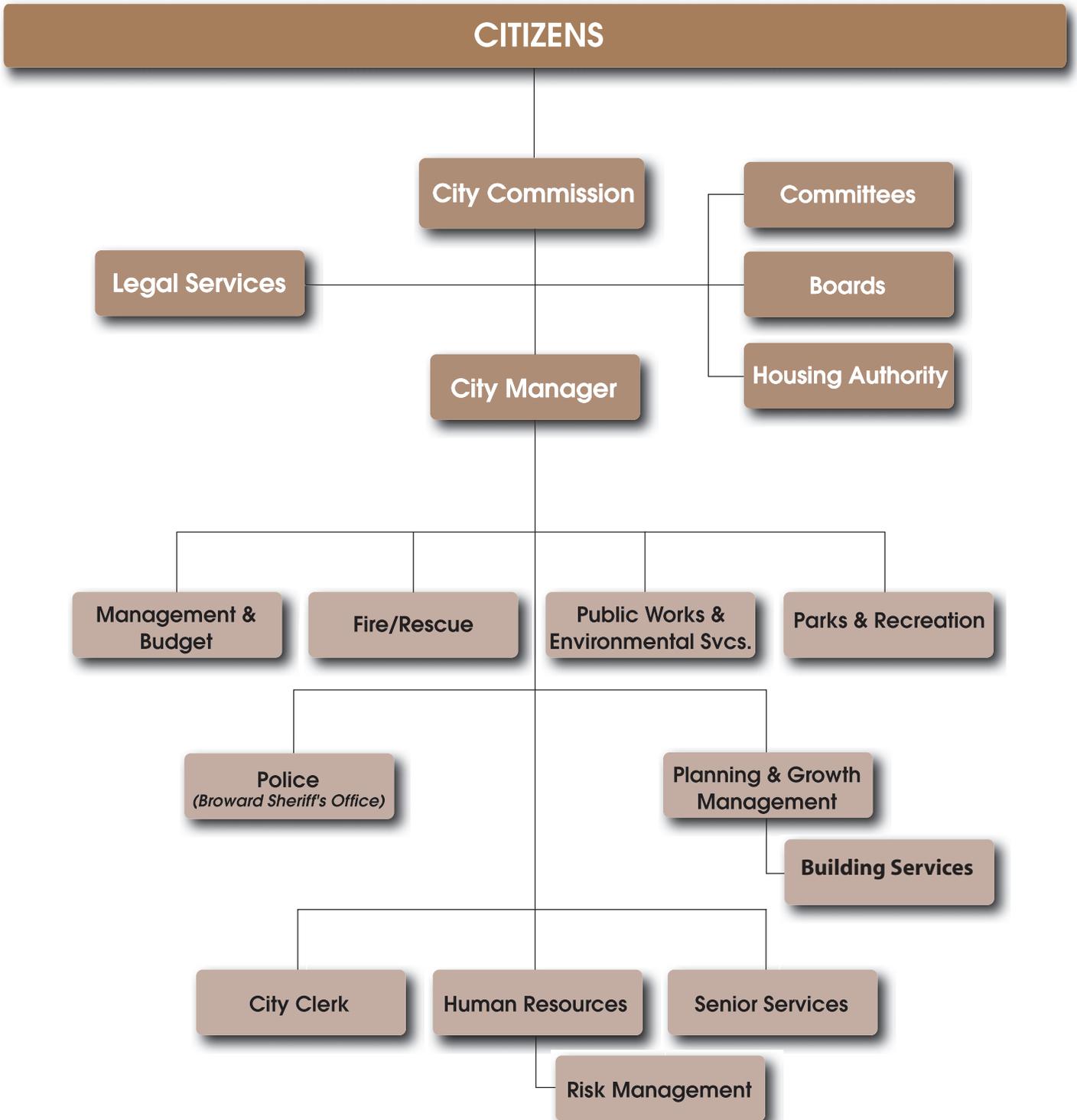
*Burgess Hanson*

Burgess Hanson  
Interim City Manager

*Sally Siegel*

Sally Siegel  
Finance Director

# City of Deerfield Beach Organizational Chart



City of Deerfield Beach, Florida  
List of Elected and Appointed Officials  
September 30, 2009

Elected Officials

Mayor	Peggy Noland
Vice Mayor	Sylvia Poitier
Commissioner	Bill Ganz
Commissioner	Joseph P. Miller
Commissioner	Martin Popelsky

Appointed Officials

City Manager	Michael Mahaney
City Attorney	Law Offices of Andrew S. Maurodis, P.L.
City Clerk	Ada Graham-Johnson
Acting Director of Parks & Recreation	George Edmunds
Finance Director	Sally S. Siegel
Fire Chief	Anthony P. Stravino
Acting Director of Human Resources	Linda King
Director of Planning & Growth Management	Gerald R. Ferguson
Police Chief	Jay Fernandez
Director of Public Works & 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, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Deerfield Beach Municipal Firemen's Pension Trust Fund, City of Deerfield Beach Non-Uniformed Employees' Retirement Plan, and the City of Deerfield Beach Municipal Police Officer's Retirement Plan, which statements represent 95% of the total assets and 54% 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, 2009, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued under separate cover a report dated April 30, 2010 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 other 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 & Pullen, LLP*

Fort Lauderdale, Florida  
April 30, 2010

**City of Deerfield Beach, Florida**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2009

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, 2009. This Management's Discussion and Analysis is based on currently known facts, decisions and conditions that existed as of the date of the independent auditor's report. The information presented is in accordance with Governmental Accounting Standards Board Statement Number 34 (GASB 34). We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - v of this report.

### **Financial Highlights**

- The total assets of the City of Deerfield Beach at September 30, 2009 increased \$5.6 million from \$241.1 million to \$246.7 million, or 2.3% from the prior year. This increase was due primarily to inflows arising from increases in the fees for emergency medical services as well as increases in operating grants and capital grants and contributions. These grants were received in connection with reimbursements for damages sustained from previous hurricanes and for ongoing improvements to the City's west water treatment plant and for various roadway improvements. The increase in total assets was also attributable to the timing of payments for construction in progress. Additional revenues were also recognized in the business-type activities, as a result of increases in water, sewer and solid waste rates that took effect during the last half of fiscal year 2008.
- The City's total liabilities increased \$5.6 million, from \$106.2 million to \$111.8 million from the prior year. This increase resulted from increases in accounts payable at year-end for various construction projects as well as an increase in the long-term portion of insurance claims payable.
- The assets of the City of Deerfield Beach exceeded its liabilities at the close of the most recent fiscal year by \$135.0 million (net assets). Of this amount, \$70.1 million was from governmental activities and \$64.9 million was from business-type activities.
- As of the close of the current fiscal year, the City of Deerfield Beach's governmental funds reported combined ending fund balances of \$38.3 million.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$18.7 million, or 24.8% of total general fund expenditures. Of the total \$18.7 million unreserved fund balance, \$9.1 million (or 12.1% of total general fund expenditures) has been designated for spending in the 2010 fiscal year.

### **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

**City of Deerfield Beach, Florida**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2009

in net assets may serve as a useful indicator of whether the financial position of the City of Deerfield Beach is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in a future fiscal period. 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 three major funds: general fund, community redevelopment agency fund and general construction fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements that are found on pages 62 - 73 of this report.

**City of Deerfield Beach, Florida**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2009

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.

**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 - 73 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Deerfield Beach, assets exceeded liabilities by \$135.0 million at the close of fiscal year 2009.

The largest portion of the City of Deerfield Beach's net assets (65.0%) 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, 2009**

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

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$48,966,226	\$53,594,875	\$37,106,953	\$40,894,499	\$86,073,179	\$94,489,374
Capital assets	82,240,840	77,510,126	78,411,312	69,080,710	160,652,152	146,590,836
Total assets	<u>131,207,066</u>	<u>131,105,001</u>	<u>115,518,265</u>	<u>109,975,209</u>	<u>246,725,331</u>	<u>241,080,210</u>
Current liabilities	7,358,144	5,667,848	7,269,592	3,931,810	14,627,736	9,599,658
Long-term liabilities	53,777,855	52,969,634	43,377,116	43,594,808	97,154,971	96,564,442
Total liabilities	<u>61,135,999</u>	<u>58,637,482</u>	<u>50,646,708</u>	<u>47,526,618</u>	<u>111,782,707</u>	<u>106,164,100</u>
Net assets:						
Invested in capital assets, net of related debt	41,572,817	41,694,017	46,197,560	44,080,196	87,770,377	85,774,213
Restricted	17,264,796	13,071,373	-	-	17,264,796	13,071,373
Unrestricted	11,233,454	17,702,129	18,673,997	18,368,395	29,907,451	36,070,524
Total net assets	<u>\$70,071,067</u>	<u>\$72,467,519</u>	<u>\$64,871,557</u>	<u>\$62,448,591</u>	<u>\$134,942,624</u>	<u>\$134,916,110</u>

An additional portion of the City of Deerfield Beach's net assets, approximately 12.8%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$30.0 million) may be used to meet the government's ongoing obligations to citizens and creditors.

The net assets of business-type activities increased by \$2.4 million to \$64.9 million in 2009. This increase was primarily due to an increase in water and sewer as well as solid waste rates during the previous fiscal year. The City can only use these net assets to finance the continuing operations of the specific enterprise activity to which the fees relate.

The City's current and other assets decreased by \$8.4 million from \$94.5 million to \$86.1 million. Conversely, capital assets increased by \$14.1 million from \$146.6 million to \$160.7 million, or 9.6% 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 improvements.

Current liabilities increased by 52.1% from \$9.6 million to \$14.6 million. This increase was due to an increase in construction obligations at the end of the year, as a result of the commencement (and continuation) of various major capital improvements during fiscal year 2009.

The City's total noncurrent liabilities increased by \$0.6 million from \$96.6 million to \$97.2 million, or approximately 0.6%, from the prior year. This was due primarily to an increase in the City's net obligation for other post employment benefits.

**City of Deerfield Beach, Florida**  
**Management's Discussion and Analysis**  
**For the Year Ended September 30, 2009**

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

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 21,023,925	\$ 22,271,315	\$ 39,508,927	\$ 38,609,380	\$ 60,532,852	\$ 60,880,695
Operating grants/contributions	6,877,028	4,612,921	-	-	6,877,028	4,612,921
Capital grants/contributions	426,674	820,248	1,333,400	591,520	1,760,074	1,411,768
<b>General revenues:</b>						
Taxes	53,820,430	57,289,255	-	-	53,820,430	57,289,255
Grants and contributions not restricted to specific programs and miscellaneous	1,301,385	2,993,437	-	-	1,301,385	2,993,437
Unrestricted investment earnings	719,477	1,505,692	314,201	369,429	1,033,678	1,875,121
<b>Total revenues</b>	<b>84,168,919</b>	<b>89,492,868</b>	<b>41,156,528</b>	<b>39,570,329</b>	<b>125,325,447</b>	<b>129,063,197</b>
<b>Expenses:</b>						
General government	22,190,311	19,402,059	-	-	22,190,311	19,402,059
Economic environment	1,964,859	2,095,672	-	-	1,964,859	2,095,672
Public safety	41,915,667	39,946,697	-	-	41,915,667	39,946,697
Human services	2,588,723	3,007,015	-	-	2,588,723	3,007,015
Physical environment	6,164,735	5,583,768	-	-	6,164,735	5,583,768
Transportation	3,138,654	3,042,067	-	-	3,138,654	3,042,067
Culture and recreation	6,607,981	6,138,096	-	-	6,607,981	6,138,096
Interest on long term-debt	1,994,441	1,911,289	-	-	1,994,441	1,911,289
Water and sewer	-	-	23,145,215	20,123,711	23,145,215	20,123,711
Solid waste	-	-	15,588,347	15,522,193	15,588,347	15,522,193
<b>Total expenses</b>	<b>86,565,371</b>	<b>81,126,663</b>	<b>38,733,562</b>	<b>35,645,904</b>	<b>125,298,933</b>	<b>116,772,567</b>
<b>Change in net assets</b>						
before transfers	(2,396,452)	8,366,205	2,422,966	3,924,425	26,514	12,290,630
Transfers	-	-	-	-	-	-
<b>Change in net assets</b>	<b>(2,396,452)</b>	<b>8,366,205</b>	<b>2,422,966</b>	<b>3,924,425</b>	<b>26,514</b>	<b>12,290,630</b>
Net assets, October 1	72,467,519	64,101,314	62,448,591	58,524,166	134,916,110	122,625,480
Net assets, September 30	\$ 70,071,067	\$ 72,467,519	\$ 64,871,557	\$ 62,448,591	\$ 134,942,624	\$ 134,916,110

**Governmental activities.** Governmental activities decreased the City's net assets by \$2.4 million after transfers. The City's total revenues amounted to \$84.2 million in governmental activities. Of these revenues, 64.0% is generated from taxes, 25.0% is from charges for services, operating grants/contributions comprise 8.2%, capital grants/contributions make up 0.5%, grants and contributions not restricted to specific programs and miscellaneous revenues equals 1.5%, and unrestricted investment earnings generates 0.8%. Most of the decrease in the City's net assets mentioned above, was primarily due to decrease in collections from ad valorem taxes as well as half-cent sales tax, which have been impacted adversely by the global economic downturn.

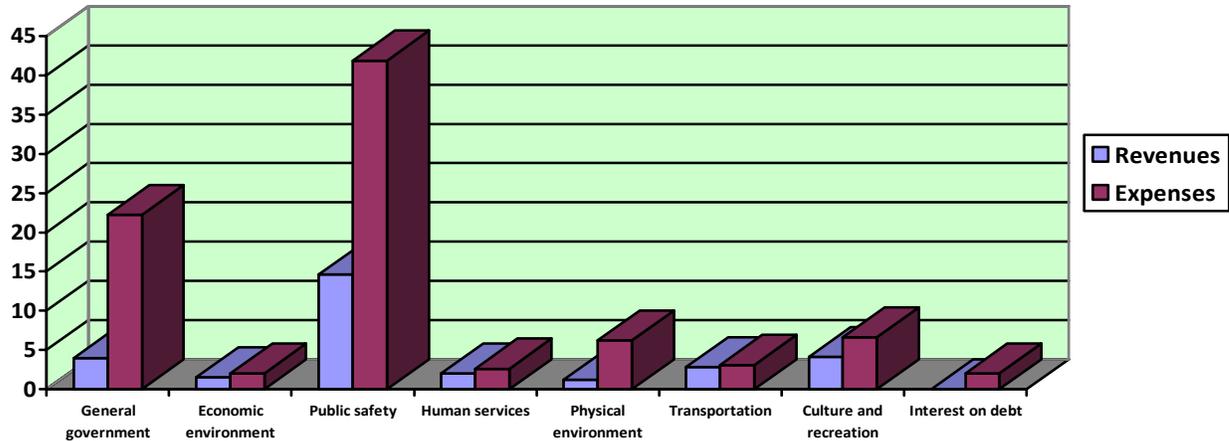
The City's expenses cover a broad range of services, with approximately 48.4% of governmental activity expenses related to public safety (fire/rescue and police protection). General government expenses constitute the largest component of the change in total expenses due to an increase in case reserves for insurance claims. Public safety expenses increased as a result of higher costs incurred in connection with the interlocal agreement with the Broward Sheriff's Office, which provides police services to City residents. The increase in public safety expenses was also attributable to increased costs for providing

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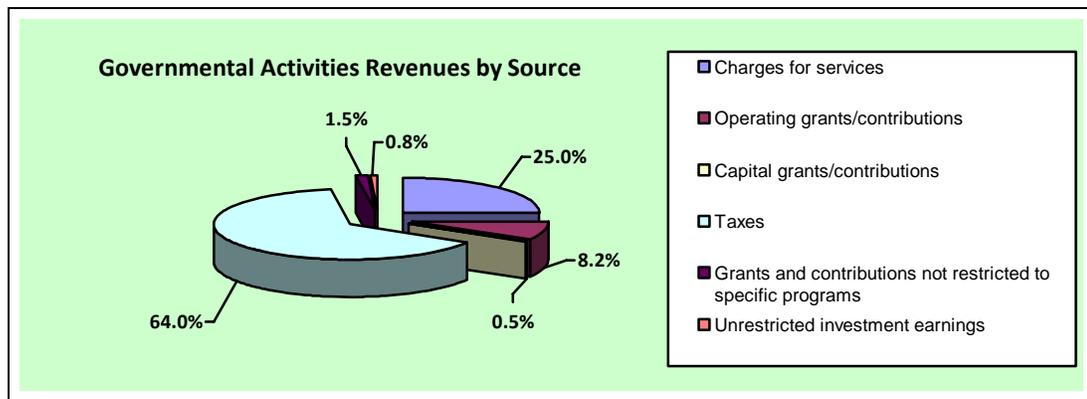
fire protection. The City's governmental activities had 2.8% more expenses than revenues. However, for business-type activities, revenues exceeded expenses by a 5.9% margin.

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)



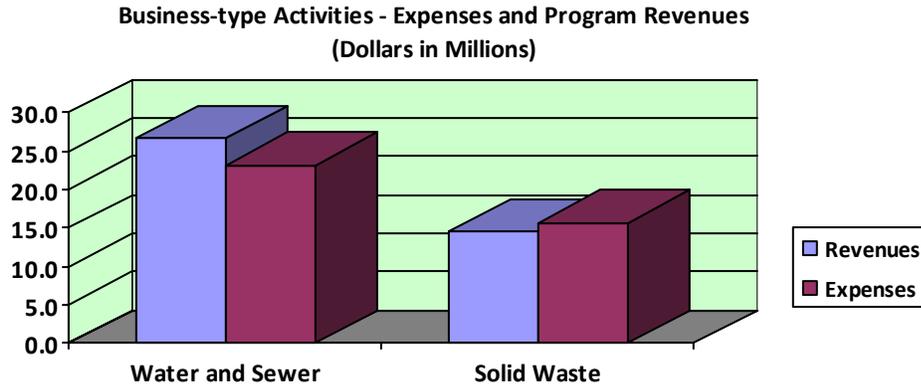
The next chart shows the percent of the total for each source of revenue supporting governmental activities.



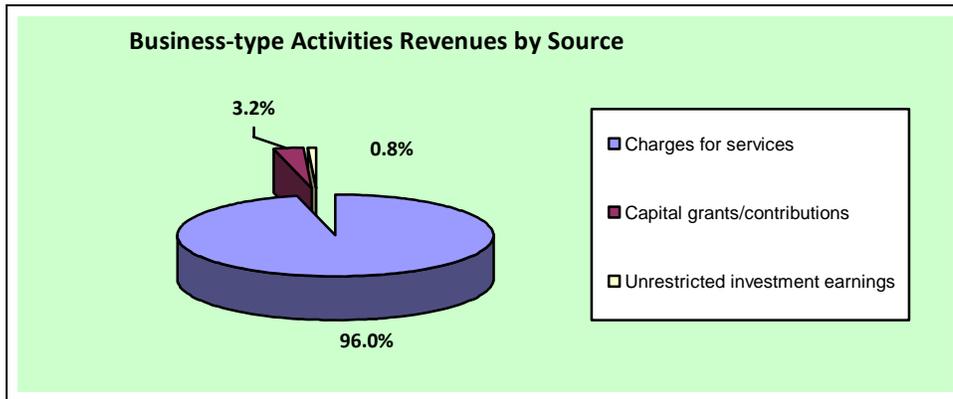
**Business-type activities.** Business-type activities increased the City's net assets by \$2.4 million after transfers. This increase in the net assets of business-type activities was due primarily to increases in water and sewer as well as solid waste rates which occurred during the last half of fiscal year 2008, but which took full effect during fiscal year 2009.

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.

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The following chart shows that 96% 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 \$38.3 million, a decrease of \$6.3 million from the prior year's ending balances of \$44.6 million. A portion of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$1.4 million), 2) to generate income to pay for the perpetual care of the municipal cemetery (\$2.5 million), or 3) for a variety of other restricted purposes (\$1.0 million).

The general fund is the chief operating fund of the City of Deerfield Beach. At the end of the current fiscal year, unreserved fund balance of the general fund was \$18.7 million, while total fund balance reached

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\$20.0 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 24.8% of total general fund expenditures, while total fund balance represents approximately 26.5% of that same amount.

The unreserved fund balance of the City of Deerfield Beach's general fund decreased by \$3.4 million during the current fiscal year. Key factors in this decrease are as follows:

- Property tax revenue decreased by \$2.2 million as a result of the continued decline in the taxable values of real property.
- Half-cent sales tax collections decreased by \$0.5 million as a result of decreased consumer spending.
- Miscellaneous revenue decreased by \$1.7 million from the previous fiscal year. This decrease was primarily due to the City receiving reimbursements in the previous fiscal year in connection with stop-loss arrangements that were not anticipated.
- Public safety expenditures increased by approximately \$2.1 million due to increased costs incurred for police and fire protection.

The General Construction Fund accounts for expenditures for major capital projects which are funded primarily by bond proceeds. At the end of the current fiscal year, unreserved fund balance in this fund decreased by \$4.9 million, from \$9.2 million to \$4.3 million, as a result of continuation of various major capital improvements.

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 unreserved fund balance in this fund totaled \$8.7 million, which represents an increase of \$2.4 million from the prior year. This increase was due to collections of incremental tax revenue 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 financial statements, but in more detail.

Unrestricted net assets of the water and sewer fund at the end of the year amounted to \$18.7 million. The Solid Waste Fund had a negative unrestricted net assets of \$53,046 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**

There was no difference between the original budget and the final amended budget, taken as a whole; however, there were interdepartmental budget transfers totaling \$320,561 that required approval of the City Commission, as follows:

- Fire/Rescue – Increase of \$312,745 in appropriations for emergency plumbing repairs to Fire Stations Nos. 4 and 66.
- Public Works – increase of \$7,816 in appropriations to fund other contractual services.
- Other Unclassified (Non-departmental) – decrease of \$320,561 in appropriations as a result of the City not having to expend as much of its budgeted contingency funds.

**City of Deerfield Beach, Florida**  
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For the Year Ended September 30, 2009

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

- Property/sales taxes – as a result of the current economic downturn, both of these revenue sources were below what was originally anticipated.
- Franchise fees – franchise fees exceeded the amounts budgeted due to increases in the electric utility rates.
- Intergovernmental revenue - this revenue category exceeded the budgeted amount as a result of reimbursements received for damages sustained from hurricanes which had occurred in previous fiscal years.
- Fire/Rescue – expenditures incurred were below amounts budgeted as a result of required pension contributions being less than what was anticipated as well as the implementation of a City-wide hiring freeze.
- Police – expenditures incurred were below amounts budgeted as a result of required pension contributions being less than what was anticipated.
- Other City departments: Parks & Recreation, Management & Budget, Planning & Growth Management, Public Works, Senior Services – expenditures incurred were less than amounts budgeted as a result of implementation of a Citywide hiring freeze and overall expenditure restraint in anticipation of further declining revenues.

**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, 2009, amounted to \$160.7 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 9.6% (6.1% for governmental activities and 13.5% 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	
	2009	2008	2009	2008	2009	2008
Land	\$ 11,595,299	\$ 11,081,062	\$ 50,531	\$ 50,531	\$ 11,645,830	\$ 11,131,593
Buildings	29,529,101	30,200,464	811,673	871,351	30,340,774	31,071,815
Improvements other than buildings	2,529,870	2,603,610	33,065,621	34,216,439	35,595,491	36,820,049
Equipment	3,918,000	3,993,230	4,607,580	4,151,846	8,525,580	8,145,076
Utility plants in service	-	-	23,424,390	24,433,444	23,424,390	24,433,444
Infrastructure	24,668,143	25,981,708	-	-	24,668,143	25,981,708
Construction in progress	10,000,427	3,650,052	16,451,517	5,357,099	26,451,944	9,007,151
Total	\$ 82,240,840	\$ 77,510,126	\$ 78,411,312	\$ 69,080,710	\$ 160,652,152	\$ 146,590,836

**City of Deerfield Beach, Florida**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2009

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

- Construction in progress of the Hillsboro Streetscape Improvements with an estimated cost of \$6 million.
- Construction in progress of the reverse osmosis water treatment plant and various other water and wastewater facility improvements with an estimated cost of \$17 million.
- Construction in progress of the Hillsboro Boulevard intersection improvements with an estimated cost of \$1.3 million.

Additional information on the City of Deerfield Beach's capital assets can be found in Note III (C) on pages 40 - 41 of this report.

**Long-term debt.** At year-end, the City of Deerfield Beach had \$26.6 million in general obligation bonds outstanding. The City also had \$14.0 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 \$17.0 million outstanding in revenue bonds and \$21.8 million outstanding in loans payable at the end of the fiscal year. New debt resulted mainly from the issuance of a loan payable in the amount of \$0.2 million to fund various water facility improvements.

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

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

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds (backed by the City)	\$ 26,608,199	\$ 28,013,411	\$ -	\$ -	\$ 26,608,199	\$ 28,013,411
Revenue bonds	-	-	17,028,786	17,028,786	17,028,786	17,028,786
Covenant bonds	13,980,000	14,375,000	-	-	13,980,000	14,375,000
Add/(subtract) premium/(discount)	795,736	862,256	-	-	795,736	862,256
Capital leases	1,664,810	1,760,596	2,711,733	2,231,955	4,376,543	3,992,551
Loan payable	-	-	21,761,712	22,739,773	21,761,712	22,739,773
Total bonds, loans and leases payable	<u>\$ 43,048,745</u>	<u>\$ 45,011,263</u>	<u>\$ 41,502,231</u>	<u>\$ 42,000,514</u>	<u>\$ 84,550,976</u>	<u>\$ 87,011,777</u>

The City's general obligation debt per capita, excluding enterprise fund debt, was \$342 at the end of fiscal year 2009. The City's outstanding net general obligation debt was 0.23% 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 43 – 46 of this report.

**City of Deerfield Beach, Florida**  
Management's Discussion and Analysis  
For the Year Ended September 30, 2009

**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 2010 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.
- State-shared revenues (namely, the one-half cent sales tax as well as the State revenue sharing funds) are estimated to be 21% and 20% lower, respectively, in fiscal year 2010.
- Property tax revenue will decrease by 3% due to state mandated limitations on the amount of revenue that may be collected from this source as well as the decrease in the taxable value of property within City limits.
- The City's population will remain stable.
- Salaries will remain constant.
- Health benefit costs will increase by over 25%.
- Water and sewer as well as solid waste rates will remain constant.

During the current fiscal year, unreserved fund balance in the general fund increased to \$18.7 million. The City plans to appropriate \$9.1 million of this amount for spending in the 2010 fiscal year budget.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Deerfield Beach's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Management and Budget, City of Deerfield Beach, 150 N.E. 2<sup>nd</sup> Avenue, Deerfield Beach, Florida 33441.

# CITY OF DEERFIELD BEACH, FLORIDA

## STATEMENT OF NET ASSETS

SEPTEMBER 30, 2009

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,693,661	\$ 572,604	\$ 5,266,265
Investments	14,055,119	19,357,929	33,413,048
Receivables (net of allowances)	2,732,604	5,564,542	8,297,146
Due from other governments	2,149,250	449,219	2,598,469
Inventories	458,867	311,589	770,456
Prepays	1,004,144	320,790	1,324,934
Deferred charges	685,397	-	685,397
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	3,133,871	10,530,280	13,664,151
Investments	16,504,987	-	16,504,987
Due from other governments	2,273,217	-	2,273,217
Real estate held for resale	90,442	-	90,442
Permanently restricted:			
Investments	1,184,667	-	1,184,667
Capital assets:			
Nondepreciable	21,595,726	16,502,048	38,097,774
Depreciable (net)	60,645,114	61,909,264	122,554,378
Total assets	<u>131,207,066</u>	<u>115,518,265</u>	<u>246,725,331</u>
<b>LIABILITIES</b>			
Accounts payable	2,801,094	5,676,606	8,477,700
Accrued liabilities	1,495,197	890,034	2,385,231
Accrued interest payable	785,618	241,467	1,027,085
Due to other governments	24,099	-	24,099
Unearned revenue	377,277	-	377,277
Payable from restricted assets:			
Accounts payable	1,820,526	-	1,820,526
Accrued liabilities	54,333	-	54,333
Customer deposits	-	461,485	461,485
Non-current liabilities:			
Due within one year:			
Compensated absences	2,236,941	735,309	2,972,250
Insurance claims payable	2,244,336	-	2,244,336
Bonds, loans and leases payable	2,590,094	2,616,762	5,206,856
Due in more than one year:			
Compensated absences	1,848,620	1,018,586	2,867,206
Net OPEB liability	420,463	120,990	541,453
Insurance claims payable	3,978,750	-	3,978,750
Bonds, loans and leases payable	40,458,651	38,885,469	79,344,120
Total liabilities	<u>61,135,999</u>	<u>50,646,708</u>	<u>111,782,707</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	41,572,817	46,197,560	87,770,377
Restricted for:			
Debt service	185,768	-	185,768
Perpetual care:			
Nonexpendable	1,184,667	-	1,184,667
Expendable	1,282,174	-	1,282,174
Economic environment	8,920,127	-	8,920,127
Transportation	2,261,252	-	2,261,252
Other purposes	3,430,808	-	3,430,808
Unrestricted	11,233,454	18,673,997	29,907,451
Total net assets	<u>\$ 70,071,067</u>	<u>\$ 64,871,557</u>	<u>\$ 134,942,624</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, 2009**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Assets</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Governmental activities:							
General government	\$ 22,190,311	\$ 3,994,889	\$ -	\$ -	\$ (18,195,422)	\$ -	\$ (18,195,422)
Economic environment	1,964,859	-	1,497,892	-	(466,967)	-	(466,967)
Public safety	41,915,667	12,951,771	1,600,829	-	(27,363,067)	-	(27,363,067)
Human services	2,588,723	508,744	1,543,307	-	(536,672)	-	(536,672)
Physical environment	6,164,735	289,262	717,478	249,058	(4,908,937)	-	(4,908,937)
Transportation	3,138,654	1,519,532	1,050,289	152,334	(416,499)	-	(416,499)
Culture and recreation	6,607,981	1,759,727	467,233	25,282	(4,355,739)	-	(4,355,739)
Interest and fiscal charges	1,994,441	-	-	-	(1,994,441)	-	(1,994,441)
Total governmental activities	<u>86,565,371</u>	<u>21,023,925</u>	<u>6,877,028</u>	<u>426,674</u>	<u>(58,237,744)</u>	<u>-</u>	<u>(58,237,744)</u>
Business-Type activities:							
Water and sewer	23,145,215	25,001,144	-	1,333,400	-	3,189,329	3,189,329
Solid waste	15,588,347	14,507,783	-	-	-	(1,080,564)	(1,080,564)
Total business-type activities	<u>38,733,562</u>	<u>39,508,927</u>	<u>-</u>	<u>1,333,400</u>	<u>-</u>	<u>2,108,765</u>	<u>2,108,765</u>
<b>Total</b>	<u>\$ 125,298,933</u>	<u>\$ 60,532,852</u>	<u>\$ 6,877,028</u>	<u>\$ 1,760,074</u>	<u>(58,237,744)</u>	<u>2,108,765</u>	<u>(56,128,979)</u>
General revenues:							
Property taxes					34,817,068	-	34,817,068
Incremental property taxes					1,868,856	-	1,868,856
Sales taxes					3,832,424	-	3,832,424
Franchise taxes					11,908,808	-	11,908,808
Motor fuel taxes					1,336,986	-	1,336,986
Alcoholic beverage/mobile home license taxes					56,288	-	56,288
Grants and contributions not restricted to specific programs					1,213,534	-	1,213,534
Unrestricted investment earnings					719,477	314,201	1,033,678
Miscellaneous					87,851	-	87,851
Transfers					-	-	-
Total general revenues and transfers					<u>55,841,292</u>	<u>314,201</u>	<u>56,155,493</u>
Change in net assets					(2,396,452)	2,422,966	26,514
Net assets - beginning					<u>72,467,519</u>	<u>62,448,591</u>	<u>134,916,110</u>
Net assets - ending					<u>\$ 70,071,067</u>	<u>\$ 64,871,557</u>	<u>\$ 134,942,624</u>

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

**CITY OF DEERFIELD BEACH, FLORIDA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2009**

	<u>General</u>	<u>Community Redevelopment Agency</u>	<u>General Construction Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,693,661	\$ 852,292	\$ 36,663	\$ 2,244,916	\$ 7,827,532
Investments	14,055,119	5,776,686	7,665,027	4,247,941	31,744,773
Receivables (net):					
Accounts	2,656,419	-	-	25,420	2,681,839
Assessments	842	-	-	-	842
Interest	35,620	6,562	-	7,741	49,923
Due from other funds	1,982,961	2,133,395	-	-	4,116,356
Due from other governments	2,149,250	-	-	2,273,217	4,422,467
Inventories	458,867	-	-	-	458,867
Real estate held for resale	-	-	-	90,442	90,442
Prepaid items	494,270	-	-	622	494,892
Total assets	<u>\$ 26,527,009</u>	<u>\$ 8,768,935</u>	<u>\$ 7,701,690</u>	<u>\$ 8,890,299</u>	<u>\$ 51,887,933</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 2,801,094	\$ 28,158	\$ 1,052,371	\$ 739,997	\$ 4,621,620
Accrued liabilities	1,717,786	-	-	54,333	1,772,119
Due to other funds	-	-	2,330,348	1,786,008	4,116,356
Due to other governments	24,099	-	-	-	24,099
Unearned/deferred revenue	2,020,128	-	-	1,073,548	3,093,676
Total liabilities	<u>6,563,107</u>	<u>28,158</u>	<u>3,382,719</u>	<u>3,653,886</u>	<u>13,627,870</u>
Fund balances:					
Reserved for:					
Encumbrances	283,006	-	982,650	137,758	1,403,414
Prepaid items	494,270	-	-	622	494,892
Inventories	458,867	-	-	-	458,867
Real estate held for resale	-	-	-	90,442	90,442
Perpetual care	-	-	-	2,466,841	2,466,841
Unreserved, reported in:					
General fund:					
Designated for fy09/10 budget	9,126,927	-	-	-	9,126,927
Undesignated	9,600,832	-	-	-	9,600,832
Special revenue funds	-	8,740,777	-	2,630,791	11,371,568
Debt service funds	-	-	-	285,989	285,989
Capital projects funds	-	-	3,336,321	(376,030)	2,960,291
Total fund balances	<u>19,963,902</u>	<u>8,740,777</u>	<u>4,318,971</u>	<u>5,236,413</u>	<u>38,260,063</u>
Total liabilities and fund balances	<u>\$ 26,527,009</u>	<u>\$ 8,768,935</u>	<u>\$ 7,701,690</u>	<u>\$ 8,890,299</u>	<u>\$ 51,887,933</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, 2009**

Fund balances, total governmental funds: \$ 38,260,063

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	135,686,506	
Less: accumulated depreciation	<u>(53,445,666)</u>	
Net capital assets		82,240,840

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	(785,618)	
Bonds and notes payable	(40,588,199)	
Capital leases payable	(1,664,810)	
Insurance claims payable	(6,000,497)	
Net OPEB liability	(420,463)	
Compensated absences	<u>(4,085,561)</u>	
Total		(53,545,148)

Deferred revenue in the funds is susceptible to full accrual.

Revenues previously deferred increases net assets.	2,716,399
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The pension assets are not considered current financial resources and are therefore not reported in the funds.

509,252

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	(862,256)	
Amortization	<u>66,520</u>	
Unamortized premium, September 30, 2009		(795,736)

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	729,610	
Amortization	<u>(44,213)</u>	
Unamortized deferred charges, September 30, 2009		<u>685,397</u>

Net assets of governmental activities	<u>\$ 70,071,067</u>
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The notes to the financial statements are an integral part of this statement.

**CITY OF DEERFIELD BEACH, FLORIDA**  
 GOVERNMENTAL FUNDS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>General</u>	<u>Community Redevelopment Agency</u>	<u>General Construction Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Property taxes	\$ 34,780,497	\$ 1,868,856	\$ -	\$ -	\$ 36,649,353
Sales taxes	3,832,424	-	-	-	3,832,424
Fire assessment fees	6,142,612	-	-	-	6,142,612
Franchise fees	12,011,964	-	-	-	12,011,964
Local option gas tax	-	-	-	1,336,986	1,336,986
Licenses and permits	1,638,823	-	-	-	1,638,823
Intergovernmental	4,067,062	-	-	3,902,217	7,969,279
Charges for services	7,430,948	-	-	84,400	7,515,348
Fines and forfeitures	1,053,201	-	-	108,500	1,161,701
Investment earnings	356,832	109,325	156,827	101,821	724,805
Miscellaneous:					
Donations/contributions	1,739,526	-	-	34,775	1,774,301
Administrative fees	2,309,018	-	-	297,176	2,606,194
Other	132,504	-	-	389,050	521,554
Total revenues	<u>75,495,411</u>	<u>1,978,181</u>	<u>156,827</u>	<u>6,254,925</u>	<u>83,885,344</u>
<b>EXPENDITURES</b>					
Current:					
General government	20,081,498	-	-	-	20,081,498
Economic environment	-	100,363	-	1,863,638	1,964,001
Public safety	41,210,189	-	-	130,816	41,341,005
Human services	2,330,869	-	-	175,371	2,506,240
Physical environment	5,736,006	-	-	18,967	5,754,973
Transportation	97,356	-	-	2,123,989	2,221,345
Culture and recreation	5,267,004	-	-	450,695	5,717,699
Capital outlay	-	-	5,142,318	1,602,064	6,744,382
Debt service:					
Principal	740,211	-	-	1,882,521	2,622,732
Interest and fiscal charges	48,128	-	-	1,968,029	2,016,157
Total expenditures	<u>75,511,261</u>	<u>100,363</u>	<u>5,142,318</u>	<u>10,216,090</u>	<u>90,970,032</u>
Excess (deficiency) of revenues over expenditures	<u>(15,850)</u>	<u>1,877,818</u>	<u>(4,985,491)</u>	<u>(3,961,165)</u>	<u>(7,084,688)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital leases	726,733	-	-	-	726,733
Transfers in	1,135,541	1,425,015	144,044	3,906,797	6,611,397
Transfers out	<u>(5,200,076)</u>	<u>(824,295)</u>	<u>(34,736)</u>	<u>(552,290)</u>	<u>(6,611,397)</u>
Total other financing sources (uses)	<u>(3,337,802)</u>	<u>600,720</u>	<u>109,308</u>	<u>3,354,507</u>	<u>726,733</u>
Net change in fund balances	(3,353,652)	2,478,538	(4,876,183)	(606,658)	(6,357,955)
Fund balances - beginning	23,317,554	6,262,239	9,195,154	5,843,071	44,618,018
Fund balances - ending	<u>\$ 19,963,902</u>	<u>\$ 8,740,777</u>	<u>\$ 4,318,971</u>	<u>\$ 5,236,413</u>	<u>\$ 38,260,063</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, 2009**

Net change in fund balances-total governmental funds \$ (6,357,955)

*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	8,776,687	
Less: current year's depreciation	<u>(4,045,973)</u>	4,730,714

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 283,575

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	(2,060,902)
Increase in net pension asset	30,808
Increase in net OPEB liability	(420,463)

Some of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the capital leases are not revenues in the statement of activities, but rather constitute long-term liabilities in the statement of net assets. (726,733)

In the statement of activities, certain operating expenses - compensated absences (sick and vacation pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amounts actually used (paid). During the fiscal year, compensated absences earned, \$2,859,889, exceeded the amount used, \$2,339,944. (519,945)

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	2,622,732

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. 21,717

Change in net assets of governmental activities \$ (2,396,452)

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, 2009**

	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 129,115	\$ 443,489	\$ 572,604
Investments	19,119,577	238,352	19,357,929
Restricted cash and cash equivalents:			
Customer deposits	404,974	56,511	461,485
Receivables (net):			
Accounts	3,662,561	1,728,286	5,390,847
Delinquent assessments	41,098	-	41,098
Interest	132,597	-	132,597
Due from other funds	563,719	-	563,719
Due from other governments	360,400	88,819	449,219
Inventories	311,589	-	311,589
Prepaid items	212,957	107,833	320,790
Total current assets	24,938,587	2,663,290	27,601,877
Noncurrent assets:			
Restricted cash and cash equivalents:			
Revolving loan covenant accounts	707,726	-	707,726
Bond construction accounts	9,361,069	-	9,361,069
Capital assets:			
Land	50,531	-	50,531
Buildings	1,810,875	-	1,810,875
Utility plants in service	35,075,763	-	35,075,763
Improvements other than buildings	60,670,359	48,500	60,718,859
Equipment	6,229,934	13,103,038	19,332,972
Construction in progress	16,451,517	-	16,451,517
Less accumulated depreciation	(45,459,186)	(9,570,019)	(55,029,205)
Total capital assets (net of accumulated depreciation)	74,829,793	3,581,519	78,411,312
Total noncurrent assets	84,898,588	3,581,519	88,480,107
Total assets	109,837,175	6,244,809	116,081,984

(Continued)

**CITY OF DEERFIELD BEACH, FLORIDA**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2009**

	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Total</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	4,574,205	1,102,401	5,676,606
Accrued liabilities	687,560	202,474	890,034
Due to other funds	-	563,719	563,719
Customer deposits payable	404,974	56,511	461,485
Compensated absences	466,055	269,254	735,309
Matured interest payable	241,467	-	241,467
Capital leases payable - current	-	749,796	749,796
Bonds payable, current	604,676	-	604,676
Loan payable, current	1,262,290	-	1,262,290
Total current liabilities	8,241,227	2,944,155	11,185,382
Noncurrent liabilities:			
Compensated absences	554,101	464,485	1,018,586
Net OPEB liability	63,498	57,492	120,990
Capital leases payable	-	1,961,937	1,961,937
Bonds payable	16,424,110	-	16,424,110
Loan payable	20,499,422	-	20,499,422
Total noncurrent liabilities	37,541,131	2,483,914	40,025,045
Total liabilities	45,782,358	5,428,069	51,210,427
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	45,327,774	869,786	46,197,560
Unrestricted	18,727,043	(53,046)	18,673,997
Total net assets	\$ 64,054,817	\$ 816,740	\$ 64,871,557

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, 2009

	<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	\$ 15,473,150	\$ -	\$ 15,473,150
Sewer charges pledged as security for revolving loans	8,801,926	-	8,801,926
Solid waste charges	-	14,216,161	14,216,161
Engineering fees	183,862	-	183,862
Miscellaneous	542,206	291,622	833,828
Total operating revenues	<u>25,001,144</u>	<u>14,507,783</u>	<u>39,508,927</u>
Operating expenses:			
Personal services	5,978,827	4,502,720	10,481,547
Contractual services	587,160	1,027,184	1,614,344
Electricity	1,053,184	-	1,053,184
Insurance	1,138,367	858,545	1,996,912
Fixed charges	57,193	71,294	128,487
County wastewater charge	6,932,991	-	6,932,991
County raw water charge	43,533	-	43,533
Disposal fees	-	6,101,568	6,101,568
General administrative charge	1,806,687	766,553	2,573,240
Commodities	1,766,554	1,090,515	2,857,069
Depreciation	3,110,958	1,096,556	4,207,514
Fiscal charges	8,658	-	8,658
Total operating expenses	<u>22,484,112</u>	<u>15,514,935</u>	<u>37,999,047</u>
Operating income (loss)	<u>2,517,032</u>	<u>(1,007,152)</u>	<u>1,509,880</u>
Non-operating revenues (expenses):			
Intergovernmental	1,302,800	-	1,302,800
Investment earnings	314,201	-	314,201
Interest charges	(661,103)	(73,412)	(734,515)
Total non-operating expenses	<u>955,898</u>	<u>(73,412)</u>	<u>882,486</u>
Income (loss) before contributions and transfers	3,472,930	(1,080,564)	2,392,366
Capital contributions - tap fees	30,600	-	30,600
Change in net assets	3,503,530	(1,080,564)	2,422,966
Total net assets - beginning	<u>60,551,287</u>	<u>1,897,304</u>	<u>62,448,591</u>
Total net assets - ending	<u>\$ 64,054,817</u>	<u>\$ 816,740</u>	<u>\$ 64,871,557</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, 2009**

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 25,618,956	\$ 14,649,056	\$ 40,268,012
Payments to suppliers	(11,668,548)	(9,408,322)	(21,076,870)
Payments to employees	(5,838,186)	(4,357,361)	(10,195,547)
Net cash provided by operating activities	<u>8,112,222</u>	<u>883,373</u>	<u>8,995,595</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Collection (repayment) of interfund loans	(573,153)	563,719	(9,434)
Net cash provided by (used in) non-capital financing activities	<u>(573,153)</u>	<u>563,719</u>	<u>(9,434)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from loans/grants	1,458,098	-	1,458,098
Capital contributed from connection fees	30,600	-	30,600
Acquisition and construction of capital assets	(10,877,808)	(122,539)	(11,000,347)
Principal paid on:			
Capital lease	-	(807,523)	(807,523)
Loan	(1,133,359)	-	(1,133,359)
Interest paid on:			
Capital lease	-	(73,790)	(73,790)
Loan	(769,326)	-	(769,326)
Deposits	(6,636)	(1,004)	(7,640)
Collection of special assessment levies	847	-	847
Net cash used in capital and related financing activities	<u>(11,297,584)</u>	<u>(1,004,856)</u>	<u>(12,302,440)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sales and maturities of investments	29,869,056	-	29,869,056
Purchase of investments	(19,119,577)	(238,352)	(19,357,929)
Interest and dividends received	403,830	1,384	405,214
Net cash provided by (used in) investing activities	<u>11,153,309</u>	<u>(236,968)</u>	<u>10,916,341</u>
<b>Net increase in cash and cash equivalents</b>	7,394,794	205,268	7,600,062
<b>Cash and cash equivalents, beginning of year</b>	3,208,090	294,732	3,502,822
<b>Cash and cash equivalents, end of year</b>	<u>\$ 10,602,884</u>	<u>\$ 500,000</u>	<u>\$ 11,102,884</u>
Cash and cash equivalents	\$ 129,115	\$ 443,489	\$ 572,604
Cash and cash equivalents - restricted (current)	404,974	56,511	461,485
Cash and cash equivalents - restricted (noncurrent)	10,068,795	-	10,068,795
Cash and cash equivalents, end of year	<u>\$ 10,602,884</u>	<u>\$ 500,000</u>	<u>\$ 11,102,884</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, 2009**

	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	<b>Total</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 2,517,032	\$ (1,007,152)	\$ 1,509,880
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	3,110,958	1,096,556	4,207,514
Changes in assets and liabilities:			
Decrease in accounts receivable, net of allowances	620,493	147,238	767,731
Decrease in inventories	26,059	-	26,059
Decrease in prepaid items	1,649	-	1,649
Decrease in customer deposits	(2,681)	(7,921)	(10,602)
Increase in accounts payable and accrued liabilities	1,704,160	508,613	2,212,773
Net increase in OPEB liability	63,498	57,492	120,990
Increase in compensated absences payable	71,054	88,547	159,601
Total adjustments	5,595,190	1,890,525	7,485,715
Net cash provided by operating activities	\$ 8,112,222	\$ 883,373	\$ 8,995,595
 <b>Non-cash investing, capital and financing activities:</b>			
Net appreciation in the value of investments reported at fair value	\$ 62,649	\$ -	\$ 62,649
Capital assets acquired through vouchers payable	1,250,471	-	1,250,471
Capital assets acquired through capital lease	-	1,287,301	1,287,301
Total non-cash investing, capital and financing activities	\$ 1,313,120	\$ 406,628	\$ 1,719,748

**CITY OF DEERFIELD BEACH, FLORIDA**  
**PENSION TRUST FUNDS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**SEPTEMBER 30, 2009**

	<b><u>Fiduciary Funds</u></b>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 3,797,225
Investments:	
Mutual funds	65,951,819
U.S. Government securities	19,255,376
Corporate equities	55,204,621
Corporate bonds and notes	<u>12,838,200</u>
Total investments	<u>153,250,016</u>
Receivables:	
Interest and dividends	422,189
Accounts receivable	763,718
Due from brokers	<u>120,526</u>
Total receivables	<u>1,306,433</u>
Total assets	158,353,674
<b>LIABILITIES:</b>	
Accounts payable	<u>954,869</u>
Total liabilities	954,869
<b>NET ASSETS:</b>	
Held in trust for pension benefits	<u><u>\$ 157,398,805</u></u>

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

**CITY OF DEERFIELD BEACH, FLORIDA**  
**PENSION TRUST FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<b><u>Fiduciary Funds</u></b>
<b>ADDITIONS:</b>	
Contributions:	
Employer	\$ 3,707,133
Employer (on behalf of plan members)	29,487
Plan members	1,322,567
State of Florida	<u>1,437,407</u>
Total contributions	<u>6,496,594</u>
Investment earnings:	
Interest and dividends	3,624,136
Net increase in the fair value of investments	<u>(2,213,047)</u>
Total investment earnings	1,411,089
Less investment expense	<u>(645,666)</u>
Net investment earnings	<u>765,423</u>
Other miscellaneous income	<u>95,696</u>
Total additions	<u>7,357,713</u>
<b>DEDUCTIONS:</b>	
Benefits paid	10,804,232
Administrative expenses	<u>490,149</u>
Total deductions	<u>11,294,381</u>
Change in net assets	(3,936,668)
Net assets held in trust for pension benefits:	
Beginning of year	<u>161,335,473</u>
End of year	<u>\$ 157,398,805</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, 2009**

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**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

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

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

The basic financial statements include both government-wide and fund financial statements. This government-wide focus is on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories.

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

**A. Financial Reporting Entity**

The City of Deerfield Beach is a political subdivision of the State of Florida, located in Broward County along the lower southeast coast of the state. The City, which was incorporated in June, 1925, is approximately 16.4 square miles in area. In addition to the public safety, general government, recreation, and public works services provided to its 77,465 residents, the City operates water, sewer and solid waste enterprises. The City does not provide educational or hospital facilities. Those services are provided by the School Board of Broward County and the North Broward Hospital District, respectively.

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

The Deerfield Beach Community Redevelopment Agency (the "CRA"), which is largely responsible for redevelopment of the area that encompasses most of the beach district and the area along Hillsboro Boulevard from Federal Highway to the intracoastal waterway, was established in November 1999. The CRA is governed by a board which is comprised of the City's elected officials. The CRA is fiscally dependent upon the City because the City Commission approves the CRA's budget, levies taxes and must approve any debt issuances. Accordingly, the CRA is a blended component unit and is presented as a special revenue fund. The CRA has a September 30 year-end. 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.

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

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

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

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within three months of the end of the current fiscal period, with the exception of property tax revenue, which is deferred unless taxes are received within sixty days subsequent to year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, 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 as interest associated with the current fiscal period are all considered to be susceptible to accrual and so

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

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

The City reports the following major proprietary funds:

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to apply subsequent private-sector guidance.

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

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

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

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

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

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

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

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

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

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

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

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

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

**CITY OF DEERFIELD BEACH, FLORIDA**  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2009

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 \$830,461 during the fiscal year.

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

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

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

**6. Compensated Absences** – It is the City’s policy to permit employees to accumulate earned, unused vacation and sick pay benefits. A portion of accumulated sick pay benefits are paid upon separation based on the number of years of service. All vacation pay and applicable portions of sick pay balances are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental 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

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount.

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

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

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

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

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

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

The government-wide statement of net assets reports \$17,264,796 of restricted net assets of which \$2,925,409 is restricted by enabling legislation.

**Unrestricted Net Assets** – have no third-party limitations on their use. The City Commission has the unrestricted authority to revisit or alter these managerial decisions.

**9. Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's estimates.

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

**A. Excess of Expenditures Over Appropriations** – For the year ended September 30, 2009, expenditures exceeded appropriations in two of the City's departments, the legal level of budgetary control. The City Attorney's Office and the Insurance/Safety Department exceeded their budgets by \$39,996 and \$28,628, respectively. The Community Development Block Grant Fund also exceeded its budgeted appropriations by \$56,106.

**B. Deficit Fund Equity** - At September 30, 2009, the Capital Projects Grants Fund had a deficit fund balance of \$376,030. The Miscellaneous Grants Fund also had a deficit fund balance in the amount of \$648,724. Deficits in these funds are expected to be funded by future grant reimbursements, which were not susceptible to accrual at September 30, 2009.

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

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

**A. Deposits and Investments**

1. **Deposits** – The City maintains a common cash and cash equivalents pool for use by all non-fiduciary funds. Deposits of the City, including time deposit accounts, demand deposit accounts and certificates of deposit, are defined as public deposits. Pursuant to the City's policies, all of the City's deposits are held in qualified public depositories pursuant to Chapter 280.03 of the Florida Statutes, "Florida Security for Public Deposits Act." Under the Act, all qualified public depositories are required to pledge eligible collateral having market value equal to or greater than the average daily or monthly balance of all public deposits, times the depository's collateral pledging level. The pledging level may range from 50% to 125% depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in fault. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss. At September 30, 2009, the carrying amount of the City's deposits totaled \$18,916,553.

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, 2009 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, 2009, the City's investment in LGIP-A was that of \$13,342. 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 \$3,735 with a net asset value factor of 0.54915069.

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.

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

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, 2009, the City had the following investments:

	Pension Trust Funds	All Other Funds	Total
Investment in Florida Local			
Government Investment Trust:			
Pool A shares	\$ -	\$ 13,342	\$ 13,342
Pool B shares	-	3,735	3,735
Investment in Florida Municipal			
Investment Trust	-	7,951,017	7,951,017
Repurchase agreements	-	8,167,075	8,167,075
Money market bond funds	5,727,555	-	5,727,555
Other mutual funds	60,224,264	318,721	60,542,985
U.S. Government and agency securities	19,255,376	34,648,815	53,904,191
Domestic corporate bonds and notes	12,838,200	-	12,838,200
Real estate held for resale	-	90,442	90,442
International corporate equities	3,503,557	-	3,503,557
Domestic corporate equities	51,701,064	-	51,701,064
Total	<u>\$ 153,250,016</u>	<u>\$ 51,193,147</u>	<u>\$ 204,443,163</u>

**Interest Rate Risk**

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

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

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

**(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.	\$ 13,342	\$ 13,342	\$ -	\$ -	\$ -
U.S. Treasuries	15,490,375	15,490,375	-	-	-
U.S. Agencies	19,158,440	19,158,440	-	-	-
Total	<u>\$ 34,662,157</u>	<u>\$ 34,662,157</u>	<u>\$ -</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
Money market bond funds	\$ 5,727,555	\$ -	\$ 4,114,026	\$ 1,613,529	\$ -
U.S. Treasuries	6,446,397	-	1,875,762	3,196,910	1,373,725
U.S. Agencies	12,808,979	187,924	1,453,161	3,374,680	7,793,214
Domestic corporate bonds and notes	12,838,200	-	4,764,318	6,631,041	1,442,841
Total	<u>\$ 37,821,131</u>	<u>\$ 187,924</u>	<u>\$ 12,207,267</u>	<u>\$ 14,816,160</u>	<u>\$ 10,609,780</u>

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSRO's). State law limits investments in commercial paper and corporate bonds to the top 3 ratings issued by NRSRO's. It is the City's policy (and those of its pension plans) to limit its investments to the top ratings issued by NRSRO's. All Treasury obligations are guaranteed by the good faith and credit of the United States and are therefore not subject to credit risk. The amounts held in the 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, 2009, as applicable:

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**Quality Credit Rating**

S& P	Moody's	Fair Value
AAAm		\$ 13,342
AAA		4,608,144
AA+		649,960
AA		4,931,956
AA-		178,566
A+		1,320,771
A		2,549,753
A-		248,877
BBB		1,320,753
BBB+		392,255
BB+		60,800
	Aaa	7,601,311
	Aa2	952,455
	Aa3	1,227,212
	A1	1,367,430
	A2	1,313,661
	A3	594,938
	Baa1	157,744
	Baa2	322,572
Total credit risk securities		29,812,500
U.S. govt and agency securities explicitly guaranteed		42,670,788
Total fixed income/credit risk securities		\$ 72,483,288
Total fixed income/credit risk securities - City		
		\$ 34,662,157
Total fixed income securities - pension trust funds		
		37,821,131
Total		
		\$ 72,483,288

**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, 2009. The various pension plans limit their exposure through diversification of investments by security type and institution and limit holdings in any one type of investment with any one issuer with various durations of maturities.

**Custodial Credit Risk**

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

**CITY OF DEERFIELD BEACH, FLORIDA**  
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**B. Receivables and Payables** – The City reports the General, General Construction, Community Redevelopment Agency (CRA), Water & Sewer and Solid Waste funds as major funds. Receivables at September 30, 2009 were as follows:

**Governmental Activities**

	General	CRA	Other Governmental Funds	Total
Receivables:				
Accounts	\$ 2,656,419	\$ -	\$ 25,420	\$ 2,681,839
Assessments	842	-	-	842
Interest	35,620	6,562	7,741	49,923
Gross receivables	<u>2,692,881</u>	<u>6,562</u>	<u>33,161</u>	<u>2,732,604</u>
Less: allowance for uncollectibles	-	-	-	-
Net receivables	<u><u>\$ 2,692,881</u></u>	<u><u>\$ 6,562</u></u>	<u><u>\$ 33,161</u></u>	<u><u>\$ 2,732,604</u></u>

**Business-type Activities**

	Water and Sewer	Solid Waste	Total
Receivables:			
Accounts	\$ 4,032,458	\$ 1,916,456	\$ 5,948,914
Assessments	41,098	-	41,098
Interest	<u>132,597</u>	<u>-</u>	<u>132,597</u>
Gross receivables	4,206,153	1,916,456	6,122,609
Less: allowance for uncollectibles	<u>(369,897)</u>	<u>(188,170)</u>	<u>(558,067)</u>
Net receivables	<u><u>\$ 3,836,256</u></u>	<u><u>\$ 1,728,286</u></u>	<u><u>\$ 5,564,542</u></u>

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

Uncollectible related to water sales	\$ 273,385
Uncollectible related to sewer charges	96,512
Uncollectible related to solid waste charges	<u>188,170</u>
Total uncollectibles for the current fiscal year	<u><u>\$ 558,067</u></u>

**CITY OF DEERFIELD BEACH, FLORIDA**  
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Payables at September 30, 2009 are as follows:

	<u>Vendors</u>	<u>Salaries &amp; Benefits</u>	<u>Retainage</u>	<u>Accrued Interest</u>	<u>Total Payables</u>
<b>Governmental activities:</b>					
General	\$ 2,801,094	\$ 1,717,786	\$ -	\$ -	\$ 4,518,880
CRA	28,158	-	-	-	28,158
General construction	766,577	-	285,794	-	1,052,371
Other governmental	739,997	54,333	-	-	794,330
Reconciliation of balances in fund financial statements to government-wide financial statements	-	-	-	785,618	785,618
<b>Total - governmental activities</b>	<b><u>\$ 4,335,826</u></b>	<b><u>\$ 1,772,119</u></b>	<b><u>\$ 285,794</u></b>	<b><u>\$ 785,618</u></b>	<b><u>\$ 7,179,357</u></b>
<b>Business-type activities:</b>					
Water and sewer	\$ 4,110,198	\$ 687,560	\$ 464,007	\$ 241,467	\$ 5,503,232
Solid Waste	1,102,401	202,474	-	-	1,304,875
<b>Total - business-type activities</b>	<b><u>\$ 5,212,599</u></b>	<b><u>\$ 890,034</u></b>	<b><u>\$ 464,007</u></b>	<b><u>\$ 241,467</u></b>	<b><u>\$ 6,808,107</u></b>

**C. Capital Assets** – The following is a summary of capital asset activity for the year ended September 30, 2009:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Total</u>
<b>Governmental activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 11,081,062	\$ 514,237	\$ -	\$ 11,595,299
Construction in progress	3,650,052	6,350,375	-	10,000,427
<i>Total capital assets not being depreciated</i>	<u>14,731,114</u>	<u>6,864,612</u>	<u>-</u>	<u>21,595,726</u>
<i>Capital assets being depreciated:</i>				
Buildings	36,355,457	239,656	-	36,595,113
Improvements other than buildings	3,783,316	8,769	-	3,792,085
Equipment	18,014,236	1,218,182	114,456	19,117,962
Infrastructure	54,140,152	445,468	-	54,585,620
<i>Total capital assets being depreciated</i>	<u>112,293,161</u>	<u>1,912,075</u>	<u>114,456</u>	<u>114,090,780</u>
<i>Less: accumulated depreciation for:</i>				
Buildings	6,154,993	911,019	-	7,066,012
Improvements other than buildings	1,179,706	82,509	-	1,262,215
Equipment	14,021,006	1,293,412	114,456	15,199,962
Infrastructure	28,158,444	1,759,033	-	29,917,477
<i>Total accumulated depreciation</i>	<u>49,514,149</u>	<u>4,045,973</u>	<u>114,456</u>	<u>53,445,666</u>
Total capital assets being depreciated, net	<u>62,779,012</u>	<u>(2,133,898)</u>	<u>-</u>	<u>60,645,114</u>
<b>Governmental activities capital assets, net</b>	<b><u>\$ 77,510,126</u></b>	<b><u>\$ 4,730,714</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 82,240,840</u></b>

**CITY OF DEERFIELD BEACH, FLORIDA**  
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<b>Business-type activities:</b>	Beginning Balance	Increases	Decreases	Total
<i>Capital assets not being depreciated:</i>				
Land	\$ 50,531	\$ -	\$ -	\$ 50,531
Construction in progress	5,357,099	11,094,418	-	16,451,517
<i>Total capital assets not being depreciated</i>	<u>5,407,630</u>	<u>11,094,418</u>	<u>-</u>	<u>16,502,048</u>
<i>Capital assets being depreciated:</i>				
Buildings	1,810,875	-	-	1,810,875
Utility plants in service	35,059,135	16,628	-	35,075,763
Improvements other than buildings	60,123,008	595,851	-	60,718,859
Equipment	17,581,044	1,831,219	79,291	19,332,972
<i>Total capital assets being depreciated</i>	<u>114,574,062</u>	<u>2,443,698</u>	<u>79,291</u>	<u>116,938,469</u>
<i>Less: accumulated depreciation for:</i>				
Buildings	939,524	59,678	-	999,202
Utility plants in service	10,625,691	1,025,682	-	11,651,373
Improvements other than buildings	25,906,569	1,746,669	-	27,653,238
Equipment	13,429,198	1,375,485	79,291	14,725,392
<i>Total accumulated depreciation</i>	<u>50,900,982</u>	<u>4,207,514</u>	<u>79,291</u>	<u>55,029,205</u>
Total capital assets being depreciated, net	<u>63,673,080</u>	<u>(1,763,816)</u>	<u>-</u>	<u>61,909,264</u>
 Business-type activities capital assets, net	 <u>\$ 69,080,710</u>	 <u>\$ 9,330,602</u>	 <u>\$ -</u>	 <u>\$ 78,411,312</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government	\$ 175,520
Public safety	1,209,750
Human services	50,734
Physical environment	888,510
Transportation	904,437
Culture and recreation	817,022
Total depreciation expense - governmental activities	<u>\$ 4,045,973</u>

Business-type activities:

Water and Sewer	\$ 3,110,958
Solid Waste	1,096,556
Total depreciation expense - business-type activities	<u>\$ 4,207,514</u>

**CITY OF DEERFIELD BEACH, FLORIDA**  
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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, 2009:

<u>Project</u>	<u>Amounts Outstanding</u>
Hillsboro Boulevard - Streetscape Improvements	\$ 753,928
Hillsboro Boulevard - Intersection Improvements	200,261
S-Curve Improvements, Phases I & II	2,644,400
West Water Treatment Reverse Osmosis Plant	185,502
West Water Treatment Plant Expansion	<u>1,202,967</u>
	<u>\$ 4,987,058</u>

**E. Unearned/Deferred Revenue** – Unearned revenue in the General Fund includes \$373,174 for local business taxes (formerly referred to as occupational licenses) relating to fiscal year 2009. Deferred revenue in the General Fund includes ambulance transport fees of \$1,011,070 as well as local communications services taxes of \$361,048 which were not collected within 90 days of year-end; deferred property taxes of \$270,731 that were levied during the current fiscal year but were not received within 60 days of year-end and thus were not considered “available.”

The deferred revenue of \$697,518 in the Miscellaneous Grants non-major special revenue fund represents grant reimbursements which the City did not receive within 90 days of fiscal year-end. The Capital Grants non-major capital projects fund had \$376,030 in deferred revenue at September 30, 2009. This amount represents reimbursements from the Florida Inland Navigation District (\$47,256), and the Florida Department of Transportation (\$328,774) for amounts incurred by the City in connection with improvements to the City’s parks as well as to 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, 2009 is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 1,786,008
General Fund	General Construction Fund	196,953
Community Redevelopment Agency	General Construction Fund	2,133,395
Water and Sewer Fund	Solid Waste Fund	<u>563,719</u>
Total		<u>\$ 4,680,075</u>

**CITY OF DEERFIELD BEACH, FLORIDA**  
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Interfund Transfers:

	<b>Transfers to:</b>			
	General	CRA Fund	General Construction	Nonmajor Governmental
<b><u>Transfers from:</u></b>				
General	\$ -	\$ 1,390,279	\$ -	\$ 3,809,797
CRA Fund	683,505	-	140,790	
General Construction	-	34,736	-	-
Nonmajor Governmental	452,036	-	3,254	97,000
Total	\$ 1,135,541	\$ 1,425,015	\$ 144,044	\$ 3,906,797

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 into the General Construction Fund represent funding for capital projects. 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, 2009, were as follows:

Fiscal Year	Governmental Activities	Business-Type Activities	Total
2010	\$ 740,619	\$ 952,537	\$ 1,693,156
2011	441,309	741,765	1,183,074
2012	333,572	539,279	872,851
2013	171,906	423,813	595,719
2014	64,975	224,441	289,416
Total Minimum lease payments	1,752,381	2,881,835	4,634,216
Less: amount representing interest	(87,571)	(170,102)	(257,673)
Present value of future minimum lease payments	\$ 1,664,810	\$ 2,711,733	\$ 4,376,543

As of September 30, 2009, the equipment held under capital leases for governmental activities and business-type activities were \$3,315,994 and \$4,500,682, respectively. Accumulated depreciation for equipment held under capital leases was \$1,322,114 and \$1,708,413 for governmental and business-type activities, respectively, as of September 30, 2009.

**CITY OF DEERFIELD BEACH, FLORIDA**  
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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, 2009:

**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, \$9,828,199, have interest rates that range from 4.25% to 6.08%. For Series A, principal is due annually on April 1<sup>st</sup> and interest is payable semi-annually on April 1<sup>st</sup> and October 1<sup>st</sup> with the final maturity date being October 1, 2024. For Series B, principal is due annually on November 1<sup>st</sup>, and interest is payable semi-annually on May 1<sup>st</sup> and November 1<sup>st</sup>, with the final maturity date being November 1, 2027.
- *General Obligation Bonds, Series 2003A* - The original amount of this issue was \$5,140,000, the proceeds of which were used for refunding two previously issued general obligation bonds, namely Series 1993 and 1995. The outstanding bonds of the issue, \$2,905,000, have interest rates that range from 3.00% to 5.00%. Principal is due annually on May 1<sup>st</sup> and interest is payable semi-annually on May 1<sup>st</sup> and November 1<sup>st</sup>, with the final maturity date being May 1, 2016.
- *General Obligation Bonds, Series 2003B* – The original amount of this issue was \$15,410,000, which proceeds were used for the acquisition and construction of a public works facility, a fire station, neighborhood right-of-way improvements, and improvements to parks and recreational facilities. The interest rates on the bonds range from 1.32% to 4.77%. Principal is due annually on December 1<sup>st</sup> and interest is payable semi-annually on June 1<sup>st</sup> and December 1<sup>st</sup>, with the final maturity date being December 1, 2028. The remaining outstanding bonds of this issue total \$13,875,000.
- *Covenant Bonds, Series 2003A* – These bonds were issued in connection with the City's General Obligation Bonds, Series 2003A, described previously. The principal amount of the loan was \$6,825,000, which was issued for the purpose of financing streetscape improvements in the City's Community Redevelopment Area. The remaining outstanding bonds of this issue, \$6,095,000, have interest rates that range from 3.00% to 5.00%. Principal is due annually on May 1<sup>st</sup> and interest is payable semi-annually on May 1<sup>st</sup> and November 1<sup>st</sup>, with the final maturity date being May 1, 2028. The City is required to budget and appropriate non-ad valorem tax revenues to pay the annual debt service on this issue.
- *Covenant Bonds, Series 2003B* – These bonds were issued in connection with the City's General Obligation Bonds, Series 2003B, described previously. The principal amount of the loan was \$2,480,000, which was issued for the purpose of financing improvements in the City's beach district, more commonly described as "Ocean Way Improvements." The remaining outstanding bonds of this issue, \$2,160,000, 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.

**CITY OF DEERFIELD BEACH, FLORIDA**  
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- *Covenant Bond, Series 2006* – The original amount of this issue was \$5,965,000. The proceeds of this bond issue were used to complete the construction of the public works facility and the municipal operations complex. The interest rates on these bonds range from 4.00% to 5.00%. Principal is due annually on October 1<sup>st</sup> and interest is payable semi-annually on April 1<sup>st</sup> and October 1<sup>st</sup>, with the final maturity date being October 1, 2031. The remaining outstanding bonds of this issue total \$5,725,000. 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 \$5,686,502 for fiscal year 2009.

**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, 2009, the aggregate outstanding principal amount of these loans totaled \$21,761,712. 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, 2009 was \$14,056,551. 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, 2009, the unpaid principal balances of Water Pollution Control Loan No. WW69302L and Loan No. WW693030 were \$1,357,056 and \$6,348,105, 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 \$1,902,685. Net revenues of the water and sewer system amounted to \$7,748,878 for the year ended September 30, 2009.
- *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 1<sup>st</sup> and interest is payable semi-annually on April 1<sup>st</sup> and October 1<sup>st</sup>, with the final maturity date being October 1, 2028. The remaining outstanding bonds of this issue total \$17,028,786. 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 \$830,461.

**CITY OF DEERFIELD BEACH, FLORIDA**  
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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, 2009:

<b>Governmental activities:</b>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 28,013,411	\$ -	\$ 1,405,212	\$ 26,608,199	\$ 1,398,531
Covenant bonds	14,375,000	-	395,000	13,980,000	420,000
Plus: Deferred amounts for premiums/discounts	862,256	-	66,520	795,736	65,764
Total bonds payable	43,250,667	-	1,866,732	41,383,935	1,884,295
Capital leases	1,760,596	726,733	822,519	1,664,810	705,799
Claims and judgments	4,392,755	8,674,674	6,844,343	6,223,086	2,244,336
Compensated absences	3,565,616	2,859,889	2,339,944	4,085,561	2,236,941
Total governmental activities long-term liabilities	<u>\$ 52,969,634</u>	<u>\$ 12,261,296</u>	<u>\$ 11,873,538</u>	<u>\$ 53,357,392</u>	<u>\$ 7,071,371</u>
<b>Business-type activities:</b>					
Capital leases	\$ 2,231,955	\$ 1,287,301	\$ 807,523	\$ 2,711,733	\$ 889,876
Compensated absences	1,594,294	940,693	781,092	1,753,895	735,309
Bonds payable	17,028,786	-	-	17,028,786	604,676
Loan payable	22,739,773	155,298	1,133,359	21,761,712	1,262,290
Total business-type activities long-term liabilities	<u>\$ 43,594,808</u>	<u>\$ 2,383,292</u>	<u>\$ 2,721,974</u>	<u>\$ 43,256,126</u>	<u>\$ 3,492,151</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, 2009 are as follows:

<b>Year Ending September 30</b>	<b>Governmental Activities Debt</b>			
	<i>General Obligation Bonds</i>		<i>Covenant Bonds</i>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,398,530	\$ 1,255,072	\$ 420,000	\$ 655,093
2011	1,412,235	1,244,334	435,000	636,963
2012	1,427,497	1,229,447	455,000	617,941
2013	1,436,568	1,216,875	470,000	597,769
2014	1,226,262	1,477,400	495,000	578,794
2015-2019	5,523,158	7,751,811	2,860,000	2,492,677
2020-2024	5,328,766	7,946,794	3,645,000	1,705,213
2025-2029	8,855,183	4,423,806	4,090,000	782,882
2030-2033	-	-	1,110,000	101,250
Total	<u>\$ 26,608,199</u>	<u>\$ 26,545,539</u>	<u>\$ 13,980,000</u>	<u>\$ 8,168,582</u>

**CITY OF DEERFIELD BEACH, FLORIDA**  
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**Business-Type Activities Debt**

<b><u>Year Ending</u></b> <b><u>September 30</u></b>	<i><u>Revolving Loans</u></i>		<i><u>Revenue Bonds</u></i>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,262,290	\$ 632,312	\$ 404,994	\$ 830,461
2011	1,331,464	563,136	604,676	810,710
2012	1,369,938	524,662	592,344	781,221
2013	1,409,547	485,053	599,389	754,395
2014	1,450,328	444,272	630,957	723,102
2015-2019	7,906,770	1,566,230	3,650,526	3,124,405
2020-2024	5,599,258	458,007	4,642,358	2,141,809
2025-2029	1,432,117	53,871	5,903,542	892,376
Total	<u>\$ 21,761,712</u>	<u>\$ 4,727,543</u>	<u>\$ 17,028,786</u>	<u>\$ 10,058,479</u>

**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, 2009:

<u>Governmental Activities</u>	<u>Total</u>
Community Redevelopment Agency Funds	\$ 6,628,978
Cemetery reserve endowments	2,463,304
Local option gas tax	2,260,473
Impact fees	328,105
Grant funds	2,427,821
Law Enforcement/Crime Prevention /Other Trust Funds	1,090,824
Bond construction account	7,701,690
Loan debt service accounts	<u>285,989</u>
Total governmental activities restricted assets	<u>\$ 23,187,184</u>

Business-Type Activities

	<u>Water and</u> <u>Sewer Fund</u>	<u>Solid</u> <u>Waste Fund</u>	<u>Total</u>
Customer deposits	\$ 404,974	\$ 56,511	\$ 461,485
Bond construction account	9,361,069	-	9,361,069
Revolving loan covenant accounts	<u>707,726</u>	<u>-</u>	<u>707,726</u>
Total business-type activities restricted assets	<u>\$ 10,473,769</u>	<u>\$ 56,511</u>	<u>\$ 10,530,280</u>

**CITY OF DEERFIELD BEACH, FLORIDA**  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2009

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

Various funds of the City participate in the risk management program and make payments to the General Fund based on estimates of the amounts needed to 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, 2009, the amount of these liabilities was \$6,223,086. Changes in the reported liability since September 30, 2008 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>
2009	\$ 4,392,755	\$ 8,674,674	\$ (6,844,343)	\$ 6,223,086
2008	\$ 4,191,000	\$ 6,522,316	\$ (6,320,561)	\$ 4,392,755

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

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

**D. Pension Information** – The following information is provided in accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* 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.

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

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

The Fire Pension Plan, as well as the Police Officers' Retirement Plan, issue publicly available financial reports that include financial statements and required supplementary information. 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 2009, the state contributed \$891,366 and \$546,041 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, 2008, the most recent actuarial valuation date:

	Actuarial Value of Assets (a)	Actuarial 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	\$ 83,960,958	\$ 89,280,606	\$ 5,319,648	94.0%	\$ 10,950,967	48.6%
Police	40,087,946	50,658,055	10,570,109	79.1	493,035	2,143.9
Non-Uniformed*	58,340,299	60,294,318	1,954,019	96.8	3,480,914	56.1

*\*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	17.00%	211.80%	23.06%
Plan members	9.00%	0.00%	9.00%
Annual required contribution	\$2,750,854	\$1,249,843	\$802,633
Percentage contributed	100%	100%	100%
Actuarial valuation date	10/01/08	10/01/08	10/01/08
Actuarial cost method	Entry age	Entry age	Aggregate cost
Amortization method	Level percentage of pay, closed	Level percentage of pay, closed	Level percentage of pay, closed
Remaining amortization period	30 years	30 years	15 years
Asset valuation method	5 year smoothed market	4 year smoothed market	4 year smoothed market
Actuarial assumptions:			
Investment rate of return	7.625%	7.000%	7.500%
Projected salary increases	5% to 11%	6.50%	6.00%
Includes inflation of	4.00%	3% to 3.5%	4.00%
Cost of living adjustments	None	None	None

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2009

Information regarding fiscal year 2009 participant data for the three pension plans is as follows:

	<u>Fire</u>	<u>Police</u>	<u>Non-uniformed</u>	<u>Total</u>
<i>Number of plan members:</i>				
Retirees and beneficiaries				
currently receiving benefits	49	70	105	224
Vested terminated employees	0	0	12	12
<i>Active employees:</i>				
Fully vested	42	4	47	93
Non-vested	88	0	0	88
<i>Benefit provisions:</i>				
Normal retirement benefit equals:				
Average salary for years shown	3	3	3	
At the rate of/per year of service	(b)	3.00%	3.00%	
Maximum years of service	30	30	30	
<i>Normal retirement eligibility:</i>				
Age/service years	52/10	47/10	65/10	
(Alternative)	N/A/20	47/20	55/25	
<i>Early retirement eligibility:</i>				
Age/service years	47/10	47/10	55/10	

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

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

**CITY OF DEERFIELD BEACH, FLORIDA**  
NOTES TO THE FINANCIAL STATEMENTS  
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**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>
<b>Fire</b>			
2009	\$ 2,822,022	97.5%	\$ (339,299)
2008	\$ 2,240,611	103.9%	\$ (409,785)
2007	\$ 2,394,756	102.6%	\$ (323,111)
<b>Police</b>			
2009	\$ 1,249,843	101.2%	\$ (43,278)
2008	\$ 1,260,350	102.1%	\$ (28,658)
2007	\$ 1,297,740	100.0%	\$ -
<b>Non-uniformed</b>			
2009	\$ 802,633	100.0%	\$ (448,936)
2008	\$ 532,938	184.2%	\$ (448,936)
2007	\$ 1,299,342	100.0%	\$ -

The derivation of the net pension asset for the Fire, Police and Non-uniformed Pension plans as of September 30, 2009 follows:

	<u>Fire</u>	<u>Police</u>	<u>Non-Uniform</u>
a. Annual required contribution ("ARC")	\$ 2,750,854	\$ 1,249,843	\$ 802,633
b. Interest on Net Pension Obligation ("NPO")	(25,224)	-	-
c. Adjustment to ARC	96,392	-	-
d. Annual pension cost (a+b+c)	2,822,022	1,249,843	802,633
e. Actual contributions	2,751,536	1,264,463	802,633
f. NPO at beginning of year	(409,785)	(28,658)	(448,936)
g. Increase (decrease) in NPO (d-e)	70,486	(14,620)	-
h. NPO at end of year (f+g)	(339,299)	(43,278)	(448,936)

**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, 2009 of \$1,532,912. 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 \$766,456.

**CITY OF DEERFIELD BEACH, FLORIDA**  
 NOTES TO THE FINANCIAL STATEMENTS  
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**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 \$19,720,497 at the October 1, 2008 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, 2009, there were 176 retired employees receiving a monthly benefit with an additional 560 eligible for participation in the future. Benefit payments totaled \$1,160,847 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, 2009 follow:

Annual required contribution	\$ 1,702,300
Actual contributions made	<u>(1,160,847)</u>
Increase in NOO	541,453
NOO - Beginning of year	<u>-</u>
NOO - End of year	<u>\$ 541,453</u>

**CITY OF DEERFIELD BEACH, FLORIDA**  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2009

The City's annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB obligation as of September 2009 follow:

AOC	Contribution	Percent Contributed	NOO
\$ 1,702,300	\$ 1,160,847	68.2%	\$ 541,453

As of the October 1, 2008 valuation date, the actuarial accrued liability for benefits was \$19,720,497 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$19,720,497. The payroll for active participating employees for that period was approximately \$34,796,278 and the unfunded actuarial accrued liability as a percentage of payroll was 56.7%.

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, 2008
Actuarial cost method:	Individual Entry-age
Amortization method:	Level percent, open
Remaining amortization period:	30 Years
Investment rate of return/discount rate:	4.50%
Projected salary increases:	5.0% - 11.0%
Medical trend rate of inflation:	4.0%

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

**H. New Accounting Pronouncements Adopted** - GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* became effective during the current fiscal year. This Statement improves the relevance and usefulness of financial reporting by (a) requiring systematic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and (b) providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan.

In November 2006, the GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, became effective during the current fiscal year. This statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution. The scope of this statement excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and post-closure and nuclear power plant decommissioning.

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

**I. New Accounting Pronouncements Not Yet Adopted** - GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, was issued June 2007. This Statement establishes accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2010.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, was issued in June 2008. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2010.

GASB Statement No. 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 establishes 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 provisions of this Statement will be effective for the City beginning with its year ending September 30, 2011.

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 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 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*, was issued in December 2009. The objective of this Statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy

**CITY OF DEERFIELD BEACH, FLORIDA**  
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SEPTEMBER 30, 2009

under Chapter 9 of the United States Bankruptcy Code. It requires governments to re-measure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms (that is, approves) a new payment plan. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2010.

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF DEERFIELD BEACH, FLORIDA**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Budgeted Amounts		(Budgetary Basis) Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 34,461,978	\$ 34,461,978	\$34,780,497	\$ 318,519
Sales taxes	4,540,626	4,540,626	3,832,424	(708,202)
Fire assessment fees	6,283,180	6,283,180	6,142,612	(140,568)
Franchise fees	11,239,001	11,239,001	12,011,964	772,963
Licenses and permits	1,735,800	1,735,800	1,638,823	(96,977)
Intergovernmental	2,701,627	2,701,627	4,067,062	1,365,435
Charges for services	7,093,181	7,093,181	7,430,948	337,767
Fines and forfeitures	1,292,500	1,292,500	1,053,201	(239,299)
Investment earnings	785,000	785,000	356,832	(428,168)
Miscellaneous:				
Donations/contributions	1,932,795	1,932,795	1,739,526	(193,269)
Administrative fees	2,309,019	2,309,019	2,309,018	(1)
Other	224,150	224,150	132,504	(91,646)
Total revenues	74,598,857	74,598,857	75,495,411	896,554
<b>EXPENDITURES:</b>				
Departmental:				
City commission	307,543	307,543	257,682	49,861
City manager	389,755	389,755	353,867	35,888
City clerk	461,855	461,855	406,506	55,349
City attorney	532,500	532,500	572,496	(39,996)
Central services	534,000	534,000	524,231	9,769
Parks & recreation	8,037,821	8,037,821	7,782,273	255,548
Fire/rescue	20,581,046	20,893,791	19,817,557	1,076,234
Human resources	543,759	543,759	471,803	71,956
Insurance/safety	7,851,158	7,851,158	7,879,786	(28,628)
Management and budget	3,011,090	3,011,090	2,704,242	306,848
Planning and growth management	3,091,410	3,091,410	2,605,742	485,668
Police	20,374,128	20,374,128	19,756,529	617,599
Public works	8,952,615	8,960,431	8,221,873	738,558
Senior services	2,523,193	2,523,193	2,218,073	305,120
Community participation	210,608	210,608	148,958	61,650
Other - unclassified	1,746,600	1,426,039	1,017,946	408,093
Debt service	842,017	842,017	788,339	53,678
Total expenditures	79,991,098	79,991,098	75,527,903	4,463,195
Excess (deficiency) of revenues over expenditures	(5,392,241)	(5,392,241)	(32,492)	5,359,749
Other financing sources (uses):				
Capital leases	995,391	995,391	726,733	(268,658)
Transfers in	1,090,725	1,090,725	1,135,541	44,816
Transfers out	(5,410,943)	(5,410,943)	(5,200,076)	210,867
Total other financing sources (uses)	(3,324,827)	(3,324,827)	(3,337,802)	(12,975)
Net change in fund balance	\$ (8,717,068)	\$ (8,717,068)	\$ (3,370,294)	\$ 5,346,774

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, 2009

	<u>Budgeted Amounts</u>		<u>(Budgetary Basis) Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 1,925,000	\$ 1,925,000	\$ 1,868,856	\$ (56,144)
Investment earnings	75,000	75,000	109,325	34,325
Total revenues	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,978,181</u>	<u>(21,819)</u>
<b>EXPENDITURES</b>				
Current:				
Economic environment	<u>2,698,482</u>	<u>2,479,266</u>	<u>100,363</u>	<u>2,378,903</u>
Total expenditures	<u>2,698,482</u>	<u>2,479,266</u>	<u>100,363</u>	<u>2,378,903</u>
Excess (deficiency) of revenues over expenditures	<u>(698,482)</u>	<u>(479,266)</u>	<u>1,877,818</u>	<u>2,357,084</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,383,799	1,383,799	1,425,015	41,216
Transfers out	<u>(685,317)</u>	<u>(904,533)</u>	<u>(824,295)</u>	<u>80,238</u>
Total other financing sources (uses)	<u>698,482</u>	<u>479,266</u>	<u>600,720</u>	<u>121,454</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,478,538</u>	<u>\$ 2,478,538</u>

	<u>GAAP Basis Actual</u>	<u>Net Encumbrances*</u>	<u>Non-GAAP Basis Actual</u>
<u>Reconciliation of Budget and Actual:</u>			
Current expenditures	\$ 100,363	\$ -	\$ 100,363
Total expenditures	<u>\$ 100,363</u>	<u>\$ -</u>	<u>\$ 100,363</u>

\*In the above reconciliation, "net encumbrances" represents the difference between the encumbrances outstanding as of September 30, 2009 and the outstanding encumbrances as of September 30, 2008 which were paid during fiscal year 2009.

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
<b>FIRE</b>						
10/1/2003	\$ 56,133,532	\$ 60,416,560	\$ 4,283,028	92.9 %	\$ 6,234,000	68.7 %
10/1/2004	58,806,662	70,106,558	11,299,896	83.9	8,085,192	139.8
10/1/2005	62,669,274	71,467,107	8,797,833	87.7	9,622,066	91.4
10/1/2006	69,710,124	78,919,232	9,209,108	88.3	9,862,619	93.4
10/1/2007	79,039,657	85,119,420	6,079,763	92.9	10,513,383	57.8
10/1/2008	83,960,958	89,280,606	5,319,648	94.0	10,950,967	48.6
<b>POLICE</b>						
10/1/2003	\$ 39,227,454	\$ 42,848,761	\$ 3,621,307	91.5 %	\$ 2,032,000	178.2 %
10/1/2004	37,288,853	44,789,665	7,500,812	83.3	1,706,000	439.7
10/1/2005	37,464,257	46,938,691	9,474,434	79.8	1,718,000	551.5
10/1/2006	39,055,355	48,645,417	9,590,062	80.3	1,453,000	660.0
10/1/2007	40,720,997	50,605,719	9,884,722	80.5	1,062,000	930.8
10/1/2008	40,087,946	50,658,055	10,570,109	79.1	493,035	2,143.9
<b>NON-UNIFORMED (a)</b>						
10/1/2003	\$ 50,648,623	\$ 51,123,617	\$ 474,994	99.1 %	\$ 4,053,762	11.7 %
10/1/2004	47,922,779	50,738,747	2,815,968	94.5	3,472,804	81.1
10/1/2005	49,622,534	53,515,913	3,893,379	92.7	3,886,192	100.2
10/1/2006	53,625,201	58,124,569	4,499,368	92.3	3,865,828	116.4
10/1/2007	57,912,904	58,925,527	1,012,623	98.3	3,651,655	27.7
10/1/2008	58,340,299	60,294,318	1,954,019	96.8	3,480,914	56.1

(a) 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
2003	\$1,510,391	100%	\$831,455	100%	\$ 552,825	100%
2004	1,599,539	100	798,119	100	319,893	100
2005	2,234,092	100	1,145,716	100	741,914	100
2006	2,248,302	100	1,297,521	100	1,133,773	100
2007	2,399,350	100	1,297,720	103	1,299,342	100
2008	2,605,958	100	1,260,350	103	532,938	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 %

See accompanying notes to required supplementary information.

**CITY OF DEERFIELD BEACH, FLORIDA**  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 SEPTEMBER 30, 2009

**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 2009, there were no supplemental appropriations.

**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	\$ 74,722,922	\$ 16,642	\$ 74,739,564
Debt service	788,339	-	788,339
Total expenditures	<u>\$ 75,511,261</u>	<u>\$ 16,642</u>	<u>\$ 75,527,903</u>

In the above reconciliation, “net encumbrances” represents the difference between the encumbrances outstanding as of September 30, 2009 and the outstanding encumbrances as of September 30, 2008, which were paid during fiscal year 2009.

**C. Excess of Expenditures Over Appropriations** – For the year ended September 30, 2009, expenditures exceeded appropriations in two of the City’s departments, the legal level of budgetary control. The City Attorney’s Office and the Insurance/Safety Department exceeded their budgets by \$39,996 and \$28,628, respectively. Available fund balance was utilized to offset these amounts. The Community Development Block Grant Fund also exceeded its budgeted appropriations by \$56,106. The excess expenditures were funded by previous years’ entitlement grant funds.

## 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

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, 2009

	<u>Special Revenue Funds</u>	<u>General Obligation Debt Service Fund</u>	<u>Capital Grants Capital Projects Fund</u>	<u>Perpetual Care Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,882,361	\$ -	\$ -	\$ 362,555	\$ 2,244,916
Investments	1,861,203	285,989	-	2,100,749	4,247,941
Receivables (net):					
Accounts	25,166	-	-	254	25,420
Interest	4,458	-	-	3,283	7,741
Due from other governments	1,185,038	-	1,088,179	-	2,273,217
Real estate held for resale	90,442	-	-	-	90,442
Prepaid items	622	-	-	-	622
Total assets	<u>\$ 5,049,290</u>	<u>\$ 285,989</u>	<u>\$ 1,088,179</u>	<u>\$ 2,466,841</u>	<u>\$ 8,890,299</u>
 <b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 517,502	\$ -	\$ 222,495	\$ -	\$ 739,997
Accrued liabilities	54,333	-	-	-	54,333
Due to other funds	920,324	-	865,684	-	1,786,008
Unearned/deferred revenue	697,518	-	376,030	-	1,073,548
Total liabilities	<u>2,189,677</u>	<u>-</u>	<u>1,464,209</u>	<u>-</u>	<u>3,653,886</u>
Fund balances (deficit):					
Reserved for:					
Encumbrances	137,758	-	-	-	137,758
Prepaid items	622	-	-	-	622
Real estate held for resale	90,442	-	-	-	90,442
Perpetual care	-	-	-	2,466,841	2,466,841
Unreserved	2,630,791	285,989	(376,030)	-	2,540,750
Total fund balances	<u>2,859,613</u>	<u>285,989</u>	<u>(376,030)</u>	<u>2,466,841</u>	<u>5,236,413</u>
Total liabilities and fund balances	<u>\$ 5,049,290</u>	<u>\$ 285,989</u>	<u>\$ 1,088,179</u>	<u>\$ 2,466,841</u>	<u>\$ 8,890,299</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, 2009

	Special Revenue Funds	General Obligation Debt Service Fund	Capital Grants Capital Projects Fund	Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>					
Local option gas tax	\$ 1,336,986	\$ -	\$ -	\$ -	\$ 1,336,986
Intergovernmental	3,712,692	-	189,525	-	3,902,217
Charges for services	84,400	-	-	-	84,400
Fines and forfeitures	108,500	-	-	-	108,500
Investment earnings	61,977	1,620	-	38,224	101,821
Miscellaneous:					
Cemetery plot sales	-	-	-	163,750	163,750
Donations/contributions	34,775	-	-	-	34,775
Administrative fees	297,176	-	-	-	297,176
Other	225,300	-	-	-	225,300
Total revenues	<u>5,861,806</u>	<u>1,620</u>	<u>189,525</u>	<u>201,974</u>	<u>6,254,925</u>
<b>EXPENDITURES</b>					
Current:					
Economic environment	1,863,638	-	-	-	1,863,638
Public safety	130,816	-	-	-	130,816
Human services	175,371	-	-	-	175,371
Physical environment	18,967	-	-	-	18,967
Transportation	2,123,989	-	-	-	2,123,989
Culture and recreation	450,695	-	-	-	450,695
Capital outlay	1,200,216	-	401,848	-	1,602,064
Debt service:					
Principal	82,309	1,800,212	-	-	1,882,521
Interest and fiscal charges	6,181	1,961,848	-	-	1,968,029
Total expenditures	<u>6,052,182</u>	<u>3,762,060</u>	<u>401,848</u>	<u>-</u>	<u>10,216,090</u>
Excess (deficiency) of revenues over expenditures	<u>(190,376)</u>	<u>(3,760,440)</u>	<u>(212,323)</u>	<u>201,974</u>	<u>(3,961,165)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	142,969	3,763,828	-	-	3,906,797
Transfers out	(549,036)	-	(3,254)	-	(552,290)
Total other financing sources (uses)	<u>(406,067)</u>	<u>3,763,828</u>	<u>(3,254)</u>	<u>-</u>	<u>3,354,507</u>
Net change in fund balances	(596,443)	3,388	(215,577)	201,974	(606,658)
Fund balances (deficit) - beginning	3,456,056	282,601	(160,453)	2,264,867	5,843,071
Fund balances (deficit) - ending	<u>\$ 2,859,613</u>	<u>\$ 285,989</u>	<u>\$ (376,030)</u>	<u>\$ 2,466,841</u>	<u>\$ 5,236,413</u>

**CITY OF DEERFIELD BEACH, FLORIDA**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**SEPTEMBER 30, 2009**

	<b>Road and Bridge Tax Fund</b>	<b>CDBG Fund</b>	<b>SHIP Grant Fund</b>	<b>Miscellaneous Grants Fund</b>	<b>Parking Deviation Fund</b>	<b>General Trust Fund</b>	<b>Target Area Trust Fund</b>	<b>Beautification and Landscape Trust Fund</b>	<b>Law Enforcement Trust Fund</b>	<b>Crime Prevention Trust Fund</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>ASSETS</b>											
Cash and cash equivalents	\$ 252,556	\$ -	\$ 192,884	\$ 17,992	\$ 328,105	\$ 537,206	\$ 997	\$ 49,678	\$ 499,644	\$ 3,299	\$ 1,882,361
Investments	1,861,203	-	-	-	-	-	-	-	-	-	1,861,203
Receivables (net):											
Accounts	-	25,166	-	-	-	-	-	-	-	-	25,166
Interest	4,458	-	-	-	-	-	-	-	-	-	4,458
Due from other governments	146,714	120,270	-	918,054	-	-	-	-	-	-	1,185,038
Real estate held for resale	-	-	-	90,442	-	-	-	-	-	-	90,442
Prepaid items	-	-	-	-	-	622	-	-	-	-	622
Total assets	<u>\$ 2,264,931</u>	<u>\$ 145,436</u>	<u>\$ 192,884</u>	<u>\$ 1,026,488</u>	<u>\$ 328,105</u>	<u>\$ 537,828</u>	<u>\$ 997</u>	<u>\$ 49,678</u>	<u>\$ 499,644</u>	<u>\$ 3,299</u>	<u>\$ 5,049,290</u>
<b>LIABILITIES AND FUND BALANCES</b>											
Liabilities:											
Accounts payable	\$ 288,146	\$ 24,538	\$ 13,099	\$ 167,573	\$ -	\$ 4,578	\$ -	\$ -	\$ 19,568	\$ -	\$ 517,502
Accrued liabilities	43,638	-	-	10,695	-	-	-	-	-	-	54,333
Due to other funds	-	120,898	-	799,426	-	-	-	-	-	-	920,324
Unearned/deferred revenue	-	-	-	697,518	-	-	-	-	-	-	697,518
Total liabilities	<u>331,784</u>	<u>145,436</u>	<u>13,099</u>	<u>1,675,212</u>	<u>-</u>	<u>4,578</u>	<u>-</u>	<u>-</u>	<u>19,568</u>	<u>-</u>	<u>2,189,677</u>
Fund balances (deficit):											
Reserved for:											
Encumbrances	104,554	-	435	27,664	-	-	-	-	5,105	-	137,758
Prepaid items	-	-	-	-	-	622	-	-	-	-	622
Real estate held for resale	-	-	-	90,442	-	-	-	-	-	-	90,442
Unreserved	1,828,593	-	179,350	(766,830)	328,105	532,628	997	49,678	474,971	3,299	2,630,791
Total fund balances (deficit)	<u>1,933,147</u>	<u>-</u>	<u>179,785</u>	<u>(648,724)</u>	<u>328,105</u>	<u>533,250</u>	<u>997</u>	<u>49,678</u>	<u>480,076</u>	<u>3,299</u>	<u>2,859,613</u>
Total liabilities and fund balances	<u>\$ 2,264,931</u>	<u>\$ 145,436</u>	<u>\$ 192,884</u>	<u>\$ 1,026,488</u>	<u>\$ 328,105</u>	<u>\$ 537,828</u>	<u>\$ 997</u>	<u>\$ 49,678</u>	<u>\$ 499,644</u>	<u>\$ 3,299</u>	<u>\$ 5,049,290</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, 2009

	Road and Bridge Tax Fund	CDBG Fund	SHIP Grant Fund	Miscellaneous Grants Fund	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
<b>REVENUES</b>											
Local option gas tax	\$ 1,336,986	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,336,986
Intergovernmental	474,253	794,628	664,787	1,779,024	-	-	-	-	-	-	3,712,692
Charges for services	-	-	-	-	-	73,310	-	11,090	-	-	84,400
Fines and forfeitures	-	-	-	-	-	-	27,143	-	78,579	2,778	108,500
Investment earnings	45,111	-	1,670	-	3,658	5,407	592	523	4,972	44	61,977
Miscellaneous:											
Donations/contributions	-	-	-	-	-	23,527	-	-	-	11,248	34,775
Administrative fees	297,176	-	-	-	-	-	-	-	-	-	297,176
Other	-	-	-	300	-	225,000	-	-	-	-	225,300
Total revenues	<u>2,153,526</u>	<u>794,628</u>	<u>666,457</u>	<u>1,779,324</u>	<u>3,658</u>	<u>327,244</u>	<u>27,735</u>	<u>11,613</u>	<u>83,551</u>	<u>14,070</u>	<u>5,861,806</u>
<b>EXPENDITURES</b>											
Current:											
Economic environment	-	636,044	685,238	542,356	-	-	-	-	-	-	1,863,638
Public safety	-	-	-	45,270	-	57,908	-	-	11,228	16,410	130,816
Human services	-	11,184	-	164,187	-	-	-	-	-	-	175,371
Physical environment	-	-	-	10,527	-	90	-	8,350	-	-	18,967
Transportation	2,123,989	-	-	-	-	-	-	-	-	-	2,123,989
Culture and recreation	-	-	-	396,918	-	53,777	-	-	-	-	450,695
Capital outlay	518,189	-	-	653,669	-	-	-	-	28,358	-	1,200,216
Debt service:											
Principal	82,309	-	-	-	-	-	-	-	-	-	82,309
Interest and fiscal charges	6,181	-	-	-	-	-	-	-	-	-	6,181
Total expenditures	<u>2,730,668</u>	<u>647,228</u>	<u>685,238</u>	<u>1,812,927</u>	<u>-</u>	<u>111,775</u>	<u>-</u>	<u>8,350</u>	<u>39,586</u>	<u>16,410</u>	<u>6,052,182</u>
Excess (deficiency) of revenues over expenditures	<u>(577,142)</u>	<u>147,400</u>	<u>(18,781)</u>	<u>(33,603)</u>	<u>3,658</u>	<u>215,469</u>	<u>27,735</u>	<u>3,263</u>	<u>43,965</u>	<u>(2,340)</u>	<u>(190,376)</u>
<b>OTHER FINANCING SOURCES (USES)</b>											
Transfers in	-	-	-	87,969	-	50,000	-	-	-	5,000	142,969
Transfers out	(190,788)	(147,400)	(113,848)	-	-	-	(42,000)	-	(55,000)	-	(549,036)
Total other financing sources (uses)	<u>(190,788)</u>	<u>(147,400)</u>	<u>(113,848)</u>	<u>87,969</u>	<u>-</u>	<u>50,000</u>	<u>(42,000)</u>	<u>-</u>	<u>(55,000)</u>	<u>5,000</u>	<u>(406,067)</u>
Net change in fund balances	(767,930)	-	(132,629)	54,366	3,658	265,469	(14,265)	3,263	(11,035)	2,660	(596,443)
Fund balances (deficit) - beginning	2,701,077	-	312,414	(703,090)	324,447	267,781	15,262	46,415	491,111	639	3,456,056
Fund balances (deficit) - ending	<u>\$ 1,933,147</u>	<u>\$ -</u>	<u>\$ 179,785</u>	<u>\$ (648,724)</u>	<u>\$ 328,105</u>	<u>\$ 533,250</u>	<u>\$ 997</u>	<u>\$ 49,678</u>	<u>\$ 480,076</u>	<u>\$ 3,299</u>	<u>\$ 2,859,613</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, 2009**

	<u>Budgeted Amounts</u>		<u>(Budgetary Basis)</u> <u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local option gas tax	\$ 1,394,988	\$ 1,394,988	\$ 1,336,986	\$ (58,002)
Intergovernmental	535,691	535,691	474,253	(61,438)
Investment earnings	70,000	70,000	45,111	(24,889)
Miscellaneous:				
Administrative fees	<u>297,176</u>	<u>297,176</u>	<u>297,176</u>	<u>-</u>
Total revenues	<u>2,297,855</u>	<u>2,297,855</u>	<u>2,153,526</u>	<u>(144,329)</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	2,089,955	2,089,955	2,058,447	31,508
Capital outlay	488,744	488,744	518,189	(29,445)
Debt service:				
Principal	157,205	157,205	82,309	74,896
Interest	<u>18,692</u>	<u>18,692</u>	<u>6,181</u>	<u>12,511</u>
Total expenditures	<u>2,754,596</u>	<u>2,754,596</u>	<u>2,665,126</u>	<u>89,470</u>
Excess (deficiency) of revenues over expenditures	<u>(456,741)</u>	<u>(456,741)</u>	<u>(511,600)</u>	<u>(54,859)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	647,529	647,529	-	(647,529)
Transfers out	<u>(190,788)</u>	<u>(190,788)</u>	<u>(190,788)</u>	<u>-</u>
Total other financing sources (uses)	<u>456,741</u>	<u>456,741</u>	<u>(190,788)</u>	<u>(647,529)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (702,388)</u>	<u>\$ (702,388)</u>

	GAAP Basis Actual	Net Encumbrances*	Non-GAAP Basis Actual
<u>Reconciliation of Budget and Actual:</u>			
Current expenditures	\$ 2,123,989	(\$65,542)	\$ 2,058,447
Capital outlay	518,189	-	518,189
Debt service	<u>88,490</u>	<u>-</u>	<u>88,490</u>
Total expenditures	<u>\$ 2,730,668</u>	<u>\$ (65,542)</u>	<u>\$ 2,665,126</u>

\*In the above reconciliation, "net encumbrances" represents the difference between the encumbrances outstanding as of September 30, 2009 and the outstanding encumbrances as of September 30, 2008, which were paid during fiscal year 2009.

**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, 2009

	<u>Budgeted Amounts</u>		<u>(Budgetary Basis) Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 738,902	\$ 738,902	\$ 794,628	\$ 55,726
Total revenues	<u>738,902</u>	<u>738,902</u>	<u>794,628</u>	<u>55,726</u>
<b>EXPENDITURES</b>				
Current:				
Economic environment	591,122	591,122	636,044	(44,922)
Human services	<u>-</u>	<u>-</u>	<u>11,184</u>	<u>(11,184)</u>
Total expenditures	<u>591,122</u>	<u>591,122</u>	<u>647,228</u>	<u>(56,106)</u>
Excess (deficiency) of revenues over expenditures	<u>147,780</u>	<u>147,780</u>	<u>147,400</u>	<u>(380)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(147,780)</u>	<u>(147,780)</u>	<u>(147,400)</u>	<u>380</u>
Total other financing sources (uses)	<u>(147,780)</u>	<u>(147,780)</u>	<u>(147,400)</u>	<u>380</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	<u>GAAP Basis Actual</u>	<u>Net Encumbrances*</u>	<u>Non-GAAP Basis Actual</u>
<u>Reconciliation of Budget and Actual:</u>			
Total current expenditures	<u>\$ 647,228</u>	<u>\$ -</u>	<u>\$ 647,228</u>

\*In the above reconciliation, "net encumbrances" represents the difference between the encumbrances outstanding as of September 30, 2009 and the outstanding encumbrances as of September 30, 2008 which were paid during fiscal year 2009.

**CITY OF DEERFIELD BEACH, FLORIDA**  
**PENSION TRUST FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**SEPTEMBER 30, 2009**

	<b>Fire Pension Fund</b>	<b>Police Pension Fund</b>	<b>Non- Uniformed Pension Fund</b>	<b>Total</b>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ -	\$ 2,708,921	\$ 1,088,304	\$ 3,797,225
Investments:				
Mutual funds	37,572,347	12,476,707	15,902,765	65,951,819
U.S. Government securities	11,844,043	2,422,998	4,988,335	19,255,376
Corporate equities	15,991,888	14,722,772	24,489,961	55,204,621
Corporate bonds and notes	<u>6,319,837</u>	<u>3,694,572</u>	<u>2,823,791</u>	<u>12,838,200</u>
Total investments	<u>71,728,115</u>	<u>33,317,049</u>	<u>48,204,852</u>	<u>153,250,016</u>
Receivables:				
Interest and dividends	165,338	84,149	172,702	422,189
Accounts receivable	763,718	-	-	763,718
Due from brokers	<u>73,351</u>	<u>17,956</u>	<u>29,219</u>	<u>120,526</u>
Total receivables	<u>1,002,407</u>	<u>102,105</u>	<u>201,921</u>	<u>1,306,433</u>
Total assets	<u>72,730,522</u>	<u>36,128,075</u>	<u>49,495,077</u>	<u>158,353,674</u>
<b>LIABILITIES:</b>				
Accounts payable	<u>334,138</u>	<u>183,760</u>	<u>436,971</u>	<u>954,869</u>
Total liabilities	<u>334,138</u>	<u>183,760</u>	<u>436,971</u>	<u>954,869</u>
<b>NET ASSETS:</b>				
Held in trust for pension benefits	<u>\$ 72,396,384</u>	<u>\$ 35,944,315</u>	<u>\$ 49,058,106</u>	<u>\$ 157,398,805</u>

**CITY OF DEERFIELD BEACH, FLORIDA**  
**PENSION TRUST FUNDS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<b>Fire Pension Fund</b>	<b>Police Pension Fund</b>	<b>Non- Uniformed Pension Fund</b>	<b>Total</b>
<b>ADDITIONS:</b>				
Contributions:				
Employer	\$ 1,860,170	\$ 1,044,392	\$ 802,571	\$ 3,707,133
Employer (on behalf of plan members)	-	25,444	4,043	29,487
Plan members	1,032,759	-	289,808	1,322,567
State of Florida	<u>891,366</u>	<u>546,041</u>	<u>-</u>	<u>1,437,407</u>
Total contributions	<u>3,784,295</u>	<u>1,615,877</u>	<u>1,096,422</u>	<u>6,496,594</u>
Investment earnings:				
Interest and dividends	1,376,549	1,044,817	1,202,770	3,624,136
Net increase in the fair value of investments	<u>(2,012,672)</u>	<u>723,728</u>	<u>(924,103)</u>	<u>(2,213,047)</u>
Total investment earnings	(636,123)	1,768,545	278,667	1,411,089
Less investment expense	<u>(299,305)</u>	<u>(209,223)</u>	<u>(137,138)</u>	<u>(645,666)</u>
Net investment earnings	<u>(935,428)</u>	<u>1,559,322</u>	<u>141,529</u>	<u>765,423</u>
Other miscellaneous income (loss)	<u>70,218</u>	<u>19,968</u>	<u>5,510</u>	<u>95,696</u>
Total additions	<u>2,919,085</u>	<u>3,195,167</u>	<u>1,243,461</u>	<u>7,357,713</u>
<b>DEDUCTIONS:</b>				
Benefits paid	2,836,907	4,616,212	3,351,113	10,804,232
Administrative expenses	<u>332,191</u>	<u>89,018</u>	<u>68,940</u>	<u>490,149</u>
Total deductions	<u>3,169,098</u>	<u>4,705,230</u>	<u>3,420,053</u>	<u>11,294,381</u>
Change in net assets	(250,013)	(1,510,063)	(2,176,592)	(3,936,668)
Net assets held in trust for pension benefits:				
Beginning of year	<u>72,646,397</u>	<u>37,454,378</u>	<u>51,234,698</u>	<u>161,335,473</u>
End of year	<u>\$ 72,396,384</u>	<u>\$ 35,944,315</u>	<u>\$ 49,058,106</u>	<u>\$ 157,398,805</u>

# STATISTICAL SECTION

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.</i>	77
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>	83
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>	90
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>	95
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>	97

*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 SEVEN FISCAL YEARS  
(Accrual Basis of Accounting)

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

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

**CITY OF DEERFIELD BEACH, FLORIDA**

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

	Fiscal Year*						
	2003	2004	2005	2006	2007	2008	2009
<b>Expenses</b>							
<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
Economic environment	841,411	1,209,660	1,104,229	1,083,068	2,748,846	2,095,672	1,964,859
Public safety	26,211,599	29,863,193	34,156,399	48,317,723	38,092,021	39,946,697	41,915,667
Human services	2,197,139	2,338,711	2,489,242	2,447,371	2,283,091	3,007,015	2,588,723
Physical environment	3,493,509	3,642,515	4,640,670	5,063,502	5,476,504	5,583,768	6,164,735
Transportation	2,374,763	2,476,519	2,839,192	3,121,928	2,861,275	3,042,067	3,138,654
Culture and recreation	3,734,646	3,781,281	4,777,558	5,682,273	5,795,840	6,138,096	6,607,981
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
Total governmental activities expenses	<u>52,651,559</u>	<u>57,997,922</u>	<u>68,186,160</u>	<u>83,898,578</u>	<u>80,626,774</u>	<u>81,126,663</u>	<u>86,565,371</u>
<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
Solid waste	11,507,115	11,621,977	14,118,216	15,495,440	15,717,636	15,522,193	15,588,347
Total business-type activities expenses	<u>25,739,280</u>	<u>27,186,941</u>	<u>32,696,207</u>	<u>33,195,091</u>	<u>36,042,847</u>	<u>35,645,904</u>	<u>38,733,562</u>
Total primary government expenses	<u>\$ 78,390,839</u>	<u>\$ 85,184,863</u>	<u>\$ 100,882,367</u>	<u>\$ 117,093,669</u>	<u>\$ 116,669,621</u>	<u>\$ 116,772,567</u>	<u>\$ 125,298,933</u>
<b>Program Revenues</b>							
<i>Governmental activities:</i>							
Charges for services:							
General government	\$ 3,044,776	\$ 3,222,004	\$ 4,522,561	\$ 4,861,186	\$ 4,850,457	\$ 4,271,872	\$ 3,994,889
Public safety	7,648,419	7,972,744	9,730,171	11,216,934	10,887,195	14,200,414	12,951,771
Human services	498,903	521,681	590,202	621,291	530,763	619,546	508,744
Physical environment	249,869	233,985	236,985	182,875	247,415	186,153	289,262
Transportation	1,130,876	1,283,784	1,213,092	1,395,776	1,543,358	1,566,684	1,519,532
Culture and recreation	750,577	599,528	981,510	1,179,948	1,181,555	1,426,646	1,759,727
Operating grants and contributions	3,163,889	5,229,862	4,459,951	14,967,903	8,221,289	4,612,921	6,877,028
Capital grants and contributions	2,305,850	2,470,520	1,521,244	732,532	1,700,423	820,248	426,674
Total governmental activities program revenues	<u>18,793,159</u>	<u>21,534,108</u>	<u>23,255,716</u>	<u>35,148,445</u>	<u>29,162,455</u>	<u>27,704,484</u>	<u>28,327,627</u>

	Fiscal Year*						
	2003	2004	2005	2006	2007	2008	2009
<b>Business-type activities:</b>							
Charges for services:							
Water and sewer	18,518,349	18,980,659	19,001,300	19,026,919	18,870,533	22,667,068	25,001,144
Solid waste	11,629,628	12,822,688	14,169,586	14,508,283	16,023,140	15,942,312	14,507,783
Capital grants and contributions	127,001	213,360	111,760	224,577	174,208	591,520	1,333,400
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
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
Net (expense)/revenue							
Governmental activities	\$ (33,858,400)	\$ (36,463,814)	\$ (44,930,444)	\$ (48,750,133)	\$ (51,464,319)	\$ (53,422,179)	\$ (58,237,744)
Business-type activities	4,535,698	4,829,766	586,439	564,688	(974,966)	3,554,996	2,108,765
Total primary government net expense	\$ (29,322,702)	\$ (31,634,048)	\$ (44,344,005)	\$ (48,185,445)	\$ (52,439,285)	\$ (49,867,183)	\$ (56,128,979)
<b>General Revenues and Other Changes in Net Assets</b>							
Governmental activities:							
Taxes:							
Property taxes	\$ 24,385,094	\$ 27,601,682	\$ 31,779,407	\$ 35,641,797	\$ 41,783,736	\$ 39,040,869	\$ 36,685,924
Sales taxes	3,774,962	3,786,457	3,970,596	4,777,520	4,555,929	4,282,151	3,832,424
Franchise fees	7,511,692	8,465,117	9,082,753	10,779,607	12,477,400	12,540,651	11,908,808
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
Alcoholic beverage/mobile home license taxes	-	-	54,143	53,554	56,304	55,940	56,288
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
Unrestricted investment earnings	374,558	497,863	1,183,078	1,913,598	2,254,270	1,505,692	719,477
Miscellaneous	114,182	72,457	279,254	14,675	52,586	46,313	87,851
Transfers	620,000	960,000	-	-	10,000	-	-
Total governmental activities	39,862,620	45,008,142	50,368,084	56,390,089	64,164,763	61,788,384	55,841,292
Business-type activities:							
Unrestricted investment earnings	154,473	146,225	377,479	545,719	772,066	369,429	314,201
Transfers	(620,000)	(960,000)	-	-	(10,000)	-	-
Total business-type activities	(465,527)	(813,775)	377,479	545,719	762,066	369,429	314,201
Total primary government	39,397,093	44,194,367	50,745,563	56,935,808	64,926,829	62,157,813	56,155,493
<b>Change in Net Assets</b>							
Governmental activities	6,004,220	8,544,328	5,437,640	7,639,956	12,700,444	8,366,205	(2,396,452)
Business-type activities	4,070,171	4,015,991	963,918	1,110,407	(212,900)	3,924,425	2,422,966
Total primary government	\$ 10,074,391	\$ 12,560,319	\$ 6,401,558	\$ 8,750,363	\$ 12,487,544	\$ 12,290,630	\$ 26,514

\*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
2000	\$ 17,859,295	\$ 3,053,854	\$ 3,942,356	\$ 956,182	\$ 44,067	\$ 25,855,754
2001	19,090,178	3,555,078	4,505,254	1,200,877	53,337	28,404,724
2002	22,548,974	3,662,369	5,798,169	1,223,132	48,048	33,280,692
2003	24,385,094	3,774,962	7,511,692	1,130,453	48,029	36,850,230
2004	27,601,682	3,786,457	8,465,117	1,348,128	58,009	41,259,393
2005	31,779,407	3,970,596	9,082,753	1,239,308	54,143	46,126,207
2006	35,641,797	4,777,520	10,779,607	1,417,779	53,554	52,670,257
2007	41,783,736	4,555,929	12,477,400	1,384,787	56,304	60,258,156
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

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	\$ 1,219,696	\$ 678,630	\$ 776,958	\$ 935,746	\$ 1,532,890	\$ 2,178,213	\$ 2,172,010	\$ 1,785,062	\$ 1,512,466	\$ 1,236,143
Unreserved	1,742,050	291,497	2,630,821	4,934,115	6,204,389	9,354,151	9,704,079	18,447,814	21,960,612	18,727,759
Total general fund	\$ 2,961,746	\$ 970,127	\$ 3,407,779	\$ 5,869,861	\$ 7,737,279	\$ 11,532,364	\$ 11,876,089	\$ 20,232,876	\$ 23,473,078	\$ 19,963,902
All other governmental funds										
Reserved	\$ 2,079,267	\$ 1,858,294	\$ 2,163,048	\$ 18,286,562	\$ 33,542,063	\$ 2,150,567	\$ 3,038,771	\$ 2,935,906	\$ 3,551,684	\$ 3,678,313
Unreserved, reported in:										
Special revenue funds	1,172,967	1,621,097	1,696,069	260,894	344,506	3,295,186	5,809,033	7,484,980	9,535,257	11,371,568
Debt service funds	240,549	188,981	143,428	148,262	151,186	166,762	4,280	242,033	282,601	285,989
Capital projects funds	9,710,995	11,545,089	8,790,057	(1,959,534)	(1,660,782)	20,327,204	8,656,228	9,340,550	7,945,378	2,960,291
Total all other governmental funds	\$ 13,203,778	\$ 15,213,461	\$ 12,792,602	\$ 16,736,184	\$ 32,376,973	\$ 25,939,719	\$ 17,508,312	\$ 20,003,469	\$ 21,314,920	\$ 18,296,161

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

	<u>2000</u>	<u>2001</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>
<b>Revenues</b>										
Property taxes	\$ 17,859,295	\$ 19,090,178	\$ 22,548,974	\$ 24,385,094	\$ 27,601,682	\$ 31,779,407	\$ 35,641,797	\$ 41,675,355	\$ 38,915,090	\$ 36,649,353
Sales taxes	3,053,854	3,555,078	3,662,369	3,774,962	3,786,457	3,970,596	4,777,520	4,555,929	4,282,151	3,832,424
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
Franchise fees	3,942,356	4,505,254	5,798,169	7,511,692	8,465,117	9,082,753	10,779,607	12,477,400	12,076,447	12,011,964
Local option gas tax	956,182	1,200,877	1,223,132	1,130,453	1,348,128	1,239,308	1,417,779	1,384,787	1,369,644	1,336,986
Licenses and permits	1,500,511	1,439,905	1,677,301	1,567,473	1,619,185	1,420,371	2,595,719	2,394,634	2,116,220	1,638,823
Intergovernmental	3,784,930	4,058,116	3,441,169	5,646,977	6,646,581	8,151,325	17,663,255	10,906,891	5,861,670	7,969,279
Charges for services	4,213,192	5,249,764	5,037,560	4,895,715	4,874,660	6,294,641	6,591,097	6,436,229	6,911,507	7,515,348
Fines and forfeitures	1,167,329	1,204,497	1,126,129	1,226,663	1,500,637	1,463,170	1,398,343	1,348,088	1,851,372	1,161,701
Investment earnings	848,596	1,541,038	1,165,452	403,787	497,863	1,262,404	2,107,992	2,422,453	1,517,014	724,805
Miscellaneous	4,141,581	3,873,836	4,232,765	4,536,017	4,719,506	5,338,199	5,718,596	5,950,033	6,728,838	4,902,049
<b>Total revenues</b>	<b>41,467,826</b>	<b>45,718,543</b>	<b>52,101,689</b>	<b>58,035,779</b>	<b>63,922,690</b>	<b>73,435,171</b>	<b>92,353,795</b>	<b>93,319,788</b>	<b>87,711,661</b>	<b>83,885,344</b>
<b>Expenditures</b>										
General government	12,330,732	12,906,517	13,324,384	13,775,845	16,178,208	14,800,858	17,762,324	19,284,351	19,882,962	20,081,498
Economic environment	399,459	739,004	567,645	840,763	1,209,012	1,103,581	1,082,420	2,748,198	2,095,672	1,964,001
Public safety	19,111,897	21,076,694	22,243,484	26,014,787	30,303,355	33,818,934	48,610,412	38,650,648	39,177,441	41,341,005
Human services	1,699,055	1,894,364	1,986,327	2,135,110	2,227,748	2,384,248	2,366,688	2,587,844	2,948,669	2,506,240
Physical environment	2,417,869	2,365,368	2,535,156	3,138,612	3,493,836	4,299,381	4,856,488	5,346,214	4,894,970	5,754,973
Transportation	1,626,572	1,566,461	1,631,333	1,593,641	1,539,200	1,913,574	2,081,321	1,837,419	2,120,483	2,221,345
Culture and recreation	2,703,622	3,014,426	3,137,326	3,354,044	3,552,922	4,504,233	5,092,025	5,340,932	5,311,262	5,717,699
Capital outlay	4,651,290	3,141,280	4,580,320	5,720,628	5,038,057	10,573,713	14,459,905	8,673,815	2,721,325	6,744,382
Debt service										
Principal	1,717,767	2,060,964	2,203,602	2,305,944	2,021,994	2,552,915	2,896,919	2,427,913	2,560,050	2,622,732
Interest	784,866	818,595	788,482	722,607	1,292,586	1,677,340	1,817,507	1,839,525	2,033,398	2,016,157
Other charges	6,361	99,845	16,636	268,660	321,552	-	-	116,982	-	-
<b>Total expenditures</b>	<b>47,449,490</b>	<b>49,683,518</b>	<b>53,014,695</b>	<b>59,870,641</b>	<b>67,178,470</b>	<b>77,628,777</b>	<b>101,026,009</b>	<b>88,853,841</b>	<b>83,746,232</b>	<b>90,970,032</b>
Excess of revenues over (under) expenditures	(5,981,664)	(3,964,975)	(913,006)	(1,834,862)	(3,255,780)	(4,193,606)	(8,672,214)	4,465,947	3,965,429	(7,084,688)
<b>Other financing sources (uses)</b>										
Transfers in	2,299,523	2,574,916	2,667,537	2,971,727	5,017,178	5,559,140	5,609,200	7,074,670	6,513,791	6,611,397
Transfers out	(1,799,523)	(2,089,916)	(2,128,301)	(2,351,727)	(4,057,178)	(5,559,140)	(5,609,200)	(7,064,670)	(6,513,791)	(6,611,397)
Refunding bonds issued	-	-	-	5,140,000	-	-	-	-	-	-
Bonds issued	9,978,848	2,820,183	-	6,825,000	17,890,000	-	-	5,965,000	-	-
Premium on bonds issued	-	-	-	702,164	464,820	-	-	32,679	-	-
Payment to refunding bond escrow agent	(206,677)	-	-	(5,399,498)	-	-	-	-	-	-
Capital leases	1,355,700	578,421	390,563	352,860	1,449,167	1,551,437	584,532	378,318	416,244	726,733
Note proceeds	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>11,627,871</b>	<b>3,883,604</b>	<b>929,799</b>	<b>8,240,526</b>	<b>20,763,987</b>	<b>1,551,437</b>	<b>584,532</b>	<b>6,385,997</b>	<b>416,244</b>	<b>726,733</b>
<b>Net change in fund balances</b>	<b>\$ 5,646,207</b>	<b>\$ (81,371)</b>	<b>\$ 16,793</b>	<b>\$ 6,405,664</b>	<b>\$ 17,508,207</b>	<b>\$ (2,642,169)</b>	<b>\$ (8,087,682)</b>	<b>\$ 10,851,944</b>	<b>\$ 4,381,673</b>	<b>\$ (6,357,955)</b>
Debt service as a percentage of noncapital expenditures	5.9%	6.4%	6.2%	6.4%	6.0%	6.4%	5.5%	5.6%	5.7%	5.6%

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

Fiscal Year	Property Taxes	Sales Taxes	Franchise Taxes	Local Option Gas Tax	Alcoholic Beverage/ Mobile Home License Taxes	Total
2000	\$ 17,859,295	\$ 3,053,854	\$ 3,942,356	\$ 956,182	\$ 44,067	\$ 25,855,754
2001	19,090,178	3,555,078	4,505,254	1,200,877	53,337	28,404,724
2002	22,548,974	3,662,369	5,798,169	1,223,132	48,048	33,280,692
2003	24,385,094	3,774,962	7,511,692	1,130,453	48,029	36,850,230
2004	27,601,682	3,786,457	8,465,117	1,348,128	58,009	41,259,393
2005	31,779,407	3,970,596	9,082,753	1,239,308	54,143	46,126,207
2006	35,641,797	4,777,520	10,779,607	1,417,779	53,554	52,670,257
2007	41,675,355	4,555,929	12,477,400	1,384,787	56,304	60,149,775
2008	38,915,090	4,282,151	12,076,447	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

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

Fiscal Year	Real Property (1)	Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value (1)	Taxable Assessed Value as a Percentage of Actual Taxable Value	
							Value	Rate
2000	\$ 3,286,498,403	\$ 386,636,600	\$ 663,469,926	\$ 3,009,665,077	6.2278	\$ 4,437,632,913	67.821%	
2001	3,515,069,400	414,027,950	710,391,738	3,218,705,612	6.2278	4,747,175,136	67.803	
2002	3,846,816,131	430,489,171	808,244,319	3,469,060,983	5.7677	5,154,089,551	67.307	
2003	4,324,211,207	446,180,128	1,004,355,731	3,766,035,604	6.8506	5,725,112,968	65.781	
2004	4,936,266,652	425,590,298	1,234,941,029	4,126,915,921	6.8369	6,383,194,465	64.653	
2005	6,018,875,925	419,582,346	1,587,405,865	4,851,052,406	6.8301	7,602,508,726	63.809	
2006	7,192,022,677	432,372,985	2,039,462,978	5,584,932,684	6.5000	8,958,885,742	62.340	
2007	8,903,496,041	468,575,927	2,762,178,022	6,609,893,946	6.2500	10,969,565,368	60.257	
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	

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

Source: Broward County, Florida Property Appraiser

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

Fiscal Year	City of Deerfield Beach				County				School District				Overlapping Rates				Total Direct & Overlapping Rates
	Operating Millage		Debt Service Millage		Total City Millage		Total County Millage		Total School District Millage		Children's Services	North Broward Hospital District	South Florida Water Management District	Florida Inland Navigation District			
	Operating Millage	Debt Service Millage	Operating Millage	Debt Service Millage	Operating Millage	Debt Service Millage	Operating Millage	Debt Service Millage	Operating Millage	Debt Service Millage							
2000	5.6541	0.5737	6.2278	6.2278	6.8947	0.6763	7.5710	7.5710	8.6740	0.4543	9.1283	-	2.4895	0.6970	0.0440	26.1576	
2001	5.6910	0.5368	6.2278	6.2278	6.8903	0.6347	7.5250	7.5250	8.5410	0.4143	8.9553	-	2.4803	0.6970	0.0410	25.9264	
2002	5.7166	0.0511	5.7677	5.7677	6.6677	0.7328	7.4005	7.4005	8.3590	0.3951	8.7541	0.3055	2.4803	0.6970	0.0385	25.4436	
2003	6.3546	0.4960	6.8506	6.8506	6.6685	0.6965	7.3650	7.3650	8.5410	0.3415	8.8825	0.3316	2.4803	0.6970	0.0385	26.6455	
2004	6.3819	0.4550	6.8369	6.8369	6.6065	0.5815	7.1880	7.1880	8.1240	0.2936	8.4176	0.3920	2.5000	0.6970	0.0385	26.0700	
2005	6.5205	0.3096	6.8301	6.8301	6.4831	0.5399	7.0230	7.0230	8.0140	0.2555	8.2685	0.4231	2.4803	0.6970	0.0385	25.7615	
2006	5.9949	0.5051	6.5000	6.5000	6.2942	0.4888	6.7830	6.7830	7.8410	0.2213	8.0623	0.4231	2.1746	0.6970	0.0385	24.6785	
2007	5.8250	0.4250	6.2500	6.2500	5.6433	0.4228	6.0661	6.0661	7.6790	0.1897	7.8687	0.4073	1.8317	0.6970	0.0385	23.1593	
2008	4.9537	0.3963	5.3500	5.3500	4.8889	0.3979	5.2868	5.2868	7.4770	0.1714	7.6484	0.3572	1.6255	0.6240	0.0345	20.9264	
2009	4.9072	0.3928	5.3000	5.3000	4.8889	0.4256	5.3145	5.3145	7.4170	-	7.4170	0.3754	1.7059	0.6240	0.0345	20.7713	

Source: Broward County, Florida Property Appraiser.

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

Taxpayer	2009				2000			
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
1. Publix Supermarket	\$ 69,710,580	1	1.02%	\$ 56,161,030	1	1.87%		
2. City National Bank of FL, Trustee	63,423,930	2	0.93	-	-	-		
3. CP Deerfield LLC	47,809,950	3	0.70	-	-	-		
4. City National Bank of Florida	42,048,780	4	0.62	-	-	-		
5. Quiet Waters Business Park LLC	40,486,290	5	0.59	-	-	-		
6. Land TR	37,805,410	6	0.55	-	-	-		
7. Crown Diversified Ind Corp	37,340,170	7	0.55	-	-	-		
8. Felcor/CSS Holdings LP	38,385,650	8	0.56	23,871,880	3	.79		
9. Sterling Properties FL LLC	36,488,920	9	0.54	-	-	-		
10. HBC/JPI Deer Creek Ltd.	-	-	0.00	36,461,800	2	1.21		
11. KTR Quorum LLC	33,754,200	10	0.50	-	-	-		
12. Deerfield Retail/LLC	-	-	-	22,473,110	4	.75		
13. Security Capital Atlantic	-	-	-	16,883,640	5	.56		
14. News and Sun Sentinel	-	-	-	15,877,500	6	.53		
15. Keys Holding Venture	-	-	-	15,631,140	7	.52		
16. SPTMRT Properties Trust	-	-	-	15,627,270	8	.52		
17. Phoenix Home Life Mutual	-	-	-	15,235,140	9	.51		
18. CMD Southwest Inc.	-	-	0.00	14,980,490	10	.49		
<b>Totals</b>	<b>\$ 447,253,880</b>		<b>6.56%</b>	<b>\$ 233,203,000</b>		<b>7.75%</b>		

**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
2000	1999	\$ 17,895,909	\$ 17,726,195	99.1 %	\$ 238,403	\$ 17,964,598	100.4 %
2001	2000	19,070,974	18,812,319	98.6	50,084	18,862,403	98.9
2002	2001	22,462,744	22,349,036	99.5	58,739	22,407,775	99.8
2003	2002	24,263,239	24,008,013	98.9	350,144	24,358,157	100.4
2004	2003	27,585,317	26,620,437	96.5	107,055	26,727,492	96.9
2005	2004	31,019,035	30,855,828	99.5	206,888	31,062,716	100.1
2006	2005	34,450,571	34,393,559	99.8	206,888	34,600,447	100.4
2007	2006	39,462,009	39,613,127	100.4	167,194	39,780,321	100.8
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	140,513	34,673,267	100.1

\*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 FOUR FISCAL YEARS

(in thousands of gallons)

<u>Type of Customer</u>	<u>Fiscal Year 2006</u>	<u>Fiscal Year 2007</u>	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2009</u>
Residential - Single Family	1,149,325	1,009,215	853,997	869,554
Residential - Multi-Family	1,293,297	1,248,119	1,079,640	1,056,023
Commercial	698,500	637,803	595,610	557,264
Irrigation	995,724	500,496	386,885	466,396
Hydrants	274	5,194	1,343	368
<b>Total</b>	<b>4,137,120</b>	<b>3,400,827</b>	<b>2,917,475</b>	<b>2,949,605</b>
Total direct rate per 1,000 gallons	\$ 1.70	\$ 1.80	\$ 2.65	\$ 2.65

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

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

**CITY OF DEERFIELD BEACH, FLORIDA**

WATER AND SEWER RATES

LAST TEN FISCAL YEARS

Fiscal Year	Water		Sewer	
	Monthly Base Rate	Rate per 1,000 Gallons	Monthly Base Rate	Rate per 1,000 Gallons
2000	\$ 8.08	\$ 1.24	\$ 8.75	\$ 1.63
2001	8.08	1.24	8.75	1.63
2002	12.28	1.66	8.75	1.63
2003	12.57	1.70	8.96	1.67
2004	12.57	1.70	8.96	1.67
2005	12.57	1.70	8.96	1.67
2006	12.57	1.70	8.96	1.67
2007	12.57	1.80	8.96	1.77
2008	15.00	2.65	10.98	2.71
2009	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					
2000	\$ 19,443,847	\$ 2,630,000	\$ -	\$ 2,143,780	\$ 291,203	\$ 7,825,000	\$ 1,572,537	\$ 4,143,978		\$ 38,050,345	*	\$ 617	
2001	21,269,104	2,245,000	-	1,937,078	241,384	6,640,000	1,578,507	11,726,979		45,638,052	*	703	
2002	20,215,364	1,840,000	-	1,635,683	188,479	4,740,000	1,645,560	16,325,662		46,590,748	*	711	
2003	18,873,774	1,420,000	6,825,000	1,255,325	132,300	4,740,000	1,289,866	17,716,322		52,252,587	*	807	
2004	33,482,219	970,000	9,305,000	1,934,053	132,300	3,385,000	1,641,904	17,182,818		68,033,294	*	916	
2005	32,281,189	500,000	9,245,000	2,663,606	-	420,000	2,118,674	16,541,287		63,769,756	*	828	
2006	30,850,943	-	9,005,000	2,521,465	-	420,000	2,363,988	18,076,252		63,237,648	2.99%	813	
2007	29,427,756	-	14,725,000	2,140,057	-	-	2,042,346	21,070,548		69,405,707	3.15%	883	
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	

\*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>
2000	\$ 19,443,847	\$ 125,174	\$ 19,318,673	0.44%	\$ 313.25
2001	21,269,104	52,278	21,216,826	0.45	326.67
2002	20,215,364	-	20,215,364	0.39	308.63
2003	18,873,774	280,655	18,593,119	0.32	287.16
2004	33,482,219	282,391	33,199,828	0.52	446.81
2005	32,281,189	297,967	31,983,222	0.42	415.16
2006	30,850,943	4,280	30,846,663	0.34	396.45
2007	29,427,756	242,033	29,185,723	0.27	371.44
2008	28,013,411	140,000	27,873,411	0.23	356.50
2009	26,608,199	150,000	26,458,199	0.23	341.55

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

**CITY OF DEERFIELD BEACH, FLORIDA**  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF SEPTEMBER 30, 2009

	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Direct and Overlapping Debt</b>
<b>Direct Debt:</b>			
General obligation bonds			\$ 26,608,199
Covenant bonds (1)			13,980,000
Capital leases			1,664,810
Total direct debt			42,253,009
<b>Overlapping Debt:</b>			
School Board of Broward County, Florida:			
Certificates of participation	1,980,665,000 (3)	4.10% *	81,207,265
Capital leases	39,204,000 (3)	4.10% *	1,607,364
Broward County, Florida (2)	446,330,000 (3)	4.10% *	18,299,530
Subtotal, overlapping debt			101,114,159
Total direct and overlapping debt			\$ 143,367,168

(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, 2009.

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

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*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.*

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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)	
2000	\$ 16,269,400	\$ 8,009,955	\$ 8,259,445	\$ 1,155,000	\$ 491,154	\$ 1,646,154	5.02
2001	17,014,773	8,915,308	8,099,465	1,225,000	422,994	1,647,994	4.91
2002	17,466,593	9,359,920	8,106,673	1,275,000	368,418	1,643,418	4.93
2003	18,672,822	9,700,131	8,972,691	1,355,000	290,325	1,645,325	5.45
2004	19,126,884	10,368,745	8,758,139	1,440,000	207,331	1,647,331	5.32
2005	19,352,251	12,529,261	6,822,990	1,525,000	119,130	1,644,130	4.15
2006	19,572,638	12,036,327	7,536,311	1,331,993	564,714	1,896,707	3.97
2007	19,642,599	14,454,880	5,187,719	1,243,340	683,308	1,926,648	2.69
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

- 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 THREE 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

- 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 FOUR FISCAL YEARS**

Fiscal Year*	(1) Population	Personal Income**	(2) Per Capita Personal Income	(1) Median Age	(3) School Enrollment	(2) Unemployment Rate
2006	77,807	\$ 2,117,595	\$ 27,216	46.2	7,397	5.1%
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

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>	<b>2009</b>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Publix Corporation	1,571	1	3.88%
North Broward Hospital	1,416	2	3.49%
JM Family Enterprises	1,025	3	2.53%
City of Deerfield Beach	825	4	2.04%
Sun-Sentinel	631	5	1.56%
UPS	515	6	1.27%
Health Benefits Direct	263	7	0.65%
List Industries	216	8	0.53%
Medics Ambulance Service	163	9	0.40%
Pomeroy Electric	140	10	0.35%
	<u>6,765</u>		<u>16.70%</u>

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

*This information is not available for fiscal years 2000 through 2005.*

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

<b><u>Function/Programs</u></b>	<b><u>Full-time Equivalent Employees as of September 30</u></b>									
	<u>2000</u>	<u>2001</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>
General Government	59	58	60	64	67	71	78	67	66	66
Public Safety										
Police										
Uniformed	100	100	100	108	108	123	129	129	129	129
Civilians	53	53	53	55	55	62	68	53	53	53
Fire/Rescue										
Firefighters and Officers	128	130	130	133	133	149	151	151	150	149
Bldg. Inspection Services	16	15	15	17	18	21	22	22	21	21
Civilians	15	15	15	19	17	18	20	17	20	20
Economic Environment	1	1	1	1	1	1	1	1	0	1
Culture and Recreation	44	46	48	58	58	117	75	75	84	94
Human Services	45	45	48	47	50	50	46	40	41	37
Physical Environment										
Public Works Administration	3	3	3	4	4	4	4	4	4	4
Grounds Maintenance	41	43	43	34	38	39	42	40	39	39
Parks	14	14	14	21	27	44	44	39	41	44
Water & Sewer	79	78	78	83	90	87	87	74	75	74
Solid Waste	53	53	55	56	59	71	71	65	67	67
Transportation										
Street Maintenance	13	13	13	13	15	15	15	14	15	15

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

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

<b>Function</b>	<b>Fiscal Year 2006</b>	<b>Fiscal Year 2007</b>	<b>Fiscal Year 2008</b>	<b>Fiscal Year 2009</b>
Public Safety				
<i>Police:</i>				
Physical arrests	4,070	4,768	4,815	4,775
Parking violations	23,871	21,758	15,281	19,654
Traffic violations	17,213	18,435	22,329	21,403
<i>Fire/Rescue:</i>				
Number of calls answered	14,949	18,739	19,664	
Inspections	3,756	4,298	4,147	
Fires extinguished	256	245	289	
Transportation				
<i>Streets Maintenance:</i>				
Streets resurfacing (miles)	3	1	0	0
Potholes repaired	88	1,998*	2,209	2,313
<i>Transit Services</i>				
Total route miles	105,252	113,879	116,379	126,638
Number of trips	12,253	13,909	10,188	29,506**
Physical Environment				
Number of burials	150	123	128	209
Culture and Recreation				
Athletics field permits issued	68	75	11	32
Number of participants in arts & education classes	20,948	25,000	27,500	32,000
Number of special event permits issued	70	180	112	97
Attendance at special events	359,665	400,000	400,000	350,000
Water				
New connections	48	59	35	27
Water main breaks	41	107	120	65
Average daily consumption <i>(millions of gallons)</i>	23,889	10.55 mgd	9.41 mgd	9.60 mgd
Permitted Raw Water withdrawal		12.8 mgd	12.8 mgd	14.1 mgd
Sewer				
Average daily sewage treatment <i>(thousands of gallons)</i>	6,500	6,500	6,500	7,400
Solid Waste				
Refuse collected (tons/day)	207	366	247	189
Recyclables collected (tons/day)	111	32	33	22.8
Human Services				
<i>Childcare:</i>				
Average daily attendance	25	30	28	19
Number of meals served	26,250	31,250	29,500	24,648
<i>Adult Daycare:</i>				
Average daily attendance	10	10	10	10
<i>Alzheimer's Daycare:</i>				
Average daily attendance	20	30	25	24

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 City changed its system of accounting for trips during fiscal year 2009.

*This information is not available for fiscal years 2000 through 2005.*

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

<u>Function</u>	<u>Fiscal Year 2006</u>	<u>Fiscal Year 2007</u>	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2009</u>
<i>Public Safety</i>				
<i>Police</i>				
Stations	2	2	2	2
Patrol units	173	162	162	162
<i>Fire/Rescue</i>				
Stations	4	4	4	
Rescue ambulances	8	8	8	
Fire engines	6	6	6	
Ladder/heavy squad trucks	2	2	2	
<i>Transportation</i>				
Streets (miles)	146	146	146	146
Sidewalks (miles)	135	135	135	135
Streetlights (poles)	296	4,400*	4,400	
Traffic signals	64	68	68	68
<i>Culture and Recreation</i>				
Parks acreage	125	125	125	140
Parks	29	29	29	31
Swimming Pools	1	1	1	1
Tennis Courts	5	6	12	12
Community Centers	2	3	3	2
<i>Water</i>				
Water Main (miles)	230	230	232	232
Fire hydrants	1,937	1,941	2,041	2,044
Maximum daily capacity (millions of gallons)	34,800 (a)	34.8 mgd	34.8 mgd	34.8 mgd
<i>Sewer</i>				
Sanitary sewers (miles)	135	135	136	136
Storm sewers (miles)	37	37	37	47.7
Average Daily treatment capacity (thousands of gallons)	7,000	7,000	7,000	7,000
<i>Solid Waste</i>				
Collection trucks	40	41	43	40

Source: Various City Departments.

(a)- thousandths

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

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

Data reported hereon was not available for fiscal years 2000 through 2005.