Comprehensive Annual Financial Report
Deerfield Beach, Florida
Fiscal Year ended September 30, 2012

Back to Basics

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Deerfield Beach
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

City of
DEERFIELD
BEACH

CITY OF DEERFIELD BEACH, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Prepared by:
Financial Services Department
Hugh B. Dunkley, Director

CITY OF DEERFIELD BEACH, FLORIDA
Comprehensive Annual Financial Report
For the Year Ended September 30, 2012

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City of
DEERFIELD
BEACH

April 23, 2013

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, 2012.

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

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

McGladrey 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, 2012, 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, 2012, 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
Bill Ganz

Commissioners
Joseph P. Miller
Martin Popelsky
Ben Preston

City Manager
Burgess Hanson

InternetCoast

Deerfield Beach 2001 All-America City Finalist
Deerfield Beach 2003 All-America City Finalist
Deerfield Beach 2004 All-America City Finalist

AMERICA'S FIRST PROJECT IMPACT COMMUNITY

BLUE WAVE CAMPAIGN 1999 to 2003

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.

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 60 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 76,000 residents, Deerfield Beach is located on the east coast of Florida in Broward County. The City is primarily a residential community and offers commercial development such as shopping facilities, office buildings, restaurants, tourist lodgings and light industry.

The City continues to struggle with the lingering effects of the Great Recession: the taxable assessed values of properties within the City have declined by 28.9% since the beginning of Fiscal Year 2009. Likewise, the City has experienced decreases in some of its major revenue sources, i.e., property taxes, franchise taxes, charges for services, and state-shared revenue, largely as a result of the economic contraction.

Albeit, some signs of an economic recovery is evident: real gross domestic product for both the nation and the state increased by 1.5% and 1.7%, respectively, during 2012 and nonfarm payrolls increased for both the nation and the state. Another major sign that the economy is gradually recovering is evidenced in the median sales price of an existing single-family home. In Broward County, the median sales price increased by 10.2% to $205,000 from September 2011. Over this same time period, Broward County as well as the City experienced a dramatic decline in the number of foreclosure filings. Broward County's foreclosures decreased significantly from 10,158 filings during 2011 to 5,217 filings in 2012, a decline of 48.64%. Similarly, the City's foreclosure filings declined from 443 filings in 2011 to 200 filings in 2012, a

decrease of 54.9%. Foreclosure filings had reached recessionary peaks of 18,427 for the County and 927 for the City.

Building permit activity has been increasing incrementally. The total valuation of building permits issued amounted to $82,131,924, an almost 36% increase from the previous year. The total number of permits issued during this period amounted to 6,958.

The City's unemployment rate (seasonally adjusted) as of September 30, 2012 was 6.5%, as compared to 9.0% at the end of the previous fiscal year. The unemployment rates for the Broward County metropolitan statistical area and for the State of Florida were 7.2% and 8.4%, respectively.

Long-Term Financial Planning

Despite some positive signs of economic recovery, the City must still deal with the economic realities of having to provide similar levels of public service with less funding than what existed during pre-recessionary times, without compromising public safety or lowering the quality of other public services. The City has taken steps to prepare estimates of its future budgetary needs. During the fiscal year, the City Commission revised its fund balance policy to have a minimum level of unassigned fund balance to be not less than 10% of General Fund operating expenditures and transfers. The City Commission also established a Disaster/Emergency Reserve policy for at least 5% of General Fund expenditures and transfers. This reserve allows the City to respond to unplanned circumstances and maintain adequate working capital to meet its cash flow needs.

The passage of the federal Patient Protection and Affordable Care Act of 2010 (PPACA) was signed into law on March 23, 2010, is an omnibus health insurance reform law that alters numerous aspects of commercial insurance as well as government programs that provide health coverage. The law creates many new requirements not previously addressed by federal law that pose fiscal impacts and risks for state and local governments. The law will require employers that offer coverage and have more than 200 full-time employees to automatically enroll new full-time employees into a health insurance plan offered by the employer, and, in order to waive such employer coverage, those employees will have to proactively opt out. For purposes of these requirements, a "full-time employee" is an employee who works an average of at least 30 hours per week. The financial impact of these new requirements will have to be incorporated into our budget and will no doubt create some fiscal challenges.

The Capital Improvement Plan (CIP) is a multi-year planning document that is updated and adopted on an annual basis. The CIP prioritizes major capital projects and identifies revenue sources available to finance the improvements. Although the City Commission adopted a FY2013-17 CIP in excess of $79.4 million, a number of projects have been deferred until such time as the economy improves.

Major Initiatives

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

- The pier entrance redesign project was completed. This project encompasses the redesign of the buildings located adjacent to the Deerfield Beach International Fishing Pier. This facility is the City's first LEED certified building. This facility will afford visitors a sweeping view of the Atlantic Ocean. Funding for this project was provided by the City's Community Redevelopment Agency (CRA).

- Acquisition of 0.67 acres of realty located within the CRA district for future development as parks and open space.

- The City merged its fire/rescue department with the Broward Sheriff's Office (BSO), so as to provide economies of scale relative to the delivery of police and fire protection services. BSO had previously provided police protection to the City on a contractual basis.

- Recipient of approximately 49.65 acres of donated land (formerly the Tam O' Shanter Golf Course) for use as a future city park. This donation has almost doubled Deerfield Beach's currently limited space for athletic fields.

- Completion of the Dixie Highway Flyover. This $39.5 million project involves the realignment of Dixie Highway from south of Hillsboro Boulevard (SR-810) to north of the Hillsboro Canal to the Palm Beach County line. Initial discussion of this project began in the late 1980's and after more than two decades the groundbreaking for the project finally occurred in March 2010. The City has been conducting visioning sessions with the public to plan for the development of the areas around the flyover.

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, 2011. This was the 32th 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 2012-13 for the 16th consecutive year. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

Thank you for your continuing interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner. This report could not have been prepared without the dedicated service of all of the employees of the Department of Financial Services as well as the support of the other City departments. Special appreciation is also extended to Mr. Miguel Augustin, Assistant Finance Director, whose dedicated service made the completion of this report all the more possible.

Respectfully submitted,

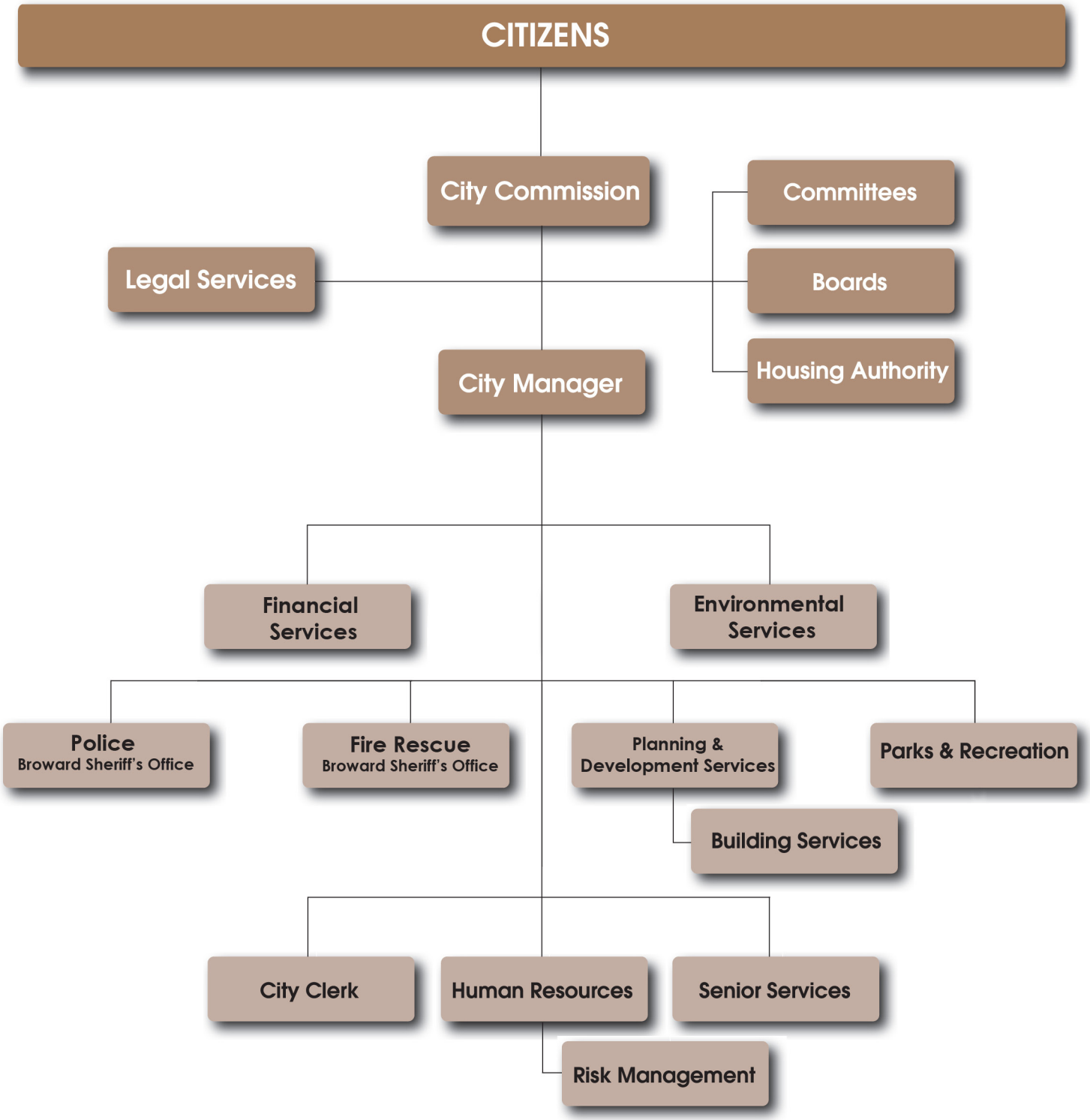
Burgess Hanson

Burgess Hanson
City Manager

Hugh B. Dunkley

Hugh B. Dunkley
Finance Director

Deerfield Beach Organizational Chart



City of Deerfield Beach, Florida
List of Elected and Appointed Officials
September 30, 2012

Elected Officials

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

Appointed Officials

City Manager	Burgess Hanson
City Attorney	Law Offices of Andrew S. Maurodis, P.L.
City Clerk	Ada Graham-Johnson
Director of Financial Services	Hugh B. Dunkley
Director of Human Resources	Michael Milanowski
Director of Information Services	Sheila Flemming-Portis
Director of Parks & Recreation	Walt Bratton
Director of Environmental Services	Charles DaBrusco
Director of Planning & Development Services	Gerald R. Ferguson
Director of Senior Services	Donna DeFronzo
Fire Chief	Chad Brocato
Police Chief	Pete Sudler

City of

DEERFIELD

BEACH

McGladrey

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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Deerfield Beach Municipal Firemen's Pension Trust Fund, City of Deerfield Beach Non-Uniformed Employees' Retirement Plan, and the City of Deerfield Beach Municipal Police Officer's Retirement Plan, which statements represent 93% of the total assets and 83% of the total revenue/additions 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. The City of Deerfield Beach Municipal Police Officer's Retirement Plan financial statements were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, and 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, 2012, 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 23, 2013, 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.

Member of the RSM International network of independent accounting, tax and consulting firms.

Accounting principles generally accepted in the United States of America require that 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, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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, the combining individual fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed previously, and the report of the other auditors, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

McGladrey LLP

Fort Lauderdale, Florida
April 23, 2013

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, 2012. This Management's Discussion and Analysis is based on currently known facts, decisions and conditions that existed as of the date of the independent auditor's report. The information presented is in accordance with Governmental Accounting Standards Board Statement Number 34 (GASB 34). We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - iv of this report.

Financial Highlights

- The total assets of the City of Deerfield Beach at September 30, 2012 increased $0.8 million from $234.7 million to $235.5 million, or 0.3% from the prior year.

- The City's total liabilities decreased by $4.3 million, from $98.3 million to $94.0 million from the prior year. This resulted from scheduled principal payments as well as a decrease in the balances of the City's compensated absences as a result of the merger of the City's fire department with the Broward Sheriff's Office.

- The assets of the City of Deerfield Beach exceeded its liabilities at the close of the most recent fiscal year by $141.5 million (net assets). Of this amount, $63.0 million was from governmental activities and $78.5 million was from business-type activities.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $20.3 million, a decrease of $7.2 million, in comparison with the amount reported for the prior fiscal year. Of this amount, $3.0 million was non-spendable; $11.2 million was restricted; $4.6 million was assigned, and $1.5 million was unassigned and therefore available for spending at the government's discretion.

- At the end of the current fiscal year, unassigned fund balance in the General Fund was $1.7 million, or 2.3% of total General Fund expenditures and transfers. The City has a reserve policy of maintaining an amount in reserves that is at least 10% and 5%, respectively, of total General Fund expenditures and transfers for unassigned and committed fund balance. It is the City Commission's intent that ending fund balances be restored to these levels as soon as fiscal conditions allow.

Overview of the Financial Statements

This discussion and analysis serves as an introduction to the City of Deerfield Beach's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Deerfield Beach's finances, in a manner similar to a private-sector business and include both long-term and short-term information about the City's financial status.

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

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

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

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

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

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

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

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

The City of Deerfield Beach maintains 16 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for those funds that are considered significant (major) to the City as a whole. These financial statements report two major funds: general fund and community redevelopment agency fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements that are found on pages 67 - 78 of this report.

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

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

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 - 59 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 60 - 64 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 67 - 80 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 $141.5 million at the close of fiscal year 2012.

The largest portion of the City of Deerfield Beach's net assets (73.2%) reflects its investment in capital assets (e.g., land, buildings, equipment, improvements, utility plants and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City of Deerfield Beach uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Deerfield Beach's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Deerfield Beach's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	$26,213,847	$36,803,729	$38,347,346	$32,812,320	$64,561,193	$69,616,049
Capital assets	89,801,482	83,582,142	81,155,701	81,548,136	170,957,183	165,130,278
Total assets	116,015,329	120,385,871	119,503,047	114,360,456	235,518,376	234,746,327
Current liabilities	4,810,779	5,915,798	2,559,835	2,666,885	7,370,614	8,582,683
Long-term liabilities	48,204,048	50,752,066	38,414,099	38,985,508	86,618,147	89,737,574
Total liabilities	53,014,827	56,667,864	40,973,934	41,652,393	93,988,761	98,320,257
Net assets:						
Invested in capital assets, net of related debt	54,762,079	46,212,686	48,786,203	48,174,577	103,548,282	94,387,263
Restricted	12,470,310	18,784,355	743,836	8,887,099	13,214,146	27,671,454
Unrestricted	(4,231,887)	(1,279,034)	28,999,074	15,646,387	24,767,187	14,367,353
Total net assets	$63,000,502	$63,718,007	$78,529,113	$72,708,063	$141,529,615	$136,426,070

An additional portion of the City of Deerfield Beach's net assets, approximately 9.0%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($24.8 million) may be used to meet the government's ongoing obligations to citizens and creditors.

The net assets of business-type activities increased by $5.8 million to $78.5 million in 2012. This increase was primarily due to decreases in personal service expenses as a result of the City's Early Retirement Incentive Program; decreases in the amounts paid for disposal fees in the Solid Waste Fund, as well as the overall excess of system revenues over expenses.

The City's current and other assets decreased by $5.0 million from $69.6 million to $64.6 million. Conversely, capital assets increased by $5.9 million from $165.1 million to $171.0 million, or 3.5% from the prior year. Both the decrease in the current and other assets as well as the increase in capital assets were due to extensive renovation of the International Fishing Pier as well as acquisition of realty in the Community Redevelopment District as well as in the western section of the City.

Current liabilities decreased slightly from $8.6 million to $7.4 million. The City's total noncurrent liabilities decreased by $3.1 million from $89.7 million to $86.6 million, or approximately 3.5%, from the prior year. This was due primarily to scheduled principal repayments on bonds and loans payable as well as decreases in compensated absences payable as a result of a merger of the City's fire department with the Broward Sheriff's Office.

City of Deerfield Beach's Change in Net Assets

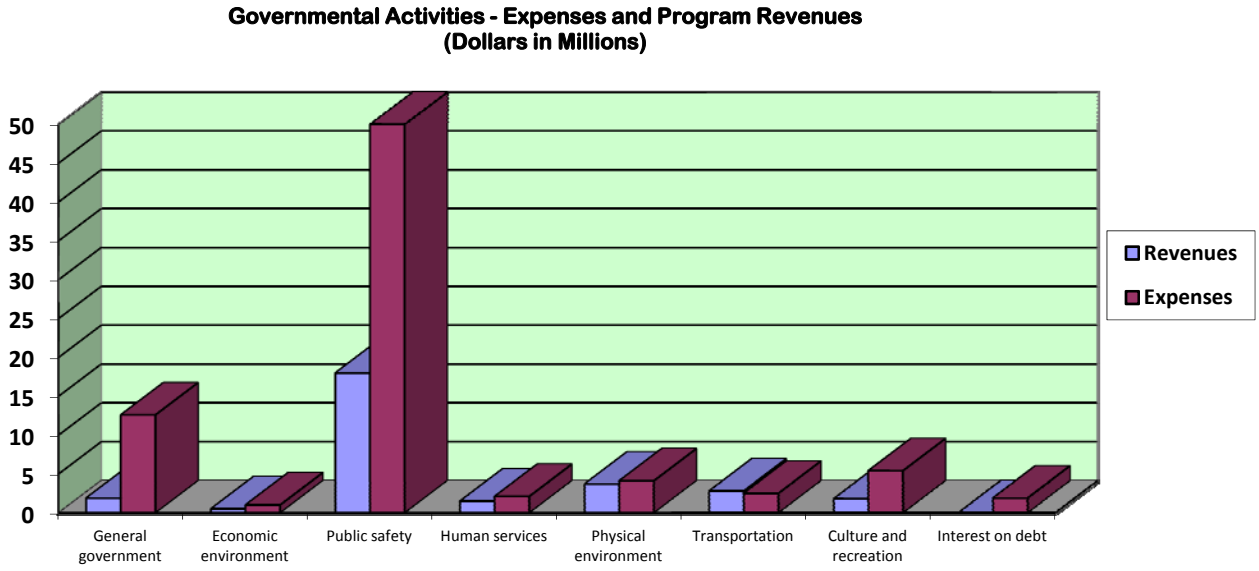
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	$ 22,016,753	$ 24,910,863	$ 38,951,802	$ 39,733,401	$ 60,968,555	$ 64,644,264
Operating grants/contributions	5,813,834	5,009,285	-	-	5,813,834	5,009,285
Capital grants/contributions	2,330,864	2,038,731	27,539	292,206	2,358,403	2,330,937
General revenues:						
Taxes	47,896,245	49,445,010	-	-	47,896,245	49,445,010
Grants and contributions not restricted to specific programs and miscellaneous	1,248,955	1,674,028	-	-	1,248,955	1,674,028
Unrestricted investment earnings	39,677	77,980	27,383	31,833	67,060	109,813
Total revenues	79,346,328	83,155,897	39,006,724	40,057,440	118,353,052	123,213,337
Expenses:						
General government	12,612,575	22,805,473	-	-	12,612,575	22,805,473
Economic environment	959,617	770,651	-	-	959,617	770,651
Public safety	50,047,068	45,399,408	-	-	50,047,068	45,399,408
Human services	2,140,927	2,510,309	-	-	2,140,927	2,510,309
Physical environment	4,050,701	3,092,598	-	-	4,050,701	3,092,598
Transportation	2,502,148	2,579,100	-	-	2,502,148	2,579,100
Culture and recreation	5,394,983	7,223,675	-	-	5,394,983	7,223,675
Interest on long term-debt	1,878,627	1,923,219	-	-	1,878,627	1,923,219
Water and sewer	-	-	20,048,897	20,182,450	20,048,897	20,182,450
Solid waste	-	-	13,613,964	14,795,080	13,613,964	14,795,080
Total expenses	79,586,646	86,304,433	33,662,861	34,977,530	113,249,507	121,281,963
Change in net assets	(240,318)	(3,148,536)	5,343,863	5,079,910	5,103,545	1,931,374
Transfers	(477,187)	(7,014)	477,187	7,014	-	-
Change in net assets	(717,505)	(3,155,550)	5,821,050	5,086,924	5,103,545	1,931,374
Net assets, October 1	63,718,007	66,873,557	72,708,063	67,621,139	136,426,070	134,494,696
Net assets, September 30	$ 63,000,502	$ 63,718,007	$ 78,529,113	$ 72,708,063	$ 141,529,615	$ 136,426,070

Governmental activities. Governmental activities decreased the City's net assets by $0.7 million. The City's total revenues amounted to $79.3 million in governmental activities. Of these revenues, 60.4% is generated from taxes, 27.7% is from charges for services, operating grants/contributions comprise 7.3%, capital grants/contributions make up 2.9%, grants and contributions not restricted to specific programs and miscellaneous revenues equals 1.6%, and unrestricted investment earnings generates 0.1%. Most of the decrease in the City's net assets mentioned above was primarily due to an increase in pension contributions as a result of the City closing the fire pension plan.

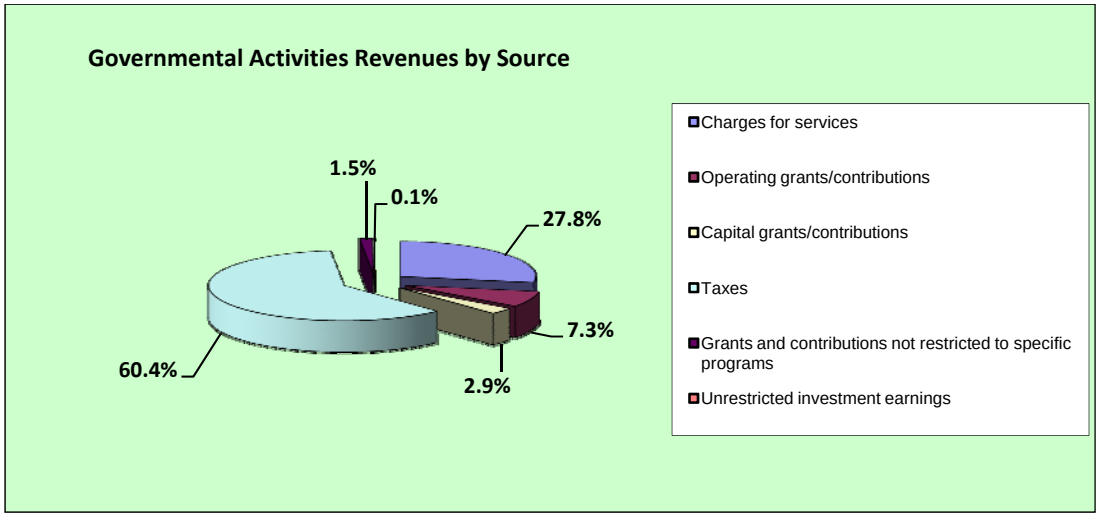
The City's expenses cover a broad range of services, with approximately 62.9% of governmental activity expenses related to public safety (fire/rescue and police protection). Public safety expenses constitute the largest component of the change in total expenses due to an increase in pension costs as a result of the City closing its firefighter defined benefit pension plan to new members. Public safety expenditures also increased due to such expenses as insurance benefits and other administrative costs of the contract for police and fire/rescue services being reported under one contract. Prior to the merger, the City accounted for insurance claims under its Risk Management Department. As a result of this merger, general government expenses decreased due to decreased insurance claims. The City's governmental

activities had 0.9% more expenses than revenues. However, for business-type activities, revenues exceeded expenses by a 14.9% 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.



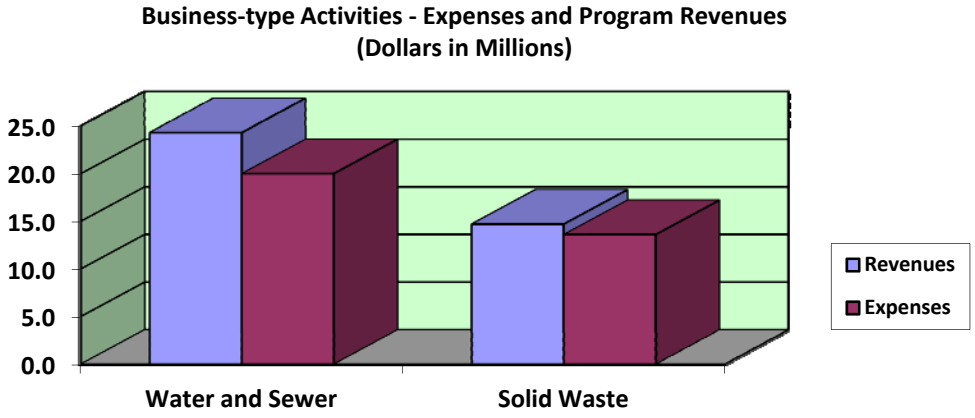
The next chart shows the percent of the total for each source of revenue supporting governmental activities.



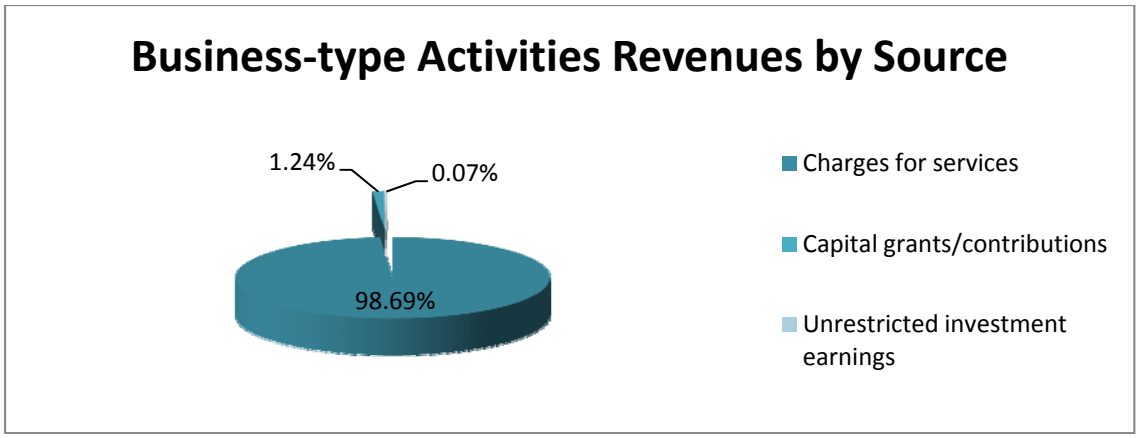
Business-type activities. Business-type activities increased the City's net assets by $5.8 million. This increase in the net assets of business-type activities was due primarily to an excess of revenues over expenses.

The following chart compares program revenues to expenses by individual business-type activity for the current year. These business-type activities recover more costs through program revenues than

governmental activities and the water and sewer fund, generating sufficient revenues to cover current expenses.



The following chart shows that 98.69% 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 $20.3 million, a decrease of $7.2 million from the prior year's ending balances of $27.5 million. Approximately 7.2%, $1,466,195, of the combined fund balances constitute *unassigned fund balance* that is available to meet the City's current and future needs. The remainder of fund balance is *non-spendable, restricted, committed and assigned* to indicate that it is not available for new spending.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was $1.7 million, while total fund balance was $7.0 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 2.3% of total general fund expenditures, while total fund balance represents approximately 9.4% of that same amount.

The total fund balance of the City of Deerfield Beach's General Fund decreased by $2.4 million during the current fiscal year, which was less than prior year's decrease of $3.9 million. Key factors in this decrease are as follows:

- Property tax revenue decreased by $6.5 million as a result of a decrease in the millage rate in contemplation of levying a 10% utility tax, which generated $6.7 million in revenue.

- Public safety expenditures increased by approximately $4.7 million due to increased costs incurred for police and fire protection. The City's fire department merged with the Broward Sheriff's Office at the beginning of the fiscal year.

- General government expenditures decreased by $3.2 million as a result of a decrease in insurance claims paid as a result of the merger of the City's fire department.

- Culture and recreation expenditures decreased by $2.0 million as a result of continued restructuring of the Parks & Recreation Department.

The Community Redevelopment Agency Fund accounts for revenues collected from and expenditures incurred within the community redevelopment area which borders Federal Highway to the west and State Road A1A to the east. At the end of the fiscal year, the restricted and total fund balance in this fund totaled $2.7 million, which represents a decrease of $6.5 million from the prior year. This decrease was due to the CRA incurring additional expenditures as a result of increased projects and programs in the CRA target area.

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

Unrestricted net assets of the water and sewer fund at the end of the year amounted to $27.6 million. The Solid Waste Fund had unrestricted net assets of $1.4 million at the end of the fiscal year. Factors concerning the finances of these two funds have already been addressed in the discussion of the City of Deerfield Beach's business-type activities.

General Fund Budgetary Highlights

As a result of an increase in grant funding for the City's Emergency Home Energy Assistance Program, during the year, the General Fund budget increased by $36,738. This increase directly impacted the Senior Services Department. Further, there were interdepartmental budget transfers totaling $230,068 which required approval of the City Commission, as follows:

- Parks & Recreation - increase of $230,068 in appropriations for expenses in connection with a beach renourishment project with the Town of Hillsboro Beach.

- Other Unclassified (Non-departmental) – decrease of $230,068 in appropriations in furtherance of the City's share of the beach renourishment project with the Town of Hillsboro Beach.

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

- Franchise taxes – as a result of the current economic downturn, this revenue source was below what was originally anticipated.

- Licenses and permits – increase in fees was due to a modification of the fee structure for building permits as well as increases in the overall number of applications filed for permits as a result of a resurgent economy.

- Fire/Rescue – expenditures incurred exceeded amounts budgeted as a result of increases in pension contributions which resulted from closure of the firefighters' defined benefit pension plan to new members as well as an increase in consideration paid to Broward Sheriff's Office (BSO) for providing police and fire services.

- Insurance/Safety – expenditures incurred were below amounts budgeted as a result of the merger of the City's fire department with BSO.

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, 2012, amounted to $171.0 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 3.6% (7.4% for governmental activities and negative 0.5% 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	
	2012	2011	2012	2011	2012	2011
Land	$ 14,820,724	$ 11,739,316	$ 50,531	$ 50,531	$ 14,871,255	$ 11,789,847
Buildings	27,139,359	27,890,185	605,817	665,495	27,745,176	28,555,680
Improvements other than buildings	2,073,603	2,434,525	31,280,096	32,444,213	33,353,699	34,878,738
Equipment	1,909,318	2,793,051	3,272,209	2,761,297	5,181,527	5,554,348
Utility plants in service	-	-	20,377,962	21,393,419	20,377,962	21,393,419
Infrastructure	24,823,850	22,814,595	-	-	24,823,850	22,814,595
Construction in progress	19,034,628	15,910,470	25,569,086	24,233,181	44,603,714	40,143,651
Total	$ 89,801,482	$ 83,582,142	$ 81,155,701	$ 81,548,136	$ 170,957,183	$ 165,130,278

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

- Construction in progress of the Deerfield Beach International Fishing Pier entrance redesign/renovation project, which amounted to approximately $3.4 million.
- Construction in progress of the reverse osmosis water treatment plant and various other water and wastewater facility improvements with an estimated cost of $1.3 million.
- Received donated land, approximately 49.65 acres, located on the north side of NW 45 Street, west of Military trail, which will be used for future recreation and open space.
- Acquisition of 0.675 acres of property located within the Community Redevelopment Agency district for Sullivan Park re-development.
- Completion of the $39.5 million Dixie Highway Flyover, which was fully funded by the American Recovery and Reinvestment Act as well as the Florida Department of Transportation.

Additional information on the City of Deerfield Beach's capital assets can be found in Note III (C) on pages 42 - 43 of this report.

Long-term debt. At year-end, the City of Deerfield Beach had $22.4 million in general obligation bonds outstanding. The City also had $12.7 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 $15.4 million outstanding in revenue bonds and $17.8 million outstanding in loans payable at the end of the fiscal year. No new debt was issued during the fiscal year.

The City continues to maintain high investment grade ratings from the major rating agencies: ratings of AA- ("stable") from Fitch Rating and A+ ("stable") from Standard and Poor's Corporation.

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds (backed by the City)	$ 22,369,937	$ 23,797,434	$ -	$ -	$ 22,369,937	$ 23,797,434
Revenue bonds	-	-	15,426,772	16,019,116	15,426,772	16,019,116
Covenant bonds	12,670,000	13,125,000	-	-	12,670,000	13,125,000
Add/(subtract) premium/(discount)	600,696	664,963	-	-	600,696	664,963
Capital leases	479,369	882,697	2,607,256	1,649,043	3,086,625	2,531,740
Loan payable	-	-	17,798,020	19,167,958	17,798,020	19,167,958
Total bonds, loans and leases payable	$ 36,120,002	$ 38,470,094	$ 35,832,048	$ 36,836,117	$ 71,952,050	$ 75,306,211

The City's general obligation debt per capita, excluding enterprise fund debt, was $289 at the end of fiscal year 2012. The City's outstanding net general obligation debt was 0.29% of the City's assessed property value. Neither the Florida statutes nor the current ordinances of the City of Deerfield Beach specify a legal debt margin.

Additional information on the City of Deerfield Beach's long-term debt can be found in Note III (H) on pages 45 – 49 of this report.

Economic Factors and Next Year's Budgets and Rates

During the preparation of the budget for the ensuing fiscal year, the City evaluated the long-term impacts of the national and local economies in conjunction with business decisions made. The following are the major assumptions used in formulating the fiscal 2013 budget:

- The nation's economy will start to emerge from the recession.
- Florida will begin to experience some economic growth as a result of some buoyancy in the real estate market as well as increased consumer spending.
- Franchise taxes, namely the electric franchise tax, are expected to decrease by 2.86% in fiscal year 2013. This is as a result of fluctuations in consumption and the price of fuel.
- Property tax revenue will begin to stabilize, as the taxable values of properties begin to rebound.
- The City's population will remain stable.
- Salaries and related benefits will remain constant.
- Water and sewer as well as solid waste rates will remain constant.

During the current fiscal year, total fund balance in the General Fund amounted to $7.0 million. The City has no plans to utilize any of its available General Fund balance for spending in Fiscal Year 2013.

Requests for Information

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

City of

DEERFIELD

BEACH

CITY OF DEERFIELD BEACH, FLORIDA

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 1,607,876	$ 5,071,966	$ 6,679,842
Investments	3,053,062	21,927,887	24,980,949
Receivables (net of allowances)	2,866,886	6,918,547	9,785,433
Due from other governments	1,460,946	-	1,460,946
Inventories	263,480	177,265	440,745
Prepaids	869,476	137,547	1,007,023
Deferred charges	552,758	-	552,758
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	4,046,146	4,114,134	8,160,280
Investments	8,251,884	-	8,251,884
Due from other governments	953,912	-	953,912
Real estate held for resale	1,070,217	-	1,070,217
Permanently restricted:			
Investments	1,217,204	-	1,217,204
Capital assets:			
Nondepreciable	33,855,352	25,619,617	59,474,969
Depreciable (net)	55,946,130	55,536,084	111,482,214
Total assets	116,015,329	119,503,047	235,518,376
LIABILITIES			
Accounts payable	1,827,000	1,355,196	3,182,196
Accrued liabilities	182,250	141,448	323,698
Accrued interest payable	756,264	546,436	1,302,700
Due to other governments	37,743	-	37,743
Unearned revenue	439,220	-	439,220
Payable from restricted assets:			
Accounts payable	1,556,093	-	1,556,093
Accrued liabilities	12,209	-	12,209
Customer deposits	-	516,755	516,755
Non-current liabilities:			
Due within one year:			
Compensated absences	1,291,702	770,669	2,062,371
Insurance claims payable	869,000	-	869,000
Due to other governments	131,763	-	131,763
Bonds, loans and leases payable	2,217,531	2,855,583	5,073,114
Due in more than one year:			
Compensated absences	135,908	195,480	331,388
Net OPEB liability	4,013,434	1,615,902	5,629,336
Insurance claims payable	5,510,477	-	5,510,477
Due to other governments	131,762	-	131,762
Bonds, loans and leases payable	33,902,471	32,976,465	66,878,936
Total liabilities	53,014,827	40,973,934	93,988,761
NET ASSETS			
Invested in capital assets, net of related debt	54,762,079	48,786,203	103,548,282
Restricted for:			
Debt service	87,276	743,836	831,112
Perpetual care:			
Nonexpendable	1,217,204	-	1,217,204
Expendable	1,543,032	-	1,543,032
Economic environment	3,885,061	-	3,885,061
Public safety	1,198,764	-	1,198,764
Human services	266,987	-	266,987
Physical environment	1,121,870	-	1,121,870
Transportation	2,552,395	-	2,552,395
Culture and recreation	597,721	-	597,721
Unrestricted (deficit)	(4,231,887)	28,999,074	24,767,187
Total net assets	$ 63,000,502	$ 78,529,113	$ 141,529,615

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, 2012

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Governmental activities:				
General government	$ 12,612,575	$ 1,855,406	$ -	$ -
Economic environment	959,617	-	479,821	-
Public safety	50,047,068	15,661,078	2,349,699	-
Human services	2,140,927	327,856	1,163,173	-
Physical environment	4,050,701	1,191,226	820,538	1,647,426
Transportation	2,502,148	1,633,553	507,979	683,438
Culture and recreation	5,394,983	1,347,634	492,624	-
Interest and fiscal charges	1,878,627	-	-	-
Total governmental activities	79,586,646	22,016,753	5,813,834	2,330,864
Business-Type activities:				
Water and sewer	20,048,897	24,250,089	-	27,539
Solid waste	13,613,964	14,701,713	-	-
Total business-type activities	33,662,861	38,951,802	-	27,539
Total	$113,249,507	$ 60,968,555	$ 5,813,834	$ 2,358,403

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

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

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	**Business-Type Activities**	**Total**
$ (10,757,169)	$ -	$ (10,757,169)
(479,796)	-	(479,796)
(32,036,291)	-	(32,036,291)
(649,898)	-	(649,898)
(391,511)	-	(391,511)
322,822	-	322,822
(3,554,725)	-	(3,554,725)
(1,878,627)	-	(1,878,627)
(49,425,195)	-	(49,425,195)
-	4,228,731	4,228,731
-	1,087,749	1,087,749
-	5,316,480	5,316,480
(49,425,195)	5,316,480	(44,108,715)
24,972,494	-	24,972,494
2,100,510	-	2,100,510
6,705,240		6,705,240
4,123,936	-	4,123,936
8,652,572	-	8,652,572
1,289,074	-	1,289,074
52,419	-	52,419
1,072,777	-	1,072,777
39,677	27,383	67,060
176,178	-	176,178
(477,187)	477,187	-
48,707,690	504,570	49,212,260
(717,505)	5,821,050	5,103,545
63,718,007	72,708,063	136,426,070
$ 63,000,502	$ 78,529,113	$ 141,529,615

CITY OF DEERFIELD BEACH, FLORIDA

BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	General	Community Redevelopment Agency	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,607,876	$ 402,817	$ 3,643,329	$ 5,654,022
Investments	3,053,062	2,806,709	6,662,379	12,522,150
Receivables (net):				
Accounts	2,864,252	-	254	2,864,506
Assessments	842	-	-	842
Interest	1,518	11	9	1,538
Due from other funds	406,362	158,707	210,850	775,919
Due from other governments	1,460,946	-	953,912	2,414,858
Inventories	263,480	-	-	263,480
Real estate held for resale	-	-	1,070,217	1,070,217
Prepaid items	442,110	295	-	442,405
Total assets	$ 10,100,448	$ 3,368,539	$ 12,540,950	$ 26,009,937
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 1,827,000	$ 701,481	$ 854,612	$ 3,383,093
Accrued payroll	295,246	7,870	12,209	315,325
Due to other funds	-	-	775,919	775,919
Due to other governments	36,901	-	842	37,743
Unearned/deferred revenue	924,091	-	303,467	1,227,558
Total liabilities	3,083,238	709,351	1,947,049	5,739,638
Fund balances:				
Non-spendable	705,590	295	1,217,204	1,923,089
Restricted	-	2,658,893	9,621,755	12,280,648
Assigned	4,600,367	-	-	4,600,367
Unassigned (deficit)	1,711,253	-	(245,058)	1,466,195
Total fund balances	7,017,210	2,659,188	10,593,901	20,270,299
Total liabilities and fund balances	$ 10,100,448	$ 3,368,539	$ 12,540,950	$ 26,009,937

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, 2012

Fund balances, total governmental funds:		$ 20,270,299
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	154,304,978	
Less: accumulated depreciation	(64,503,496)	
Net capital assets		89,801,482
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	(756,264)	
Bonds and notes payable	(35,039,937)	
Due to other governments	(263,525)	
Capital leases payable	(479,369)	
Insurance claims payable	(6,258,611)	
Net OPEB liability	(4,013,434)	
Compensated absences	(1,427,610)	
Total		(48,238,750)
Revenues are deferred in the governmental funds because they are not available to pay current period expenditures. They are, however, recognized in the government activities.		788,338
The pension assets are not considered current financial resources and are therefore not reported in the funds.		427,071
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	(664,962)	
Amortization	64,266	
Unamortized premium, September 30, 2012		(600,696)
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	596,971	
Amortization	(44,213)	
Unamortized deferred charges, September 30, 2012		552,758
Net assets of governmental activities		$ 63,000,502

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, 2012

	General	Community Redevelopment Agency	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	$25,670,839	$ 2,100,510	$ -	$ 27,771,349
Sales and use taxes	5,432,787	-	-	5,432,787
Fire assessment fees	8,371,764	-	-	8,371,764
Franchise fees	8,704,150	-	-	8,704,150
Utility taxes	6,705,240	-	-	6,705,240
Local option gas tax	-	-	1,289,074	1,289,074
Local business taxes/permits	2,906,324	-	-	2,906,324
Intergovernmental	2,539,735	-	4,841,166	7,380,901
Charges for services	7,349,187	-	127,096	7,476,283
Fines and forfeitures	881,500	-	150,008	1,031,508
Investment earnings	16,396	9,560	13,721	39,677
Miscellaneous:				
Cemetery plot sales	-	-	61,200	61,200
Donations/contributions	2,077,214	-	486,223	2,563,437
Administrative fees	4,303,449	-	320,340	4,623,789
Other	401,628	-	950	402,578
Total revenues	75,360,213	2,110,070	7,289,778	84,760,061
EXPENDITURES				
Current:				
General government	16,674,774	-	-	16,674,774
Economic environment	-	883,772	366,411	1,250,183
Public safety	48,284,857	-	457,933	48,742,790
Human services	2,085,353	-	-	2,085,353
Physical environment	3,183,171	-	80,745	3,263,916
Transportation	50,201	-	1,523,879	1,574,080
Culture and recreation	4,150,901	44,446	405,198	4,600,545
Capital outlay	-	6,956,854	2,650,621	9,607,475
Debt service:				
Principal	371,883	-	1,913,942	2,285,825
Interest and fiscal charges	16,019	-	1,892,151	1,908,170
Total expenditures	74,817,159	7,885,072	9,290,880	91,993,111
Excess (deficiency) of revenues over expenditures	543,054	(5,775,002)	(2,001,102)	(7,233,050)
OTHER FINANCING SOURCES (USES)				
Transfers in	965,509	9,200	3,979,691	4,954,400
Transfers out	(3,882,894)	(707,593)	(380,689)	(4,971,176)
Total other financing sources (uses)	(2,917,385)	(698,393)	3,599,002	(16,776)
Net change in fund balances	(2,374,331)	(6,473,395)	1,597,900	(7,249,826)
Fund balances - beginning	9,391,541	9,132,583	8,996,001	27,520,125
Fund balances - ending	$ 7,017,210	$ 2,659,188	$ 10,593,901	$ 20,270,299

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, 2012

Net change in fund balances-total governmental funds		$ (7,249,826)
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	9,249,199	
Less: current year's depreciation	(3,897,919)	5,351,280
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(1,289,945)
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		(32,049)
Decrease in net pension asset		(9,651)
Increase in net OPEB liability		(1,716,986)
In the statement of activities, certain operating expenses - compensated absences (sick and vacation pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amounts actually used (paid). During the fiscal year, compensated absences used, $2,808,390, exceeded the amount earned, $1,017,849.		1,790,541
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		2,285,825
Note payable		123,763
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.		29,543
Change in net assets of governmental activities		$ (717,505)

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, 2012

	Water and Sewer Fund	Solid Waste Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 4,701,114	$ 370,852	$ 5,071,966
Investments	21,927,887	-	21,927,887
Restricted cash and cash equivalents:			
Customer deposits	460,211	56,544	516,755
Revolving loan covenant accounts	743,836	-	743,836
Receivables (net):			
Accounts	3,254,353	1,791,141	5,045,494
Notes	-	1,630,937	1,630,937
Delinquent assessments	37,489	-	37,489
Interest	204,627	-	204,627
Due from other funds	750,000	-	750,000
Inventories	177,265	-	177,265
Prepaid items	22,869	114,678	137,547
Total current assets	32,279,651	3,964,152	36,243,803
Noncurrent assets:			
Restricted cash and cash equivalents:			
Bond construction accounts	2,853,543	-	2,853,543
Capital assets:			
Land	50,531	-	50,531
Buildings	1,810,875	-	1,810,875
Utility plants in service	35,059,134	-	35,059,134
Improvements other than buildings	64,219,260	48,500	64,267,760
Equipment	6,204,375	13,991,159	20,195,534
Construction in progress	25,569,086	-	25,569,086
Less accumulated depreciation	(54,624,261)	(11,172,958)	(65,797,219)
Total capital assets (net of accumulated depreciation)	78,289,000	2,866,701	81,155,701
Total noncurrent assets	81,142,543	2,866,701	84,753,080
Total assets	113,422,194	6,830,853	120,253,047

(Continued)

CITY OF DEERFIELD BEACH, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

	Water and Sewer Fund	Solid Waste Fund	Total
LIABILITIES			
Current liabilities:			
Accounts payable	$ 820,181	$ 535,015	$ 1,355,196
Accrued payroll	79,802	61,646	141,448
Due to other funds	-	750,000	750,000
Customer deposits payable	460,211	56,544	516,755
Compensated absences	415,082	355,587	770,669
Matured interest payable	546,436	-	546,436
Capital leases payable - current	-	846,647	846,647
Bonds payable, current	599,389	-	599,389
Loan payable, current	1,409,547	-	1,409,547
Total current liabilities	4,330,648	2,605,439	6,936,087
Noncurrent liabilities:			
Compensated absences	71,278	124,202	195,480
Net OPEB liability	909,067	706,835	1,615,902
Capital leases payable	-	1,760,609	1,760,609
Bonds payable	14,827,383	-	14,827,383
Loan payable	16,388,473	-	16,388,473
Total noncurrent liabilities	32,196,201	2,591,646	34,787,847
Total liabilities	36,526,849	5,197,085	41,723,934
NET ASSETS			
Invested in capital assets, net of related debt	48,526,758	259,445	48,786,203
Restricted for:			
Debt service	743,836	-	743,836
Unrestricted	27,624,751	1,374,323	28,999,074
Total net assets	$ 76,895,345	$ 1,633,768	$ 78,529,113

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, 2012

	Water and Sewer Fund	Solid Waste Fund	Total
Operating revenues:			
Charges for sales and services:			
Water sales pledged as security for revolving loans	$ 14,920,080	$ -	$ 14,920,080
Sewer charges pledged as security for revolving loans	8,761,960	-	8,761,960
Solid waste charges	-	14,419,153	14,419,153
Engineering fees	80,451	-	80,451
Miscellaneous	487,598	282,560	770,158
Total operating revenues	24,250,089	14,701,713	38,951,802
Operating expenses:			
Personal services	5,078,675	3,917,113	8,995,788
Contractual services	522,671	96,113	618,784
Electricity	847,910	-	847,910
Insurance	1,279,687	1,015,493	2,295,180
Fixed charges	47,827	18,388	66,215
County wastewater charge	4,212,904	-	4,212,904
County raw water charge	33,694	-	33,694
Disposal fees	-	4,934,765	4,934,765
General administrative charge	2,762,934	1,694,052	4,456,986
Commodities	1,650,866	1,141,384	2,792,250
Depreciation	3,091,039	759,708	3,850,747
Fiscal charges	7,076	-	7,076
Total operating expenses	19,535,283	13,577,016	33,112,299
Operating income	4,714,806	1,124,697	5,839,503
Non-operating revenues (expenses):			
Investment earnings	27,383	-	27,383
Interest charges	(513,614)	(36,948)	(550,562)
Total non-operating expenses	(486,231)	(36,948)	(523,179)
Income (loss) before contributions and transfers	4,228,575	1,087,749	5,316,324
Capital contributions - tap fees	27,539	-	27,539
Capital contributions - other	385,411	75,000	460,411
Transfers in	16,776	-	16,776
Change in net assets	4,658,301	1,162,749	5,821,050
Total net assets - beginning	72,237,044	471,019	72,708,063
Total net assets - ending	$ 76,895,345	$ 1,633,768	$ 78,529,113

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, 2012

	Water and Sewer Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	$ 24,267,997	$ 14,594,695	$ 38,862,692
Payments to suppliers	(11,568,190)	(8,937,530)	(20,505,720)
Payments to employees	(4,851,519)	(3,716,590)	(8,568,109)
Net cash provided by operating activities	7,848,288	1,940,575	9,788,863
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in	16,776	-	16,776
Net cash provided by non-capital financing activities	16,776	-	16,776
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributed from connection fees	27,539	-	27,539
Acquisition and construction of capital assets	(1,599,954)	(1,397,946)	(2,997,900)
Principal paid on:			
Revenue bonds	(592,344)	-	(592,344)
Capital lease	-	(672,724)	(672,724)
Loan	(1,369,938)	-	(1,369,938)
Interest paid on:			
Capital lease	-	(36,948)	(36,948)
Loan	(510,784)	-	(510,784)
Customer deposits	(1,391)	-	(1,391)
Net cash used in capital and related financing activities	(4,046,872)	(2,107,618)	(6,154,490)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	19,410,952	-	19,410,952
Purchases of investments	(21,927,887)	-	(21,927,887)
Interest received	21,496	-	21,496
Net cash used in investing activities	(2,495,439)	-	(2,495,439)
Net increase (decrease) in cash and cash equivalents	1,322,753	(167,043)	1,155,710
Cash and cash equivalents, beginning of year	7,435,951	594,439	8,030,390
Cash and cash equivalents, end of year	$ 8,758,704	$ 427,396	$ 9,186,100
Cash and cash equivalents	$ 4,701,114	$ 370,852	$ 5,071,966
Cash and cash equivalents - restricted (current)	460,211	56,544	516,755
Cash and cash equivalents - restricted (noncurrent)	3,597,379	-	3,597,379
Cash and cash equivalents, end of year	$ 8,758,704	$ 427,396	$ 9,186,100

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, 2012

	Water and Sewer Fund	Solid Waste Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	$ 4,714,806	$ 1,124,697	$ 5,839,503
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation expense	3,091,039	759,708	3,850,747
Changes in assets and liabilities:			
Increase in accounts receivable, net of allowances	(3,253)	(105,000)	(108,253)
Increase in inventories	(4,059)	-	(4,059)
Increase in prepaid items	-	(114,678)	(114,678)
Increase (decrease) in customer deposits	21,161	(2,018)	19,143
Increase (decrease) in accounts payable and accrued liabilities	(205,082)	78,891	(126,191)
Net increase in OPEB liability	347,515	198,580	546,095
Increase (decrease) in compensated absences payable	(113,839)	395	(113,444)
Total adjustments	3,133,482	815,878	3,949,360
Net cash provided by operating activities	$ 7,848,288	$ 1,940,575	$ 9,788,863
Non-cash investing, capital and financing activities:			
Net depreciation in the value of investments reported at fair value	$ (51,106)	$ -	$ (51,106)
Capital contribution from governmental units	385,411	75,000	460,411
Capital assets acquired through vouchers payable	118,836	-	118,836

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

CITY OF DEERFIELD BEACH, FLORIDA
PENSION TRUST FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
SEPTEMBER 30, 2012

	Fiduciary Funds
ASSETS:	
Cash and cash equivalents	$ 7,962,081
Investments:	
Mutual funds	80,024,347
U.S. Government securities	19,051,582
Corporate equities	50,673,161
Corporate bonds and notes	19,280,835
Total investments	169,029,925
Receivables:	
Interest and dividends	412,789
Contributions receivable	20,326
Due from brokers	798,987
Total receivables	1,232,102
Total assets	178,224,108
LIABILITIES:	
Accounts payable	333,298
Total liabilities	333,298
NET ASSETS:	
Held in trust for pension benefits	$ 177,890,810

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, 2012

	Fiduciary Funds
ADDITIONS:	
Contributions:	
Employer	$ 7,183,990
Plan members	1,003,380
State of Florida	1,329,176
Total contributions	9,516,546
Investment earnings:	
Interest and dividends	4,458,913
Net decrease in the fair value of investments	22,420,309
Total investment earnings	26,879,222
Less investment expense	(986,721)
Net investment earnings	25,892,501
Other miscellaneous income	20,114
Total additions	35,429,161
DEDUCTIONS:	
Benefits paid	16,409,789
Administrative expenses	433,525
Total deductions	16,843,314
Change in net assets	18,585,847
Net assets held in trust for pension benefits:	
Beginning of year	159,304,963
End of year	$ 177,890,810

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

CITY OF DEERFIELD BEACH, FLORIDA
INDEX TO NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

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NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. Financial Reporting Entity

The City of Deerfield Beach is a political subdivision of the State of Florida, located in Broward County along the lower southeast coast of the state. Originally incorporated in June 1925, the Town of Deerfield was formed, under the provisions of Chapter 10462, Special Acts of the 1925 Legislature. In June 1951, Chapter 27503, laws of the State of Florida, created a new charter abolishing the Town and changing its name to City of Deerfield Beach. Today, the City is approximately 16.5 square miles in area. In addition to the public safety, general government, recreation, and public works services provided to its 76,389 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 Statements No. 39 and No. 61) 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"), a separate legal entity, which is largely responsible for redevelopment of the area that encompasses most of the beach district and the area along Hillsboro Boulevard from Federal Highway to the intracoastal waterway, was established in November 1999. The CRA is governed by a board which is comprised of the City's elected officials. The CRA is fiscally dependent upon the City. Accordingly, the CRA is a blended component unit and is presented as a special revenue fund. The CRA has a September 30 year-end. Separate financial statements for the CRA are not available.

The Deerfield Beach Housing Authority (the "Housing Authority") is a related organization because the mayor, with the concurrence of the City Commission, has the responsibility of appointing the members of the Housing Authority Board. Its operations are conducted within City boundaries. However, it is not included as a part of the financial reporting entity because it is fiscally independent and it has no financial accountability to the City. The Housing Authority's autonomy prohibits it from providing any financial benefit or imposing a financial burden upon the City. The Housing Authority is not exclusively for the benefit of City residents and the City Commission cannot impose its will over

operations, cannot hire, reassign or dismiss management, and cannot remove Housing Authority board members without cause. The Housing Authority is responsible for ensuring that a complete and full financial accounting and an audit is made biennially by a certified public accountant.

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

as expenditures related to compensated absences, pension, other post-employment benefits and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

The ***Community Redevelopment Agency ("CRA") Fund*** accounts for the proceeds of tax increment revenues and the related expenditures for redevelopment of the area that hovers along Hillsboro Boulevard and that encompasses most of the beach district from Federal Highway to the Intracoastal Waterway.

The City reports the following major proprietary funds:

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund are charges to customers for the provision of water and sewer services. This fund also recognizes as revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Further, the Solid Waste Fund recognizes as revenue charges to customers for the provision of solid waste services. Operating expenses for both enterprise funds include the

cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. New Accounting Pronouncements Adopted

GASB Statement No. 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 became effective for the City during the fiscal year, however there was no significant impact.

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

E. Assets, Liabilities, and Net Assets or Equity

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

2. Receivables and Payables – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other residual balances

outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

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

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

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

Deferred charges on new debt issued are recorded as prepaid items in the government-wide financial statements. Further, certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

4. Restricted Assets – Certain resources of the City's Water and Sewer enterprise fund are classified as restricted assets on the balance sheet because they are maintained in separate accounts and their uses are limited by applicable bond covenants and loan agreements. The state revolving loan sinking fund account is used to segregate resources that are accumulated for the payment of principal and interest on the City's revolving loans with the Florida Departmental of Environmental Protection.

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, net of interest earned on related debt proceeds, during the construction phase of capital assets of business-type activities is included as part of the capitalized cost of the assets constructed. The City capitalized interest costs in the amount of $781,221 during the fiscal year.

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

Asset Type	Years
Buildings	40
Building improvements	20
Roads	40
Bridges	50
Other infrastructure	20 - 50
Equipment	5 - 10

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

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

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

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

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

8. Fund Equity/Net Assets – In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds report separate classifications of fund balance. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The restricted fund balance is defined as having restrictions (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Committed fund balance is defined as amounts that can only be used for specific purposes pursuant to constraints imposed by formal

action (resolution) performed prior to year-end, of the City Commission. Assigned fund balance represents amounts that are constrained by the government's intent to be used for specific sources, but are neither restricted nor committed. The City has given the authority to assign fund balance to the City Manager. Assignment of fund balance may be a) made for a specific purpose that is narrower than the general purposes of the government itself; and/or b) used to reflect the appropriation of a portion of existing unassigned fund balance to eliminate a projected deficit in the subsequent year's budget in an amount no greater than the projected excess of expenditures over expected revenues. Assigned fund balance shall reflect management's intended use of resources as set forth each year by the City Manager. Assigned fund balance may or may not be appropriated for expenditure in the subsequent year depending on the timing of the project/reserve for which it was assigned. Unassigned fund balance is the residual classification for the General Fund, plus any deficits of any other governmental funds. The City government considers restricted or unrestricted amounts to have been spent when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. The City government considers committed, assigned, or unassigned amounts to have been spent when expenditures incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The City's policy is to expend resources in the following order: restricted, committed, assigned and unassigned.

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

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 $13,214,146 of restricted net assets of which $545,015 is restricted by enabling legislation.

Unrestricted Net Assets – have no third-party limitations on their use, and consists of all net assets that do not meet the definition of the other two components, and any net deficits that exist. The City Commission has the unrestricted authority to revisit or alter these managerial decisions.

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

NOTE II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Excess of Expenditures Over Appropriations – For the year ended September 30, 2012, expenditures exceeded appropriations in several of the City's departments, the legal level of budgetary control. The City Attorney, Central Services, and Fire/Rescue departments exceeded their budgets by $27,877, $42,920 and $6,556,892, respectively. Available fund balance was utilized to offset these amounts.

B. Deficit Fund Equity – At September 30, 2012, Crime Prevention Trust Fund had a deficit fund balance of $12,414. The Community Development Block Grant Fund also had a deficit fund balance in the amount of $52,140. Deficits in these funds are expected to be funded by future grant reimbursements, which were not susceptible to accrual at September 30, 2012.

NOTE III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

1. **Deposits** – The City maintains a common cash and cash equivalents pool for use by all non-fiduciary funds. Deposits of the City, including time deposit accounts, demand deposit accounts and certificates of deposit, are defined as public deposits. Pursuant to the City's policies, all of the City's deposits are held in qualified public depositories pursuant to Chapter 280.03 of the Florida Statutes, "Florida Security for Public Deposits Act." Under the Act, all qualified public depositories are required to pledge eligible collateral having fair value equal to or greater than the average daily or monthly balance of all public deposits, times the depository's collateral pledging level. The pledging level may range from 50% to 125% depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public 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, 2012, the carrying amount of the City's deposits totaled $14,842,128.

2. **Investments**

<u>Authorized Investments</u>
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, 2012 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, 2012, the City's investment in LGIP-A was that of $15,412. 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 $1,888 with a net asset value factor of 0.071894.

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

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

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

In acquiring these investments on behalf of the various plans, the trustees are required to exercise a level of care, which persons of prudence, discretion and intelligence would exercise when acquiring these same investments for their own (personal) accounts. As of September 30, 2012, the City had the following investments:

	Pension Trust Funds	All Other Funds	Total
Investment in Florida Local Government Investment Trust:			
Pool A shares	$ -	$ 15,412	$ 15,412
Pool B shares	-	1,888	1,888
Investment in Florida Municipal Investment Trust	-	2,431,236	2,431,236
Repurchase agreements	-	-	-
Money market funds	6,017,611	707,020	6,724,631
Mutual funds:			
Bond funds	17,751,070	-	17,751,070
International corporate equities	5,163,833	-	5,163,833
Other mutual funds	57,109,444	-	57,109,444
U.S. Government and agency securities	19,051,582	31,212,537	50,264,119
Domestic corporate bonds and notes	19,280,835	-	19,280,835
Domestic corporate equities	50,673,161	-	50,673,161
Total	$ 175,047,536	$ 34,368,093	$ 209,415,629

Interest Rate Risk

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

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

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

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

(City General Investments)

Investment Type	Fair Value	Maturities (in Years)	
		Less Than 1	1-5
FL Local Gov't. Invest. Tr.	$ 17,300	$ 17,300	$ -
FL Municipal Investment Trust	2,431,236	-	2,431,236
Other money market funds	707,020	707,020	-
U.S. Treasuries	12,857,665	6,067,260	6,790,405
U.S. Agencies	18,354,872	11,828,450	6,526,422
Total	$ 34,368,093	$ 18,620,030	$ 15,748,063

(Pension Trust Funds)

Investment Type	Fair Value	Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Bond funds	$ 17,751,071	$ 2,570,107	$ 4,910,087	$ 4,758,351	$ 5,512,526
Other money market funds	6,017,611	6,017,611	-	-	
U.S. Treasuries	6,009,764	804,777	2,435,563	2,416,690	352,734
U.S. Agencies	13,041,818	140,594	4,656,857	2,411,718	5,832,649
Domestic corporate bonds and notes	19,280,835	857,597	7,429,484	6,182,838	4,810,916
Total	$ 62,101,099	$ 10,390,686	$ 19,431,991	$ 15,769,597	$ 16,508,825

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSRO's). State law limits investments in commercial paper and corporate bonds to the top 3 ratings issued by NRSRO's. It is the City's policy to limit its investments to the top ratings issued by NRSRO's. All Treasury obligations are guaranteed by the good faith and credit of the United States and are therefore not subject to credit risk. The amounts held in the LGIP-A is rated by Standard and Poor's. The current rating is AAAm. LGIP-B, as well as the Florida Municipal Investment Trust, is not rated by any nationally recognized statistical rating agency. The following table discloses credit ratings by investment type, at September 30, 2012, as applicable:

Quality Credit Rating

S & P	Moody's		Fair Value
AAAm		$	17,300
AAAf			2,431,236
AAA			823,726
AA+			148,278
AA			377,113
AA-			291,198
A+			3,032,211
A			1,539,086
A-			3,844,300
BBB+			894,009
BBB			750,459
BBB-			518,766
BB+			445,654
BB			544,105
BB-			341,248
B+			242,345
B			329,045
B-			177,759
CCC+			15,964
CCC			36,600
Not rated			13,577,507
	Aaa		9,827,032
	Aa1		1,134,389
	Aa2		1,271,054
	Aa3		213,543
	A1		684,587
	A2		2,919,626
	A3		516,512
	Baa1		116,065
	Baa2		1,965,042
Total credit risk securities			49,025,759
U.S. govt and agency securities explicitly guaranteed			47,443,433
Total fixed income/credit risk securities		$	96,469,192
Total fixed income/credit risk securities - City		$	34,368,093
Total fixed income securities - pension trust funds			62,101,099
Total		$	96,469,192

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, 2012. The three pension plans limit their exposures by limiting their investments in any one issuer to no more than 5% of Plan Net Assets other than those issued by the US Government or its agencies. None of the plans had holdings that exceeded the 5% limit.

Custodial Credit Risk

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

B. Receivables and Payables – The City reports the General, Community Redevelopment Agency (CRA), Water & Sewer and Solid Waste funds as major funds. Receivables at September 30, 2012 were as follows:

Governmental Activities

	General	CRA	Other Governmental Funds	Total
Receivables:				
Accounts	$ 8,909,177	$ -	$ 254	$ 8,909,431
Assessments	842	-	-	842
Interest	1,518	11	9	1,538
Gross receivables	8,911,537	11	263	8,911,811
Less: allowance for uncollectibles	(6,044,925)	-	-	(6,044,925)
Net receivables	$2,866,612	$ 11	$ 263	$2,866,886

Business-type Activities

	Water and Sewer	Solid Waste	Total
Receivables:			
Accounts	$ 3,633,229	$ 1,956,372	$ 5,589,601
Notes	-	1,630,937	1,630,937
Assessments	37,489	-	37,489
Interest	204,627	-	204,627
Gross receivables	3,875,345	3,587,309	7,462,654
Less: allowance for uncollectibles	(378,876)	(165,231)	(544,107)
Net receivables	$3,496,469	$3,422,078	$ 6,918,547

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

Uncollectible related to water sales	$ 261,368
Uncollectible related to sewer charges	117,508
Uncollectible related to solid waste charges	165,231
Total uncollectibles for the current fiscal year	$ 544,107

Payables at September 30, 2012 are as follows:

	Vendors	Retainage	Total payables and accruals
Governmental activities:			
General fund	$ 1,827,000	$ -	$ 1,827,000
CRA fund	701,481	-	701,481
Other governmental funds	592,247	262,365	854,612
Total - governmental activities	$ 3,120,728	$ 262,365	$ 3,383,093
Business-type activities:			
Water and Sewer fund	$ 820,181	$ -	$ 820,181
Solid Waste fund	535,015	-	535,015
Total - business-type activities	$ 1,355,196	$ -	$ 1,355,196

C. Capital Assets – The following is a summary of capital asset activity for the year ended September 30, 2012:

Governmental activities:	Beginning Balance	Increases	Decreases	Total
Capital assets not being depreciated:				
Land	$ 11,739,316	$ 3,081,408	$ -	$ 14,820,724
Construction in progress	15,910,470	5,726,853	2,602,695	19,034,628
Total capital assets not being depreciated	27,649,786	8,808,261	2,602,695	33,855,352
Capital assets being depreciated:				
Buildings	36,783,085	159,345	-	36,942,430
Improvements other than buildings	4,035,817	750	191,310	3,845,257
Equipment	19,921,327	202,624	309,921	19,814,030
Infrastructure	56,107,625	3,740,284	-	59,847,909
Total capital assets being depreciated	116,847,854	4,103,003	501,231	120,449,626
Less: accumulated depreciation for:				
Buildings	8,892,900	910,171	-	9,803,071
Improvements other than buildings	1,601,292	170,362	-	1,771,654
Equipment	17,128,276	1,086,357	309,921	17,904,712
Infrastructure	33,293,030	1,731,029	-	35,024,059
Total accumulated depreciation	60,915,498	3,897,919	309,921	64,503,496
Total capital assets being depreciated, net	55,932,356	205,084	191,310	55,946,130
Governmental activities capital assets, net	$ 83,582,142	$ 9,013,345	$ 2,794,005	$ 89,801,482

Business-type activities:	Beginning Balance	Increases	Decreases	Total
Capital assets not being depreciated:				
Land	$ 50,531	$ -	$ -	$ 50,531
Construction in progress	24,233,181	1,335,905	-	25,569,086
Total capital assets not being depreciated	24,283,712	1,335,905	-	25,619,617
Capital assets being depreciated:				
Buildings	1,810,875	-	-	1,810,875
Utility plants in service	35,059,134	-	-	35,059,134
Improvements other than buildings	63,618,299	649,461	-	64,267,760
Equipment	18,924,561	1,472,946	201,973	20,195,534
Total capital assets being depreciated	119,412,869	2,122,407	201,973	121,333,303
Less: accumulated depreciation for:				
Buildings	1,145,380	59,678	-	1,205,058
Utility plants in service	13,665,715	1,015,457	-	14,681,172
Improvements other than buildings	31,174,086	1,813,578	-	32,987,664
Equipment	16,163,264	962,034	201,973	16,923,325
Total accumulated depreciation	62,148,445	3,850,747	201,973	65,797,219
Total capital assets being depreciated, net	57,264,424	(1,728,340)	-	55,536,084
Business-type activities capital assets, net	$ 81,548,136	$ (392,435)	$ -	$ 81,155,701

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	$ 165,588
Public safety	1,076,923
Human services	55,574
Physical environment	786,784
Transportation	939,668
Culture and recreation	873,382
Total depreciation expense - governmental activities	$ 3,897,919
Business-type activities:	
Water and sewer	$ 3,091,039
Solid waste	759,708
Total depreciation expense - business-type activities	$ 3,850,747

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, 2012:

Project	Amounts Outstanding
Hillsboro Boulevard - Streetscape Improvements	$ 379,260
East Water Treatment Plant Phase I	92,539
Pier Building Replacement & Pier Repair	1,211,693
	$ 1,683,492

E. Unearned/Deferred Revenue – Unearned revenue in the General Fund includes $428,120 for local business taxes (formerly referred to as occupational licenses) relating to fiscal year 2013. Also included in the unearned revenue balance was $11,100 for performance bond customer deposits. Deferred revenue in the General Fund includes ambulance transport fees of $382,352. Deferred property taxes of $102,519 that were levied during the current fiscal year but were not received within 60 days of year-end and thus were not considered “available”.

The Miscellaneous Grants non-major special revenue fund had deferred revenue of $214,443 and General Construction grants fund also had deferred revenue of $89,024. The amounts are considered deferred because they represent grant reimbursements 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, 2012 is as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
General Fund	Miscellaneous Grants Fund	$ 282,610
	CDBG Fund	89,769
	General Construction Fund	20,040
	Crime Prevention Trust Fund	9,380
	Capital Grants Fund	4,563
Road and Bridge Fund	Capital Grants Fund	121,826
	General Construction Fund	89,024
Community Redevelopment Agency	General Construction Fund	158,707
Water and Sewer Fund	Solid Waste Fund	750,000
Total		$ 1,525,919

Interfund Transfers:

	Transfers to:				
	General	CRA Fund	Nonmajor Governmental	Water and Sewer Fund	Total
Transfers from:					
General	$ -	$ -	$ 3,882,894	$ -	$ 3,882,894
CRA Fund	707,593	-	-	-	707,593
Nonmajor Governmental	257,916	9,200	96,797	16,776	380,689
Total	$ 965,509	$ 9,200	$ 3,979,691	$ 16,776	$ 4,971,176

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

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

The City has also financed the acquisition of sanitation vehicles in its Solid Waste enterprise fund. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the date of inception. The future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2012, were as follows:

Fiscal Year	Governmental Activities	Business-Type Activities	Total
2013	$ 247,426	$ 846,647	$ 1,094,073
2014	162,670	740,089	902,759
2015	81,422	462,405	543,827
2016	-	339,249	339,249
2017	-	310,978	310,978
Total Minimum lease payments	491,518	2,699,368	3,190,886
Less: amount representing interest	(12,149)	(92,112)	(104,261)
Present value of future minimum lease payments	$ 479,369	$ 2,607,256	$ 3,086,625

As of September 30, 2012, the equipment held under capital leases for governmental activities and business-type activities were $1,409,318 and $4,401,022, respectively. Accumulated depreciation for equipment held under capital leases was $988,775 and $2,026,375 for governmental and business-type activities, respectively, as of September 30, 2012.

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, 2012:

1. Governmental Activities Debt:

- *General Obligation Bonds, Series 2000* – The original amount of this issue was divided into two series: Series "A," for which $9,978,847 in bonds were issued, and Series "B," for which $2,820,183 in bonds were issued. The proceeds of these bonds were used to finance the construction of a public safety complex, a public works facility, parks improvements, right-of-way improvements and expansion of the senior services facilities. The combined outstanding bonds of the issue, $8,369,936, have interest rates that range from 4.25% to 6.08%. For Series A, principal is due annually on April 1st and interest is payable semi-annually on April 1st and October 1st with the final maturity date being October 1, 2024. For Series B, principal is due annually on November 1st, and interest is payable semi-annually on May 1st and November 1st, with the final maturity date being November 1, 2027.

- *General Obligation Bonds, Series 2003A* – The original amount of this issue was $5,140,000, the proceeds of which were used for refunding two previously issued general obligation bonds, namely Series 1993 and 1995. The outstanding bonds of the issue, $1,390,000, have interest rates that range from 3.00% to 5.00%. Principal is due annually on May 1st and interest is payable semi-annually on May 1st and November 1st, with the final maturity date being May 1, 2016.

- *General Obligation Bonds, Series 2003B* – The original amount of this issue was $15,410,000, which proceeds were used for the acquisition and construction of a public works facility, a fire station, neighborhood right-of-way improvements, and improvements to parks and recreational facilities. The interest rates on the bonds range from 1.32% to 4.77%. Principal is due annually on December 1st and interest is payable semi-annually on June 1st and December 1st, with the final maturity date being December 1, 2028. The remaining outstanding bonds of this issue total $12,610,000.

- *Covenant Bonds, Series 2003A* – These bonds were issued in connection with the City's General Obligation Bonds, Series 2003A, described previously. The principal amount of the loan was $6,825,000, which was issued for the purpose of financing streetscape improvements in the City's Community Redevelopment Area. The remaining outstanding bonds of this issue, $5,465,000, have interest rates that range from 3.00% to 5.00%. Principal is due annually on May 1st and interest is payable semi-annually on May 1st and November 1st, with the final maturity date being May 1, 2028. The City is required to budget and appropriate non-ad valorem tax revenues to pay the annual debt service on this issue.

- *Covenant Bonds, Series 2003B* – These bonds were issued in connection with the City's General Obligation Bonds, Series 2003B, described previously. The principal amount of the loan was $2,480,000, which was issued for the purpose of financing improvements in the City's beach district, more commonly described as "Ocean Way Improvements". The remaining outstanding bonds of this issue, $1,945,000, have an interest rate that is similar to the general obligation debt issue. The interest and principal payments, as well as the final maturity dates, are identical to those of the general obligation issue.

- *Covenant Bond, Series 2006* – The original amount of this issue was $5,965,000. The proceeds of this bond issue were used to complete the construction of the public works facility and the municipal operations complex. The interest rates on these bonds range from 4.00% to 5.00%. Principal is due annually on October 1st and interest is payable semi-annually on April 1st and October 1st, with the final maturity date being October 1, 2031. The remaining outstanding bonds of this issue

total $5,260,000 with total interest payable of $2,755,034 over the remainder of the term of the bonds. The principal and interest of this issue will be payable from and secured by a pledge of the City's electric franchise fees. For the current year, principal and interest of $398,069 were paid. Electric franchise fees amounted to $4,865,482 for fiscal year 2012.

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

2. Business-Type Activities Debt:

- *Loans Payable* – The City has entered into various loan agreements with the State of Florida Department of Environmental Protection to borrow up to $28,520,115. The primary purpose of these loans is to construct water and wastewater facilities. As of September 30, 2009, the City borrowed $28,293,037, with interest rates ranging from 2.27% to 3.57%. As of September 30, 2012, the aggregate outstanding principal amount of these loans totaled $17,798,020. 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, 2012 was $11,160,658. 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, 2012, the unpaid principal balances of Water Pollution Control Loan No. WW69302L and Loan No. WW693030 were $1,180,822 and $5,456,541, respectively. Revenues of the Water and Sewer System have been pledged as security for repayment of these loans. Total principal and interest paid during the current year totaled $1,894,601. Net revenues of the water and sewer system amounted to $7,505,123 for the year ended September 30, 2012.

- *Florida Municipal Loan Council Revenue Bonds, Series 2008A* – The original amount of this issue was $17,028,786. The proceeds of this bond issue are to be used to construct a reverse osmosis water treatment addition to the City's west water treatment facility, as well as various other improvements to the water distribution system. The interest rate on these bonds is 4.81%. Principal is due annually on October 1st and interest is payable semi-annually on April 1st and October 1st, with the final maturity date being October 1, 2028. The remaining outstanding bonds of this issue total $15,426,772. The principal and interest of this issue will be payable from and secured by a pledge of the City's water and sewer system revenues. Total principal and interest paid during the year amounted to $1,361,222.

3. Changes in Long-Term Liabilities – The following is a summary of changes in long-term liabilities for the year ended September 30, 2012:

Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	$ 23,797,434	$ -	$ 1,427,497	$ 22,369,937	$ 1,436,568
Covenant bonds	13,125,000	-	455,000	12,670,000	470,000
Plus: Deferred amounts for premiums/discounts	664,963	-	64,267	600,696	63,537
Total bonds payable	37,587,397	-	1,946,764	35,640,633	1,970,105
Capital leases	882,697	-	403,328	479,369	247,426
Net OPEB liability	2,296,448	1,716,986	-	4,013,434	-
Claims and judgments	6,380,086	6,414,409	6,415,018	6,379,477	869,000
Due to other governments	387,288	-	123,763	263,525	131,763
Compensated absences	3,218,151	1,017,849	2,808,390	1,427,610	1,291,702
Total governmental activities long-term liabilities	$ 50,752,067	$ 9,149,244	$ 11,697,263	$ 48,204,048	$ 4,509,996
Business-type activities:					
Capital leases	$ 1,649,043	$ 1,630,937	$ 672,724	$ 2,607,256	$ 846,647
Net OPEB liability	1,069,807	546,095	-	1,615,902	-
Compensated absences	1,079,145	426,588	539,584	966,149	770,669
Bonds payable	16,019,116	-	592,344	15,426,772	599,389
Loan payable	19,167,958	-	1,369,938	17,798,020	1,409,547
Total business-type activities long-term liabilities	$ 38,985,069	$ 2,603,620	$ 3,174,590	$ 38,414,099	$ 3,626,252

The governmental activities claims and judgments as well as compensated absences are generally liquidated by the General Fund. The General Fund has been the governmental fund typically used in prior years to liquidate the net pension obligations.

4. Summary of Annual Debt Service Requirements – The annual debt service requirements to maturity for debt outstanding as of September 30, 2012 are as follows:

	Governmental Activities Debt					
Year Ending	*General Obligation Bonds*			*Covenant Bonds*		
September 30	Principal	Interest	Total	Principal	Interest	Total
2013	$ 1,436,568	$ 1,216,875	$ 2,653,443	$ 470,000	$ 601,069	$ 1,071,069
2014	1,226,262	1,477,400	2,703,662	495,000	578,794	1,073,794
2015	1,183,414	1,470,736	2,654,150	520,000	554,863	1,074,863
2016	1,168,401	1,487,674	2,656,075	540,000	528,013	1,068,013
2017	1,062,169	1,594,537	2,656,706	570,000	500,007	1,070,007
2018-2022	5,283,747	7,989,935	13,273,682	3,310,000	2,033,545	5,343,545
2023-2027	5,954,376	7,322,435	13,276,811	4,190,000	1,178,969	5,368,969
2028-2032	5,055,000	257,094	5,312,094	2,575,000	286,625	2,861,625
Total	$ 22,369,937	$ 22,816,686	$ 45,186,623	$ 12,670,000	$ 6,261,885	$ 18,931,885

	Business-Type Activities Debt					
	Revolving Loans			*Revenue Bonds*		
Year Ending September 30	Principal	Interest	Total	Principal	Interest	Total
2013	$ 1,409,547	$ 485,053	$ 1,894,600	$ 599,389	$ 737,757	$ 1,337,146
2014	1,450,328	444,272	1,894,600	630,957	707,760	1,338,717
2015	1,492,312	402,288	1,894,600	662,017	676,233	1,338,250
2016	1,535,535	359,065	1,894,600	694,606	644,872	1,339,478
2017	1,580,038	314,562	1,894,600	727,083	608,492	1,335,575
2018-2022	7,932,035	857,818	8,789,853	4,216,965	2,460,694	6,677,659
2023-2027	2,398,225	144,375	2,542,600	5,362,739	1,297,733	6,660,472
2028-2032	-	-	-	2,533,016	125,352	2,658,368
Total	$ 17,798,020	$ 3,007,433	$ 20,805,453	$ 15,426,772	$ 7,258,893	$ 22,685,665

5. Pollution Remediation - The City accepted approximately 44.65 acres of donated land in October 2011 from a private donor. The City plans to redevelop the land and eventually use it for community facilities and recreation, as well as open space. The land has been found to contain contamination from toxic substances. According to studies conducted to determine the extent of the pollution and the expected costs of remediation can range between $150,000 and $4,000,000 depending on the prospective use of the land. The donor has contributed $250,000 towards the future costs of clean-up. No remediation efforts had begun as of September 30, 2012. The remediation outlays are considered necessary to prepare the asset for its intended use, and will be capitalized as part of the newly developed asset as expenditures are incurred.

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, 2012:

Governmental Activities	Total
Community Redevelopment Agency Funds	$ 3,368,244
Cemetery reserve endowments	2,760,236
Local option gas tax	2,314,983
Impact fees	331,315
Grant funds	3,078,000
Law Enforcement/Crime Prevention /Other Trust Funds	1,536,156
Bond construction account	2,229,478
Loan debt service accounts	290,782
Total governmental activities restricted assets	$ 15,909,194

	Water and Sewer Fund	Solid Waste Fund	Total
Customer deposits	$ 460,211	$ 56,544	$ 516,755
Bond construction accounts	2,853,543	-	2,853,543
Revolving loan covenant accounts	743,836	-	743,836
Total business-type activities restricted assets	$ 4,057,590	$ 56,544	$ 4,114,134

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 $200,000 per participant for employee health claims. The General Fund also provides coverage for workers compensation claims. The City retains the risk of loss up to $200,000 for general liability claims and $200,000 for property damage claims. For all other risks of loss, the City has purchased an excess coverage insurance policy covering individual claims in excess of these specified amounts. Settled claims did not exceed the commercial coverage in any of the past three fiscal years.

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

At September 30, 2012, the amount of these liabilities was $6,379,477. Changes in the reported liability since September 30, 2011 resulted from the following:

Fiscal Year	Claims Payable October 1	Current Year's Claims and Changes in Estimates	Claims Payments	Liability September 30
2012	$ 6,380,086	$ 6,414,409	$ (6,415,018)	$ 6,379,477
2011	5,140,086	10,795,556	(9,555,556)	6,380,086

C. Contingent Liabilities – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally, the federal and state agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

At September 30, 2012, portions of some Federal Emergency Management Agency ("FEMA") claims for approximately $2.1 million were determined, through a review by the Office of the Inspector General, to be overfunded. The City's position is, the expenditures were proper, had been fully reviewed and approved by FEMA representatives at the State and Federal levels, and will be ultimately approved by FEMA. Based on the nature of this matter as described above, management does not believe it is probable that the City will have to refund any amounts to FEMA. As such, no liability has been recorded related to the request for reimbursement of previous FEMA awards.

Other than the Due To Other Governments amount indicated in the Long-Term Debt footnote, amounts, if any, of other expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

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

D. Pension Information – The following information is provided in accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and GASB Statement No. 50*, Pension Disclosures – an Amendment of GASB Statements No. 25 and 27*. These statements prescribe standards for the measurement, recognition and display of pension expenditures/expenses and related liabilities, assets and note disclosures in the financial statements of state and local governmental employers.

1. Plan Description – The City of Deerfield Beach, as a single employer, maintains three defined benefit pension plans covering full-time firefighters employed by the City prior to October 1, 2011, 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 any of the three 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. On October 1, 2012, the firefighters of the City of Deerfield Beach also merged with the Broward Sheriff's Office. Like the police officers, they were also allowed to make an irrevocable election to remain in the City's pension plan or join the Florida Retirement System.

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 2012, the state contributed $843,844 and $485,332 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.

3. Funded Status and Funding Progress – The following is funded status information for each defined benefit pension plan as of September 30, 2011, the most recent actuarial valuation date:

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (Excess of Assets over AAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll {(b-a)/c}
Fire	$ 86,605,981	$ 112,087,229	$ 25,481,248	77.3 %	$ 10,264,440	248.2 %
Police	34,540,758	49,287,507	14,746,749	70.1	-	N/A
Non-Uniformed*	53,689,465	62,618,207	8,928,742	85.7	384,733	2,320.8

**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	22.10%	N/A	439.54%
Plan members	9.00%	0.00%	9.00%
Annual required contribution	$4,954,287	$1,567,657	$1,691,053
Percentage contributed	100%	100%	100%
Actuarial valuation date	10/01/11	10/01/11	10/01/11
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of pay, closed	Layered amortization	Level percentage of pay, closed
Remaining amortization period	19 years	20 years	15 years
Asset valuation method	5 year smoothed market	4 year smoothed market	4 year smoothed market
Actuarial assumptions:			
Investment rate of return	7.625%	6.750%	7.500%
Projected salary increases	5% to 11%	N/A	6.00%
Includes inflation of	4.00%	3% to 3.5%	4.00%
Cost of living adjustments	None	None	None

**Currently there are no active employees in the Police Pension Plan.*

Information regarding fiscal year 2012 participant data for the three pension plans is as follows:

	Fire	Police	Non-uniformed	Total
Number of plan members:				
Retirees and beneficiaries currently receiving benefits	50	77	148	275
Vested terminated employees	0	0	10	10
Active employees:				
Fully vested	101	0	4	105
Non-vested	23	0	0	23
Benefit provisions:				
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	
Normal retirement eligibility:				
Age/service years	52/10	47/10	65/10	
(Alternative)	N/A /20	N/A /20	N/A	
Early retirement eligibility:				
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.

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:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
Fire			
2012	$ 4,962,391	99.8%	$ (347,551)
2011	3,313,162	100.2%	(355,645)
2010	3,067,935	100.3%	(347,376)
Police			
2012	$ 1,569,214	99.9%	$ (79,520)
2011	1,500,142	99.9%	(81,077)
2010	1,266,012	103.1%	(82,581)
Non-uniformed			
2012	$ 1,691,053	100.0%	$ -
2011	1,816,148	100.0%	-
2010	1,622,159	100.0%	-

The derivation of the net pension asset for the Fire, Police and Non-uniformed Pension plans as of September 30, 2012 follows:

		Fire	Police	Non-Uniform
a.	Annual required contribution ("ARC")	$ 4,954,297	$ 1,567,657	$ 1,691,053
b.	Interest on Net Pension Obligation/(Asset) ("NPO"/"NPA")	(27,118)	(5,473)	-
c.	Adjustment to ARC	35,212	7,030	-
d.	Annual pension cost (a+b+c)	4,962,391	1,569,214	1,691,053
e.	Actual contributions	4,954,297	1,567,657	1,691,053
f.	NPO/(NPA) at beginning of year	(355,645)	(81,077)	-
g.	(Increase) decrease in (NPA) (d-e)	8,094	1,557	-
h.	NPO/(NPA) at end of year (f+g)	(347,551)	(79,520)	-

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, 2012 of $1,365,061. 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 $682,530.

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 Postemployment Benefits – The City's Other Postemployment 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 liabilities of $35,819,009 for General participants, $15,326,699 for Fire participants and $955,620 for Police participants at the October 1, 2010 date of transition being amortized over 30 years.

Benefit Description and Funding Policy

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

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

Benefit provisions and City contribution requirements are established and may be amended by the City Commission. As of September 30, 2012, there were 215 retired employees receiving a monthly benefit with an additional 517 eligible for participation in the future. Benefit payments totaled $2,096,821 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, 2012 follow:

Annual required contribution	$ 4,351,934
Interest on plan obligation	151,481
Adjustment to ARC	(143,513)
Annual OPEB cost (AOC)	4,359,902
Actual contributions made	(2,096,821)
Increase in NOO	2,263,081
NOO - Beginning of year	3,366,255
NOO - End of year	$ 5,629,336

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

Fiscal Year	AOC	Contribution	Percent Contributed	NOO
2010	$ 1,711,060	$ 1,506,487	88.0%	$ 746,026
2011	4,232,055	1,611,826	38.1%	3,366,255
2012	4,359,903	2,096,821	48.1%	5,629,336

As of the October 1, 2011 valuation date, the actuarial accrued liability for benefits was $52,109,889 and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability of $52,109,889. The payroll for active participating employees for that period was approximately $35,963,697 and the unfunded actuarial accrued liability as a percentage of payroll was 144.9%. The annual OPEB cost and the actuarial accrued liability increased due to increased costs for claims based on the age-graded, sex distinct, monthly per capita cost.

Actuarial Methods and Assumptions

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

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

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

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

H. Subsequent Events – On December 4, 2012, the City had two bond issues: *Series 2012 B-1 Covenant Bonds* and *Series 2012 B-2 General Obligation Bonds.*

The principal amount of the Covenant Loan was $20,090,000 and the proceeds from the sale of the Bonds are to be used (i) to refund prior issued Series 2003A and Series 2003B Bonds; (ii) to fund certain City-wide capital improvements undertaken by the City's community redevelopment agency (CRA) district consisting of street improvements, park improvements and related parking improvements; and (iii) to pay costs and expenses associated with the issuance of the Bonds. The Series 2003A and Series 2003B Bonds had been secured to finance streetscape improvements in the City's CRA district.

The principal amount of the General Obligation Loan was $14,770,000. The proceeds from the sale of the Series 2012 B-2 Bonds will be used (i) to refund prior loans related to the Series 2000B Bonds, Series 2003A Bonds and Series 2003B bonds; and (ii) to pay costs and expenses associated with the issuance of the Bonds. The Series 2000B, Series 2003A and Series 2003B Bonds had been used to finance the public safety complex, the public works facility, park improvements, right of way improvements, expansion of the senior services facilities, a fire station, and refunding certain price indebtedness.

I. New Accounting Pronouncements Not Yet Adopted – GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, was issued in November 2010. The objective of this Statement is to provide accounting and financial reporting guidance by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2013.

GASB Statement No. 61, *Financial Reporting Entity: Omnibus*, was issued in November 2010. This Statement amends Statement 14, *The Financial Reporting Entity*, as well as Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The primary purpose of this Statement is to improve financial reporting for governmental entities. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2013.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* was issued in December 2010. The objective of this Statement is to incorporate into the GASB's authoritative literature certain additional accounting and financial reporting guidance that was issued before November 30, 1989. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2013.

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

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

GASB Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the

issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* The provisions of this Statement will be effective for the City with its year ending September 30, 2014.

GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25.* The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures,* as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. The provisions of this Statement will be effective for the City with its year ending September 30, 2013.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.* The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* as well as the requirements of Statement No. 50, *Pension Disclosures,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The provisions of this Statement will be effective for the City with its year ending September 30, 2014.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations.* This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The provisions of this Statement will be effective for the City with its year ending September 30, 2014.

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DEERFIELD BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts			Variance with Final Budget
	Original	Final	(Budgetary Basis) Actual Amounts	Positive (Negative)
REVENUES:				
Property taxes	$ 26,663,769	$ 26,663,769	$ 25,670,839	$ (992,930)
Sales and use taxes	5,479,971	5,479,971	5,432,787	(47,184)
Fire assessment fees	8,143,984	8,143,984	8,371,764	227,780
Franchise fees	9,660,391	9,660,391	8,704,150	(956,241)
Utility taxes	6,201,100	6,201,100	6,705,240	504,140
Licenses and permits	2,241,500	2,241,500	2,906,324	664,824
Intergovernmental	2,300,132	2,336,870	2,539,735	202,865
Charges for services	7,610,825	7,610,825	7,349,187	(261,638)
Fines and forfeitures	1,072,400	1,072,400	881,500	(190,900)
Investment earnings	135,000	135,000	16,396	(118,604)
Miscellaneous:				
Donations/contributions	2,020,800	2,020,800	2,077,214	56,414
Administrative fees	4,303,449	4,303,449	4,303,449	-
Other	415,797	415,797	401,628	(14,169)
Total revenues	76,249,118	76,285,856	75,360,213	(925,643)
EXPENDITURES:				
Departmental:				
City commission	294,672	294,672	201,556	93,116
City manager	848,528	848,528	844,848	3,680
City clerk	455,014	455,014	362,119	92,895
City attorney	402,500	402,500	430,377	(27,877)
Central services	447,750	447,750	490,670	(42,920)
Parks & recreation	10,774,389	11,004,457	10,548,431	456,026
Fire/rescue	18,192,646	18,192,646	24,749,538	(6,556,892)
Human resources	480,765	480,765	450,852	29,913
Insurance/safety	8,221,677	8,221,677	6,238,130	1,983,547
Financial services	1,307,516	1,307,516	1,160,555	146,961
Planning and development services	2,328,320	2,328,320	2,217,017	111,303
Information technology services	1,626,648	1,626,648	1,513,567	113,081
Police	21,028,909	21,028,909	20,791,194	237,715
Public works	1,343,804	1,343,804	1,184,649	159,155
Senior services	2,305,038	2,341,776	1,991,225	350,551
Community participation	106,764	106,764	98,764	8,000
Other - unclassified	2,137,722	1,907,654	1,688,120	219,534
Debt service	453,363	453,363	387,902	65,461
Total expenditures	72,756,025	72,792,763	75,349,514	(2,556,751)
Excess (deficiency) of revenues over expenditures	3,493,093	3,493,093	10,699	(3,482,394)
Other financing sources (uses):				
Capital leases	265,000	265,000	-	(265,000)
Transfers in	619,717	619,717	965,509	345,792
Transfers out	(4,377,810)	(4,377,810)	(3,882,894)	494,916
Total other financing sources (uses)	(3,493,093)	(3,493,093)	(2,917,385)	575,708
Net change in fund balance	$ -	$ -	$ (2,906,686)	$ (2,906,686)

See accompanying notes to required supplementary information.

CITY OF DEERFIELD BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
COMMUNITY REDEVELOPMENT AGENCY FUND
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	(Budgetary Basis) Actual Amounts	Positive (Negative)
REVENUES				
Property taxes	$ 1,211,228	$ 1,211,228	$ 2,100,510	$ 889,282
Investment earnings	35,000	35,000	9,560	(25,440)
Miscellaneous	-	-	-	-
Total revenues	1,246,228	1,246,228	2,110,070	863,842
EXPENDITURES				
Current:				
Economic environment	1,241,862	1,340,100	1,085,956	254,144
Culture and recreation	171,000	171,000	44,446	126,554
Capital outlay	8,573,694	8,454,816	7,687,984	766,832
Total expenditures	9,986,556	9,965,916	8,818,386	1,147,530
Excess (deficiency) of revenues over expenditures	(8,740,328)	(8,719,688)	(6,708,316)	2,011,372
OTHER FINANCING SOURCES (USES)				
Transfers in	900,177	900,177	9,200	(890,977)
Transfers out	(689,072)	(709,712)	(707,593)	2,119
Total other financing sources (uses)	211,105	190,465	(698,393)	(888,858)
Net change in fund balances	$ (8,529,223)	$ (8,529,223)	$ (7,406,709)	$ 1,122,514

	GAAP Basis Actual	Net Encumbrances*	Non-GAAP Basis Actual
Reconciliation of Budget and Actual:			
Current expenditures	$ 928,218	$ 202,184	$ 1,130,402
Capital outlay	6,956,854	731,130	7,687,984
Total expenditures	$ 7,885,072	$ 933,314	$ 8,818,386

*In the above reconciliation, "net encumbrances" represents the difference between the encumbrances outstanding as of September 30, 2012 and the outstanding encumbrances as of September 30, 2011 which were paid during fiscal year 2012.

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	Accrued Liability (AAL)	AAL (UAAL)/ (UFAAL)	Funded Ratio	Covered Payroll	Percentage of of Covered Payroll
FIRE						
10/1/2009	$ 86,680,011	$ 95,806,258	$ 9,126,247	90.5 %	$ 11,376,000	80.2 %
10/1/2010	86,997,197	101,861,896	14,864,699	85.4	11,313,910	131.4
10/1/2011	86,605,981	112,087,229	25,481,248	77.3	10,264,440	248.2
POLICE						
10/1/2009	$ 38,457,881	$ 49,724,746	$ 11,266,865	77.3 %	$ -	N/A %
10/1/2010	36,192,921	50,068,994	13,876,073	72.3	-	N/A
10/1/2011	34,540,758	49,287,507	14,746,749	70.1	-	N/A
NON-UNIFORMED						
10/1/2009	$ 56,887,766	$ 61,610,579	$ 4,722,813	92.3 %	$ 3,295,395	143.3 %
10/1/2010	56,383,536	64,282,850	7,899,314	87.7	2,382,749	331.5
10/1/2011	53,689,465	62,618,207	8,928,742	85.7	384,733	2,320.8

**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

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

See accompanying notes to required supplementary information.

CITY OF DEERFIELD BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS – OTHER POST EMPLOYMENT BENEFITS

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of of Covered Payroll
*	10/1/2008	$ -	$ 19,720,497	$ 19,720,497	0.0 %	$ 34,796,278	56.7 %
	10/1/2010	-	52,101,328	52,101,328	0.0	33,561,568	155.2
	10/1/2011	-	52,109,889	52,109,889	0.0	35,963,697	144.9

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

See accompanying notes to required supplementary information.

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 2012, the General Fund budget increased by $36,738 as a result of increased grant funding from the Florida Department of Elder Affairs.

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

	GAAP Basis Actual	Net Encumbrances	Non-GAAP Basis Actual
Current expenditures	$ 74,429,257	$ 532,355	$ 74,961,612
Debt service	387,902	-	387,902
Total expenditures	$ 74,817,159	$ 532,355	$ 75,349,514

In the above reconciliation, "net encumbrances" represents the difference between the encumbrances outstanding as of September 30, 2012 and the outstanding encumbrances as of September 30, 2011, which were paid during fiscal year 2012.

C. Excess of Expenditures Over Appropriations – For the year ended September 30, 2012, expenditures exceeded appropriations in several of the City's departments, the legal level of budgetary control. The City Attorney, Central Services, and Fire/Rescue departments exceeded their budgets by $27,877, $42,920 and $6,556,892, respectively. Available fund balance was utilized to offset these amounts.

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

DEBT SERVICE FUNDS

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

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

CAPITAL PROJECTS FUNDS

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

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

PERMANENT FUNDS

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

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

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DEERFIELD

BEACH

CITY OF DEERFIELD BEACH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2012

	Special Revenue Funds	General Obligation Debt Service Fund	Capital Projects Funds
ASSETS			
Cash and cash equivalents	$ 3,494,369	$ -	$ -
Investments	1,620,126	290,782	2,140,454
Receivables (net):			
Accounts	-	-	-
Interest	4	-	-
Due from other funds	210,850	-	-
Due from other governments	634,292	-	319,620
Real estate held for resale	1,070,217	-	-
Total assets	$ 7,029,858	$ 290,782	$ 2,460,074
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 283,260	$ -	$ 571,352
Accrued payroll	12,209	-	-
Due to other funds	381,759	-	394,160
Due to other governments	842	-	-
Unearned/deferred revenue	214,443	-	89,024
Total liabilities	892,513	-	1,054,536
Fund balances (deficit):			
Non-spendable	-	-	-
Restricted	6,396,339	290,782	1,391,602
Unassigned	(258,994)	-	13,936
Total fund balances	6,137,345	290,782	1,405,538
Total liabilities and fund balances	$ 7,029,858	$ 290,782	$ 2,460,074

Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
$ 148,960	$ 3,643,329
2,611,017	6,662,379
254	254
5	9
-	210,850
-	953,912
-	1,070,217
$ 2,760,236	$ 12,540,950
$ -	$ 854,612
-	12,209
-	775,919
-	842
-	303,467
-	1,947,049
1,217,204	1,217,204
1,543,032	9,621,755
-	(245,058)
2,760,236	10,593,901
$ 2,760,236	$ 12,540,950

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, 2012

	Special Revenue Funds	General Obligation Debt Service Fund	Capital Projects Funds
REVENUES			
Local option gas tax	$ 1,289,074	$ -	$ -
Intergovernmental	4,546,286	-	294,880
Charges for services	127,096	-	-
Fines and forfeitures	150,008	-	-
Investment earnings	1,984	126	8,414
Miscellaneous:			
Parking deviation fees	250	-	-
Cemetery plot sales	-	-	-
Donations/contributions	486,223	-	-
Administrative fees	320,340	-	-
Other	700	-	-
Total revenues	6,921,961	126	303,294
EXPENDITURES			
Current:			
Economic environment	366,411	-	-
Public safety	457,933	-	-
Physical environment	80,745	-	-
Transportation	1,523,879	-	-
Culture and recreation	405,198	-	-
Capital outlay	1,626,690	-	1,023,931
Debt service:			
Principal	31,445	1,882,497	-
Interest and fiscal charges	2,701	1,889,450	-
Total expenditures	4,495,002	3,771,947	1,023,931
Excess (deficiency) of revenues over expenditures	2,426,959	(3,771,821)	(720,637)
OTHER FINANCING SOURCES (USES)			
Transfers in	160,626	3,771,809	47,256
Transfers out	(344,026)	-	(36,663)
Total other financing sources (uses)	(183,400)	3,771,809	10,593
Net change in fund balances	2,243,559	(12)	(710,044)
Fund balances - beginning	3,893,786	290,794	2,115,582
Fund balances - ending	$ 6,137,345	$ 290,782	$ 1,405,538

Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
$ -	$ 1,289,074
-	4,841,166
-	127,096
-	150,008
3,197	13,721
-	250
61,200	61,200
-	486,223
-	320,340
-	700
64,397	7,289,778
-	366,411
-	457,933
-	80,745
-	1,523,879
-	405,198
-	2,650,621
-	1,913,942
-	1,892,151
-	9,290,880
64,397	(2,001,102)
-	3,979,691
-	(380,689)
-	3,599,002
64,397	1,597,900
2,695,839	8,996,001
$ 2,760,236	$ 10,593,901

CITY OF DEERFIELD BEACH, FLORIDA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2012

	Road and Bridge Tax Fund	CDBG Fund	SHIP Grant Fund	Miscellaneous Grants Fund
ASSETS				
Cash and cash equivalents	$ 341,019	$ -	$ 100,687	$ 1,185,192
Investments	1,620,126	-	-	-
Receivables (net):				
Interest	4	-	-	-
Due from other funds	210,850	-	-	-
Due from other governments	142,984	102,269	-	389,039
Real estate held for resale	-	-	-	1,070,217
Total assets	$ 2,314,983	$ 102,269	$ 100,687	$ 2,644,448
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 96,644	$ 12,500	$ -	$ 163,818
Accrued payroll	11,195	-	-	-
Due to other funds	-	89,769	-	282,610
Due to other governments	-	-	-	-
Unearned/deferred revenue	-	52,140	-	162,303
Total liabilities	107,839	154,409	-	608,731
Fund balances (deficit):				
Non-spendable	-	-	-	-
Restricted	2,207,144	-	100,687	2,230,157
Unassigned	-	(52,140)	-	(194,440)
Total fund balances (deficit)	2,207,144	(52,140)	100,687	2,035,717
Total liabilities and fund balances	$ 2,314,983	$ 102,269	$ 100,687	$ 2,644,448

Parking Deviation Fund	General Trust Fund	Target Area Trust Fund	Beautification and Landscape Trust Fund	Law Enforcement Trust Fund	Crime Prevention Trust Fund	Total Nonmajor Special Revenue Funds
$ 331,315	$ 584,353	$ 213,700	$ 27,531	$ 710,572	$ -	$ 3,494,369
-	-	-	-	-	-	1,620,126
-	-	-	-	-	-	4
-	-	-	-	-	-	210,850
-	-	-	-	-	-	634,292
-	-	-	-	-	-	1,070,217
$ 331,315	$ 584,353	$ 213,700	$ 27,531	$ 710,572	$ -	$ 7,029,858
$ -	$ 6,336	$ -	$ -	$ 928	$ 3,034	$ 283,260
-	1,014	-	-	-	-	12,209
-	-	-	-	-	9,380	381,759
-	842	-	-	-	-	842
-	-	-	-	-	-	214,443
-	8,192	-	-	928	12,414	892,513
-	-	-	-	-	-	-
331,315	576,161	213,700	27,531	709,644	-	6,396,339
-	-	-	-	-	(12,414)	(258,994)
331,315	576,161	213,700	27,531	709,644	(12,414)	6,137,345
$ 331,315	$ 584,353	$ 213,700	$ 27,531	$ 710,572	$ -	$ 7,029,858

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, 2012

	Road and Bridge Tax Fund	CDBG Fund	SHIP Grant Fund	Miscellaneous Grants Fund
REVENUES				
Local option gas tax	$ 1,289,074	$ -	$ -	$ -
Intergovernmental	504,040	186,060	-	3,712,547
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment earnings	1,984	-	-	-
Miscellaneous:				
Parking deviation fees	-	-	-	-
Donations/contributions	-	-	-	356,260
Administrative fees	320,340	-	-	-
Other	-	-	-	700
Total revenues	2,115,438	186,060	-	4,069,507
EXPENDITURES				
Current:				
Economic environment	-	66,418	162	299,831
Public safety	-	-	-	209,286
Physical environment	-	-	-	57,907
Transportation	1,523,879	-	-	-
Culture and recreation	-	-	-	297,612
Capital outlay	97,229	158,688	-	1,370,773
Debt service:				
Principal	31,445	-	-	-
Interest and fiscal charges	2,701	-	-	-
Total expenditures	1,655,254	225,106	162	2,235,409
Excess (deficiency) of revenues over expenditures	460,184	(39,046)	(162)	1,834,098
OTHER FINANCING SOURCES (USES)				
Transfers in	-	135	-	100,491
Transfers out	(214,657)	(11,280)	-	(58,089)
Total other financing sources (uses)	(214,657)	(11,145)	-	42,402
Net change in fund balances	245,527	(50,191)	(162)	1,876,500
Fund balances (deficit) - beginning	1,961,617	(1,949)	100,849	159,217
Fund balances (deficit) - ending	$ 2,207,144	$ (52,140)	$ 100,687	$ 2,035,717

Parking Deviation Fund	General Trust Fund	Target Area Trust Fund	Beautification and Landscape Trust Fund	Law Enforcement Trust Fund	Crime Prevention Trust Fund	Total Nonmajor Special Revenue Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ 1,289,074
-	-	-	-	143,639	-	4,546,286
-	112,776	-	14,320	-	-	127,096
-	-	93,047	-	55,158	1,803	150,008
-	-	-	-	-	-	1,984
250	-	-	-	-	-	250
-	108,466	-	962	-	20,535	486,223
-	-	-	-	-	-	320,340
-	-	-	-	-	-	700
250	221,242	93,047	15,282	198,797	22,338	6,921,961
-	-	-	-	-	-	366,411
-	153,508	-	-	57,043	38,096	457,933
-	8,399	-	14,439	-	-	80,745
-	-	-	-	-	-	1,523,879
-	98,485	-	-	9,101	-	405,198
-	-	-	-	-	-	1,626,690
-	-	-	-	-	-	31,445
-	-	-	-	-	-	2,701
-	260,392	-	14,439	66,144	38,096	4,495,002
250	(39,150)	93,047	843	132,653	(15,758)	2,426,959
-	60,000	-	-	-	-	160,626
-	-	-	-	(60,000)	-	(344,026)
-	60,000	-	-	(60,000)	-	(183,400)
250	20,850	93,047	843	72,653	(15,758)	2,243,559
331,065	555,311	120,653	26,688	636,991	3,344	3,893,786
$ 331,315	$ 576,161	$ 213,700	$ 27,531	$ 709,644	$ (12,414)	$ 6,137,345

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, 2012

	Budgeted Amounts			
	Original	**Final**	**(Budgetary Basis) Actual Amounts**	**Variance with Final Budget - Positive (Negative)**
REVENUES				
Local option gas tax	$ 1,311,304	$ 1,311,304	$ 1,289,074	$ (22,230)
Intergovernmental	542,810	542,810	504,040	(38,770)
Investment earnings	2,500	2,500	1,984	(516)
Miscellaneous:				
Administrative fees	320,340	320,340	320,340	-
Other	-	-	-	-
Total revenues	2,176,954	2,176,954	2,115,438	(61,516)
EXPENDITURES				
Current:				
Transportation	1,892,089	1,892,089	1,524,701	367,388
Capital outlay	35,062	35,062	177,007	(141,945)
Debt service:				
Principal	33,025	33,025	31,445	1,580
Interest	2,121	2,121	2,701	(580)
Total expenditures	1,962,297	1,962,297	1,735,854	226,443
Excess (deficiency) of revenues over expenditures	214,657	214,657	379,584	164,927
OTHER FINANCING SOURCES (USES)				
Transfers out	(214,657)	(214,657)	(214,657)	-
Total other financing sources (uses)	(214,657)	(214,657)	(214,657)	-
Net change in fund balance	$ -	$ -	$ 164,927	$ 164,927

	GAAP Basis Actual	Net Encumbrances*	Non-GAAP Basis Actual
Reconciliation of Budget and Actual:			
Current expenditures	$ 1,523,879	$ 822	$ 1,524,701
Capital outlay	97,229	79,778	177,007
Debt service	34,146	-	34,146
Total expenditures	$ 1,655,254	$ 80,600	$ 1,735,854

*In the above reconciliation, "net encumbrances" represents the difference between the encumbrances outstanding as of September 30, 2012 and the outstanding encumbrances as of September 30, 2011, which were paid during fiscal year 2012.

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, 2012

	Budgeted Amounts			
	Original	Final	(Budgetary Basis) Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	$ 669,185	$ 669,185	$ 186,060	$ (483,125)
Total revenues	669,185	669,185	186,060	(483,125)
EXPENDITURES				
Current:				
Economic environment	518,808	518,808	66,418	452,390
Human services	100,377	100,377	-	100,377
Capital outlay	50,000	50,000	155,694	(105,694)
Total expenditures	669,185	669,185	222,112	447,073
Excess (deficiency) of revenues over expenditures	-	-	(36,052)	(36,052)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	135	135
Transfers out	-	-	(11,280)	(11,280)
Total other financing sources (uses)	-	-	(11,145)	(11,145)
Net change in fund balances	$ -	$ -	$ (47,197)	$ (47,197)

Reconciliation of Budget and Actual:	GAAP Basis Actual	Net Encumbrances*	Non-GAAP Basis Actual
Current expenditures	66,418	-	66,418
Capital outlay	158,688	(2,994)	155,694
Total expenditures	225,106	(2,994)	222,112

*In the above reconciliation, "net encumbrances" represents the difference between the encumbrances outstanding as of September 30, 2012 and the outstanding encumbrances as of September 30, 2011 which were paid during fiscal year 2012.

CITY OF DEERFIELD BEACH, FLORIDA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2012

	General Construction Fund	Capital Grants Capital Projects Fund	Total Nonmajor Capital Projects Funds
ASSETS			
Cash and cash equivalents	$ -	$ -	$ -
Investments	2,140,454	-	2,140,454
Due from other governments	89,024	230,596	319,620
Total assets	$ 2,229,478	$ 230,596	$ 2,460,074
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 481,081	$ 90,271	$ 571,352
Due to other funds	267,771	126,389	394,160
Unearned/deferred revenue	89,024	-	89,024
Total liabilities	837,876	216,660	1,054,536
Fund balances (deficit):			
Restricted	1,391,602	-	1,391,602
Unassigned	-	13,936	13,936
Total fund balances (deficit)	1,391,602	13,936	1,405,538
Total liabilities and fund balances	$ 2,229,478	$ 230,596	$ 2,460,074

CITY OF DEERFIELD BEACH, FLORIDA

NONMAJOR CAPITAL PROJECTS FUNDS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	General Construction Fund	Capital Grants Capital Projects Fund	Total Nonmajor Capital Projects Governmental Funds
REVENUES			
Intergovernmental	$ -	$ 294,880	$ 294,880
Miscellaneous:			
Investment earnings	8,414	-	8,414
Total revenues	8,414	294,880	303,294
EXPENDITURES			
Capital outlay	780,960	242,971	1,023,931
Total expenditures	780,960	242,971	1,023,931
Excess (deficiency) of revenues over expenditures	(772,546)	51,909	(720,637)
OTHER FINANCING SOURCES			
Transfers in	-	47,256	47,256
Transfers out	(36,663)	-	(36,663)
Total other financing sources	(36,663)	47,256	10,593
Net change in fund balances	(809,209)	99,165	(710,044)
Fund balances (deficit) - beginning	2,200,811	(85,229)	2,115,582
Fund balances (deficit) - ending	$ 1,391,602	$ 13,936	$ 1,405,538

CITY OF DEERFIELD BEACH, FLORIDA

PENSION TRUST FUNDS

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

SEPTEMBER 30, 2012

	Fire Pension Fund	Police Pension Fund	Non-Uniformed Pension Fund	Total
ASSETS:				
Cash and cash equivalents	$ 6,216,605	$ 965,713	$ 779,763	$ 7,962,081
Investments:				
Mutual funds	29,278,399	20,949,914	29,796,034	80,024,347
U.S. Government securities	12,214,825	1,418,194	5,418,563	19,051,582
Corporate equities	24,294,015	10,320,294	16,058,852	50,673,161
Corporate bonds and notes	13,679,152	1,564,000	4,037,683	19,280,835
Total investments	79,466,391	34,252,402	55,311,132	169,029,925
Receivables:				
Interest and dividends	209,704	46,744	156,341	412,789
Contribution receivable	20,326	-	-	20,326
Due from brokers	220,406	578,581	-	798,987
Total receivables	450,436	625,325	156,341	1,232,102
Total assets	86,133,432	35,843,440	56,247,236	178,224,108
LIABILITIES:				
Accounts payable	163,938	72,422	96,938	333,298
Total liabilities	163,938	72,422	96,938	333,298
NET ASSETS:				
Held in trust for pension benefits	$ 85,969,494	$ 35,771,018	$ 56,150,298	$ 177,890,810

CITY OF DEERFIELD BEACH, FLORIDA

PENSION TRUST FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Fire Pension Fund	Police Pension Fund	Non-Uniformed Pension Fund	Total
ADDITIONS:				
Contributions:				
Employer	$ 4,130,730	$ 1,362,207	$ 1,691,053	$ 7,183,990
Plan members	970,105	-	33,275	1,003,380
State of Florida	843,844	485,332	-	1,329,176
Total contributions	5,944,679	1,847,539	1,724,328	9,516,546
Investment earnings:				
Interest and dividends	2,018,210	965,998	1,474,705	4,458,913
Net increase in the fair value of investments	9,915,133	4,723,675	7,781,501	22,420,309
Total investment earnings	11,933,343	5,689,673	9,256,206	26,879,222
Less investment expense	(474,666)	(219,061)	(292,994)	(986,721)
Net investment earnings	11,458,677	5,470,612	8,963,212	25,892,501
Other miscellaneous income	8,116	635	11,363	20,114
Total additions	17,411,472	7,318,786	10,698,903	35,429,161
DEDUCTIONS:				
Benefits paid	6,282,382	4,484,881	5,642,526	16,409,789
Administrative expenses	268,862	74,615	90,048	433,525
Total deductions	6,551,244	4,559,496	5,732,574	16,843,314
Change in net assets	10,860,228	2,759,290	4,966,329	18,585,847
Net assets held in trust for pension benefits:				
Beginning of year	75,109,266	33,011,728	51,183,969	159,304,963
End of year	$ 85,969,494	$ 35,771,018	$ 56,150,298	$ 177,890,810

City of

DEERFIELD

BEACH

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.

Contents **Page**

Financial Trends 82

These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.

Revenue Capacity 88

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.

Debt Capacity 95

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.

Demographic and Economic Information 100

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information 102

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.

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

CITY OF DEERFIELD BEACH, FLORIDA

NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
Invested in capital assets, net of related debt	$ 27,235,314	$ 28,352,211	$ 33,334,631	$ 36,427,927	$ 40,835,672	$ 41,694,017	$ 41,572,817	$ 42,523,352	$ 46,212,686	$ 54,762,079
Restricted	4,397,424	7,240,711	5,166,154	8,343,884	10,098,177	13,071,373	17,264,796	19,803,912	18,784,355	12,470,310
Unrestricted	(2,467,724)	2,730,352	5,260,129	6,629,059	13,167,465	17,702,129	11,233,454	4,546,293	(1,279,034)	(4,231,887)
Total governmental activities net assets	$ 29,165,014	$ 38,323,274	$ 43,760,914	$ 51,400,870	$ 64,101,314	$ 72,467,519	$ 70,071,067	$ 66,873,557	$ 63,718,007	$ 63,000,502
Business-type activities:										
Invested in capital assets, net of related debt	$ 38,530,457	$ 40,412,891	$ 44,493,424	$ 43,564,678	$ 43,524,426	$ 44,080,196	$ 46,197,560	$ 47,731,493	$ 48,174,577	$ 48,786,203
Restricted	5,904,187	8,843,666	4,404,024	3,700,000	-	-	-	-	8,887,099	743,836
Unrestricted	8,212,106	7,406,184	8,729,211	11,472,388	14,999,740	18,368,395	18,673,997	19,889,646	15,646,387	28,999,074
Total business-type activities net assets	$ 52,646,750	$ 56,662,741	$ 57,626,659	$ 58,737,066	$ 58,524,166	$ 62,448,591	$ 64,871,557	$ 67,621,139	$ 72,708,063	$ 78,529,113
Primary government:										
Invested in capital assets, net of related debt	$ 65,765,771	$ 68,765,102	$ 77,828,055	$ 79,992,605	$ 84,360,098	$ 85,774,213	$ 87,770,377	$ 90,254,845	$ 94,387,263	$ 103,548,282
Restricted	10,301,611	16,084,377	9,570,178	12,043,884	10,098,177	13,071,373	17,264,796	19,803,912	27,671,454	13,214,146
Unrestricted	5,744,382	10,136,536	13,989,340	18,101,447	28,167,205	36,070,524	29,907,451	24,435,939	14,367,353	24,767,187
Total primary government net assets	$ 81,811,764	$ 94,986,015	$ 101,387,573	$ 110,137,936	$ 122,625,480	$ 134,916,110	$ 134,942,624	$ 134,494,696	$ 136,426,070	$ 141,529,615

CITY OF DEERFIELD BEACH, FLORIDA

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government	$ 12,772,118	$ 13,173,248	$ 16,465,472	$ 16,392,601	$ 21,310,205	$ 19,402,059	$ 22,190,311	$ 18,528,933	$ 22,805,473	$ 12,612,575
Economic environment	841,411	1,209,660	1,104,229	1,083,068	2,748,846	2,095,672	1,964,859	1,415,860	770,651	959,617
Public safety	26,211,599	29,863,193	34,156,399	48,317,723	38,092,021	39,946,697	41,915,667	44,400,644	45,399,408	50,047,068
Human services	2,197,139	2,338,711	2,489,242	2,447,371	2,283,091	3,007,015	2,588,723	2,722,603	2,510,309	2,140,927
Physical environment	3,493,509	3,642,515	4,640,670	5,063,502	5,476,504	5,583,768	6,164,735	5,875,926	3,092,598	4,050,701
Transportation	2,374,763	2,476,519	2,839,192	3,121,928	2,861,275	3,042,067	3,138,654	2,911,620	2,579,100	2,502,148
Culture and recreation	3,734,646	3,781,281	4,777,558	5,682,273	5,795,840	6,138,096	6,607,981	6,465,100	7,223,675	5,394,983
Interest on long-term debt	1,026,374	1,512,795	1,713,398	1,790,112	2,058,992	1,911,289	1,994,441	1,970,464	1,923,219	1,878,627
Total governmental activities expenses	52,651,559	57,997,922	68,186,160	83,898,578	80,626,774	81,126,663	86,565,371	84,291,150	86,304,433	79,586,646
Business-type activities:										
Water and sewer	14,232,165	15,564,964	18,577,991	17,699,651	20,325,211	20,123,711	23,145,215	21,264,592	20,182,450	20,048,897
Solid waste	11,507,115	11,621,977	14,118,216	15,495,440	15,717,636	15,522,193	15,588,347	15,307,635	14,795,080	13,613,964
Total business-type activities expenses	25,739,280	27,186,941	32,696,207	33,195,091	36,042,847	35,645,904	38,733,562	36,572,227	34,977,530	33,662,861
Total primary government expenses	$ 78,390,839	$ 85,184,863	$ 100,882,367	$ 117,093,669	$ 116,669,621	$ 116,772,567	$ 125,298,933	$ 120,863,377	$ 121,281,963	$ 113,249,507
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 3,044,776	$ 3,222,004	$ 4,522,561	$ 4,861,186	$ 4,850,457	$ 4,271,872	$ 3,994,889	$ 4,770,617	$ 5,253,744	$ 1,855,406
Public safety	7,648,419	7,972,744	9,730,171	11,216,934	10,887,195	14,200,414	12,951,771	13,277,004	15,899,993	15,661,078
Human services	498,903	521,681	590,202	621,291	530,763	619,546	508,744	488,947	23,387	327,856
Physical environment	249,869	233,985	236,985	182,875	247,415	186,153	289,262	258,722	186,497	1,191,226
Transportation	1,130,876	1,283,784	1,213,092	1,395,776	1,543,358	1,566,684	1,519,532	1,581,055	1,684,182	1,633,553
Culture and recreation	750,577	599,528	981,510	1,179,948	1,181,555	1,426,646	1,759,727	1,510,701	1,863,060	1,347,634
Operating grants and contributions	3,163,889	5,229,862	4,459,951	14,957,903	8,221,289	4,612,921	6,877,028	6,999,594	5,009,285	5,813,834
Capital grants and contributions	2,305,850	2,470,520	1,521,244	732,532	1,700,423	820,248	426,674	925,167	2,038,731	2,330,864
Total governmental activities program revenues	18,793,159	21,534,108	23,255,716	35,148,445	29,162,455	27,704,484	28,327,627	29,811,807	31,958,879	30,161,451

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Business-type activities:										
Charges for services:										
Water and sewer	18,518,349	18,980,659	19,001,300	19,026,919	18,870,533	22,667,068	25,001,144	24,675,663	24,807,442	24,250,089
Solid waste	11,629,628	12,822,688	14,169,586	14,508,283	16,023,140	15,942,312	14,507,783	14,624,135	14,925,959	14,701,713
Capital grants and contributions	127,001	213,360	111,760	224,577	174,208	591,520	1,333,400	12,240	292,206	27,539
Total business-type activities program revenues	30,274,978	32,016,707	33,282,646	33,759,779	35,067,881	39,200,900	40,842,327	39,312,038	40,025,607	38,979,341
Total primary government program revenues	$ 49,068,137	$ 53,550,815	$ 56,538,362	$ 68,908,224	$ 64,230,336	$ 66,905,384	$ 69,169,954	$ 69,123,845	$ 71,984,486	$ 69,140,792
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)	$ (54,479,343)	$ (54,345,554)	$ (49,425,195)
Business-type activities	4,535,698	4,829,766	586,439	564,688	(974,966)	3,554,996	2,108,765	2,739,811	5,048,077	5,316,480
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)	$ (51,739,532)	$ (49,297,477)	$ (44,108,715)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes:										
Property taxes	$ 24,385,094	$ 27,601,682	$ 31,779,407	$ 35,641,797	$ 41,783,736	$ 39,040,869	$ 36,685,924	$ 35,093,629	$ 34,791,821	$ 27,073,004
Utility taxes	-	-	-	-	-	-	-	-	-	6,705,240
Sales taxes	3,774,962	3,786,457	3,970,596	4,777,520	4,555,929	4,282,151	3,832,424	3,693,667	3,890,338	4,123,936
Franchise fees	7,511,692	8,465,117	9,082,753	10,779,607	12,477,400	12,540,651	11,908,808	9,767,204	9,429,873	8,652,572
Local option gas taxes	1,130,453	1,348,128	1,239,308	1,417,779	1,384,787	1,369,644	1,336,986	1,271,279	1,283,545	1,289,074
Alcoholic beverage/mobile home license taxes	-	-	54,143	53,554	56,304	55,940	56,288	55,795	49,433	52,419
Unrestricted grants and contributions	1,951,679	2,276,438	2,779,545	1,791,559	1,589,751	2,947,124	1,213,534	1,174,449	1,241,144	1,072,777
Unrestricted investment earnings	374,558	497,863	1,183,078	1,913,598	2,254,270	1,505,692	719,477	160,249	77,980	39,677
Miscellaneous	114,182	72,457	279,254	14,675	52,586	46,313	87,851	65,561	432,884	176,178
Transfers	620,000	960,000	-	-	10,000	-	-	-	(7,014)	(477,187)
Total governmental activities	39,862,620	45,008,142	50,368,084	56,390,089	64,164,763	61,788,384	55,841,292	51,281,833	51,190,004	48,707,690
Business-type activities:										
Unrestricted investment earnings	154,473	146,225	377,479	545,719	772,066	369,429	314,201	9,771	31,833	27,383
Transfers	(620,000)	(960,000)	-	-	(10,000)	-	-	-	7,014	477,187
Total business-type activities	(465,527)	(813,775)	377,479	545,719	762,066	369,429	314,201	9,771	38,847	504,570
Total primary government	39,397,093	44,194,367	50,745,563	56,935,808	64,926,829	62,157,813	56,155,493	51,291,604	51,228,851	49,212,260
Change in Net Assets										
Governmental activities	6,004,220	8,544,328	5,437,640	7,639,956	12,700,444	8,366,205	(2,396,452)	(3,197,510)	(3,155,550)	(717,505)
Business-type activities	4,070,171	4,015,991	963,918	1,110,407	(212,900)	3,924,425	2,422,966	2,749,582	5,086,924	5,821,050
Total primary government	$ 10,074,391	$ 12,560,319	$ 6,401,558	$ 8,750,363	$ 12,487,544	$ 12,290,630	$ 26,514	$ (447,928)	$ 1,931,374	$ 5,103,545

CITY OF DEERFIELD BEACH, FLORIDA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

Fiscal Year	Property Taxes	Utility Taxes	Sales Taxes	Franchise Taxes	Local Option Gas Tax	Alcoholic Beverage/ Mobile Home License Taxes	Total
2003	$ 24,385,094	$ -	$ 3,774,962	$ 7,511,692	$ 1,130,453	$ 48,029	$ 36,850,230
2004	27,601,682	-	3,786,457	8,465,117	1,348,128	58,009	41,259,393
2005	31,779,407	-	3,970,596	9,082,753	1,239,308	54,143	46,126,207
2006	35,641,797	-	4,777,520	10,779,607	1,417,779	53,554	52,670,257
2007	41,783,736	-	4,555,929	12,477,400	1,384,787	56,304	60,258,156
2008	39,040,869	-	4,282,151	12,540,651	1,369,644	55,940	57,289,255
2009	36,685,924	-	3,832,424	11,908,808	1,336,986	56,288	53,820,430
2010	35,093,629	-	3,693,667	9,767,204	1,271,279	55,795	49,881,574
2011	34,791,821	-	3,890,338	9,429,873	1,283,545	49,433	49,445,010
2012	27,073,004	6,705,240	4,123,936	8,652,572	1,289,074	52,419	47,896,245

CITY OF DEERFIELD BEACH, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	$ 935,746	$ 1,532,890	$ 2,178,213	$ 2,172,010	$ 1,785,062	$ 1,512,466	$ 1,236,143	$ 1,603,545	$ -	$ -
Unreserved	4,934,115	6,204,389	9,354,151	9,704,079	18,447,814	21,960,612	18,727,759	11,681,260	-	-
Non-spendable	-	-	-	-	-	-	-	-	824,089	705,590
Assigned	-	-	-	-	-	-	-	-	3,885,412	4,600,367
Unassigned	-	-	-	-	-	-	-	-	4,682,040	1,711,253
Total general fund	$ 5,869,861	$ 7,737,279	$ 11,532,364	$ 11,876,089	$ 20,232,876	$ 23,473,078	$ 19,963,902	$ 13,284,805	$ 9,391,541	$ 7,017,210
All other governmental funds										
Reserved	$ 18,286,562	$ 33,542,063	$ 2,150,567	$ 3,038,771	$ 2,935,906	$ 3,551,684	$ 3,678,313	$ 3,853,103	$ -	$ -
Unreserved, reported in:										
Special revenue funds	260,894	344,506	3,295,186	5,809,033	7,484,980	9,535,257	11,371,568	12,241,644	-	-
Debt service funds	148,262	151,186	166,762	4,280	242,033	282,601	285,989	288,157	-	-
Capital projects funds	(1,959,534)	(1,660,782)	20,327,204	8,656,228	9,340,550	7,945,378	2,960,291	1,580,263	-	-
Non-spendable	-	-	-	-	-	-	-	-	2,190,989	1,217,499
Restricted	-	-	-	-	-	-	-	-	16,846,273	12,280,648
Unassigned	-	-	-	-	-	-	-	-	(908,678)	(245,058)
Total all other governmental funds	$ 16,736,184	$ 32,376,973	$ 25,939,719	$ 17,508,312	$ 20,003,469	$ 21,314,920	$ 18,296,161	$ 17,963,167	$ 18,128,584	$ 13,253,089

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

CITY OF DEERFIELD BEACH, FLORIDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Property taxes	$ 24,385,094	$ 27,601,682	$ 31,779,407	$ 35,641,797	$ 41,675,355	$ 38,915,090	$ 36,649,353	$ 35,102,671	$ 34,252,646	$ 27,771,349
Sales taxes	3,774,962	3,786,457	3,970,596	4,777,520	4,555,929	4,713,093	3,832,424	5,036,695	5,165,731	5,432,787
Fire assessment fees	2,956,946	2,862,874	3,432,997	3,662,090	3,767,989	6,081,708	6,142,612	5,998,886	8,090,526	8,371,764
Franchise fees	7,511,692	8,465,117	9,082,753	10,779,607	12,477,400	11,645,505	12,011,964	9,921,939	9,584,608	8,704,150
Utility taxes	-	-	-	-	-	-	-	-	-	6,705,240
Local option gas tax	1,130,453	1,348,128	1,239,308	1,417,779	1,384,787	1,369,644	1,336,986	1,271,279	1,283,545	1,289,074
Licenses and permits	1,567,473	1,619,185	1,420,371	2,595,719	2,394,634	2,116,220	1,638,823	1,673,573	2,567,037	2,906,324
Intergovernmental	5,646,977	6,646,581	8,151,325	17,663,255	10,906,891	5,861,670	7,969,279	6,813,940	6,779,390	7,380,901
Charges for services	4,895,715	4,874,660	6,294,641	6,591,097	6,436,229	6,911,507	7,515,348	7,859,433	8,098,203	7,476,283
Fines and forfeitures	1,226,663	1,500,637	1,463,170	1,398,343	1,348,088	1,851,372	1,161,701	1,508,597	1,246,585	1,031,508
Investment earnings	403,787	497,863	1,262,404	2,107,992	2,422,453	1,531,661	724,805	160,673	78,154	39,677
Miscellaneous	4,536,017	4,719,506	5,338,199	5,718,596	5,950,033	6,728,838	4,902,049	5,439,834	5,918,709	7,651,004
Total revenues	58,035,779	63,922,690	73,435,171	92,353,795	93,319,788	87,726,308	83,885,344	80,787,520	83,065,134	84,760,061
Expenditures										
General government	13,775,845	16,178,208	14,800,858	17,762,324	19,284,351	19,855,801	20,081,498	20,312,385	19,943,800	16,674,774
Economic environment	840,763	1,209,012	1,103,581	1,082,420	2,748,198	2,095,672	1,964,001	910,203	778,651	1,250,183
Public safety	26,014,787	30,303,355	33,818,934	48,610,412	38,650,648	39,162,132	41,341,005	43,407,203	43,892,036	48,742,790
Human services	2,135,110	2,227,748	2,384,248	2,366,688	2,587,844	2,948,669	2,506,240	2,766,956	2,454,137	2,085,353
Physical environment	3,138,612	3,493,836	4,299,381	4,856,488	5,346,214	4,831,311	5,754,973	5,043,035	2,268,385	3,263,916
Transportation	1,593,641	1,539,200	1,913,574	2,081,321	1,837,419	2,100,056	2,221,345	1,999,906	1,670,907	1,574,080
Culture and recreation	3,354,044	3,552,922	4,504,233	5,092,025	5,340,932	5,282,485	5,717,699	5,609,960	6,533,568	4,600,545
Capital outlay	5,720,628	5,038,057	10,573,713	14,459,905	8,673,815	2,721,325	6,744,382	3,641,497	4,949,174	9,607,475
Debt service										
Principal	2,305,944	2,021,994	2,552,915	2,896,919	2,427,913	2,560,050	2,622,732	2,532,394	2,340,272	2,285,825
Interest	722,607	1,292,586	1,677,340	1,817,507	1,839,525	2,033,398	2,016,157	2,000,860	1,955,037	1,908,170
Other charges	268,660	321,552	-	-	116,982	-	-	-	-	-
Total expenditures	59,870,641	67,178,470	77,628,777	101,026,009	88,853,841	83,590,899	90,970,032	88,224,399	86,785,967	91,993,111
Excess of revenues over (under) expenditures	(1,834,862)	(3,255,780)	(4,193,606)	(8,672,214)	4,465,947	4,135,409	(7,084,688)	(7,436,879)	(3,720,833)	(7,233,050)
Other financing sources (uses)										
Transfers in	2,971,727	5,017,178	5,559,140	5,609,200	7,074,670	6,513,791	6,611,397	6,013,653	6,154,285	4,954,400
Transfers out	(2,351,727)	(4,057,178)	(5,559,140)	(5,609,200)	(7,064,670)	(6,513,791)	(6,611,397)	(6,013,653)	(6,161,299)	(4,971,176)
Refunding bonds issued	5,140,000	-	-	-	-	-	-	-	-	-
Bonds issued	6,825,000	17,890,000	-	-	5,965,000	-	-	-	-	-
Premium on bonds issued	702,164	464,820	-	-	32,679	-	-	-	-	-
Payment to refunding bond escrow agent	(5,399,498)	-	-	-	-	-	-	-	-	-
Capital leases	352,860	1,449,167	1,551,437	584,532	378,318	416,244	726,733	424,788	-	-
Note proceeds	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	8,240,526	20,763,987	1,551,437	584,532	6,385,997	416,244	726,733	424,788	(7,014)	(16,776)
Net change in fund balances	$ 6,405,664	$ 17,508,207	$ (2,642,169)	$ (8,087,682)	$ 10,851,944	$ 4,551,653	$ (6,357,955)	$ (7,012,091)	$ (3,727,847)	$ (7,249,826)
Debt service as a percentage of noncapital expenditures	6.4%	6.0%	6.4%	5.5%	5.6%	5.8%	5.6%	5.5%	5.4%	5.1%

CITY OF DEERFIELD BEACH, FLORIDA

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

Fiscal Year	Property Taxes	Utility Taxes	Sales Taxes	Franchise Taxes	Local Option Gas Tax	Alcoholic Beverage/ Mobile Home License Taxes	Total
2003	$ 24,385,094	$ -	$ 3,774,962	$ 7,511,692	$ 1,130,453	$ 48,029	$ 36,850,230
2004	27,601,682	-	3,786,457	8,465,117	1,348,128	58,009	41,259,393
2005	31,779,407	-	3,970,596	9,082,753	1,239,308	54,143	46,126,207
2006	35,641,797	-	4,777,520	10,779,607	1,417,779	53,554	52,670,257
2007	41,675,355	-	4,555,929	12,477,400	1,384,787	56,304	60,149,775
2008	38,915,090	-	4,713,093	11,645,505	1,369,644	55,940	56,699,272
2009	36,649,353	-	3,832,424	12,011,964	1,336,986	56,288	53,887,015
2010	35,102,671	-	5,036,695	9,921,939	1,271,279	55,795	51,388,379
2011	34,252,646	-	5,165,731	9,584,608	1,283,545	49,433	50,335,963
2012	27,771,349	6,705,240	5,432,787	8,704,150	1,289,074	52,419	49,955,019

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
2003	$ 4,324,211,207	$ 446,180,128	$ 1,004,355,731	$ 3,766,035,604	6.8506	$ 5,725,112,968	65.781 %
2004	4,936,266,652	425,590,298	1,234,941,029	4,126,915,921	6.8369	6,383,194,465	64.653
2005	6,018,875,925	419,582,346	1,587,405,865	4,851,052,406	6.8301	7,602,508,726	63.809
2006	7,192,022,677	432,372,985	2,039,462,978	5,584,932,684	6.5000	8,958,885,742	62.340
2007	8,903,496,041	468,575,927	2,762,178,022	6,609,893,946	6.2500	10,969,565,368	60.257
2008	9,816,224,848	496,970,279	2,992,634,043	7,320,561,084	5.3500	12,058,383,289	60.709
2009	9,221,922,520	453,847,937	2,863,212,036	6,812,558,421	5.3000	11,304,635,476	60.263
2010	7,933,546,387	450,375,114	2,293,568,030	6,090,353,471	5.7900	9,834,257,465	61.930
2011	6,413,168,923	411,439,128	1,684,098,356	5,140,509,695	6.7688	8,035,763,100	63.970
2012	6,085,548,562	392,877,631	1,636,113,175	4,842,313,018	5.7688	7,629,719,059	63.466

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

	City of Deerfield Beach			Overlapping Rates										
				County			School District							
Fiscal Year	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage	Children's Services	North Broward Hospital District	South Florida Water Management District	Florida Inland Navigation District	Total Direct & Overlapping Rates
2003	6.3546	0.4960	6.8506	6.6685	0.6965	7.3650	8.5410	0.3415	8.8825	0.3316	2.4803	0.6970	0.0385	26.6455
2004	6.3819	0.4550	6.8369	6.6065	0.5815	7.1880	8.1240	0.2936	8.4176	0.3920	2.5000	0.6970	0.0385	26.0700
2005	6.5205	0.3096	6.8301	6.4831	0.5399	7.0230	8.0140	0.2555	8.2695	0.4231	2.4803	0.6970	0.0385	25.7615
2006	5.9949	0.5051	6.5000	6.2942	0.4888	6.7830	7.8410	0.2213	8.0623	0.4231	2.1746	0.6970	0.0385	24.6785
2007	5.8250	0.4250	6.2500	5.6433	0.4228	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	4.8889	0.3979	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	4.8889	0.4256	5.3145	7.4170	-	7.4170	0.3754	1.7059	0.6240	0.0345	20.7713
2010	5.3499	0.4401	5.7900	4.8889	0.5000	5.3889	7.4310	-	7.4310	0.4243	1.7059	0.6240	0.0345	21.3986
2011	6.2482	0.5206	6.7688	5.1021	0.4509	5.5530	7.6310	-	7.6310	0.4696	1.8750	0.6240	0.0345	22.9559
2012	5.1856	0.5832	5.7688	5.1860	0.3670	5.5530	7.4180	-	7.4180	0.4789	1.8750	0.4363	0.0345	21.5645

Source: Broward County, Florida Property Appraiser.

CITY OF DEERFIELD BEACH, FLORIDA

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

	2012			2003		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
1. Publix Supermarket	$ 64,621,890	1	1.33%	$ 58,807,270	1	1.28%
2. City National Bank of FL, Trustee	58,471,609	2	1.21	-	-	-
3. Florida Power & Light Co.	51,888,407	3	1.07	-	-	-
4. Deerfield Beach Hotl LLC	42,701,760	4	0.88	-	-	-
5. CP Deerfield LLC	42,551,670	5	0.88	-	-	-
6. Quiet Waters Business Park LLC	41,236,190	6	0.85	-	-	-
7. City National Bank of Florida	40,260,191	7	0.83	-	-	-
8. News and Sun Sentinel	37,297,365	8	0.77	-	-	-
9. Land TR	32,522,483	9	0.67	-	-	-
10. Florida Land Holdings LLC	29,831,040	10	0.62	-	-	-
11. HBC/JPI Deer Creek Ltd	-	-	-	41,497,360	2	0.91
12. Felcor/CSS Holdings LP	-	-	-	29,737,870	3	0.65
13. RM Deerfield Mall LLP	-	-	-	24,581,980	4	0.54
14. Security Capital Atlantic	-	-	-	21,592,160	5	0.47
15. CMD Southwest Inc	-	-	-	20,201,990	6	0.44
16. SPTMRT Properties Trust	-	-	-	19,943,310	7	0.44
17. Tivoli Lakes Club Investors LLC	-	-	-	19,752,860	8	0.43
18. TMT Pointe at Crystal Lake Inc	-			18,370,000	9	0.40
19. FGI Financing I	-	-	-	18,004,430	10	0.39
Totals	$ 441,382,605		9.11%	$ 272,489,230		4.64%

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
2003	2002	$ 24,263,239	$ 24,008,013	98.9 %	$ 255,226	$ 24,263,239	100.0 %
2004	2003	27,585,317	26,620,437	96.5	107,055	26,727,492	96.9
2005	2004	31,019,035	30,855,828	99.5	163,207	31,019,035	100.0
2006	2005	34,450,571	34,393,559	99.8	57,012	34,450,571	100.0
2007	2006	39,462,009	38,057,717	96.4	167,194	38,224,911	96.9
2008	2007	37,493,335	37,132,068	99.0	(142,889) **	36,989,179	98.7
2009	2008	34,627,856	34,532,754	99.7	95,102	34,627,856	100.0
2010	2009	35,371,075	34,804,296	98.4	207,086	35,011,382	99.0
2011	2010	34,882,909	34,086,591	97.7	166,055	34,252,646	98.2
2012	2011	27,996,499	26,560,235	94.9	36,493	26,596,728	95.0

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

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

Source: Broward County, Florida Revenue Collector

CITY OF DEERFIELD BEACH, FLORIDA

WATER SOLD BY TYPE OF CUSTOMER
LAST FIVE FISCAL YEARS
(in thousands of gallons)

Type of Customer	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012
Residential - Single Family	853,997	869,554	828,961	838,122	747,798
Residential - Multi-Family	1,079,640	1,056,023	1,119,125	1,095,698	1,063,976
Commercial	595,610	557,264	518,014	515,713	513,810
Irrigation	386,885	466,396	532,637	489,519	505,949
Hydrants	1,343	368	777	1,764	44
Total	2,917,475	2,949,605	2,999,514	2,940,816	2,831,577
Total direct rate per 1,000 gallons	$ 2.65	$ 2.65	$ 2.65	$ 2.65	$ 2.65

CITY OF DEERFIELD BEACH, FLORIDA

WATER AND SEWER RATES

LAST TEN FISCAL YEARS

	Water		Sewer	
Fiscal Year	Monthly Base Rate	Rate per 1,000 Gallons	Monthly Base Rate	Rate per 1,000 Gallons
2003	$ 12.57	$ 1.70	$ 8.96	$ 1.67
2004	12.57	1.70	8.96	1.67
2005	12.57	1.70	8.96	1.67
2006	12.57	1.70	8.96	1.67
2007	12.57	1.80	8.96	1.77
2008	15.00	2.65	10.98	2.71
2009	15.00	2.65	10.98	2.71
2010	15.00	2.65	10.98	2.71
2011	15.00	2.65	10.98	2.71
2012	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

	Governmental Activities					Business-Type Activities					
Fiscal Year	General Obligation Bonds	Improvement Revenue Bonds	Covenant Bonds	Capital Leases	Loans and Notes	Water and Sewer Bonds	Capital Leases	Loans and Notes	Total Primary Government	Percentage of Personal Income	Per Capita
2003	$ 18,873,774	$ 1,420,000	$ 6,825,000	$ 1,255,325	$ 132,300	$ 4,740,000	$ 1,289,866	$ 17,716,322	$ 52,252,587	*	$ 807
2004	33,482,219	970,000	9,305,000	1,934,053	132,300	3,385,000	1,641,904	17,182,818	68,033,294	*	916
2005	32,281,189	500,000	9,245,000	2,663,606	-	420,000	2,118,674	16,541,287	63,769,756	*	828
2006	30,850,943	-	9,005,000	2,521,465	-	420,000	2,363,988	18,076,252	63,237,648	2.99%	813
2007	29,427,756	-	14,725,000	2,140,057	-	-	2,042,346	21,070,548	69,405,707	3.15%	883
2008	28,013,411	-	14,375,000	1,760,596	-	17,028,786	2,231,955	22,739,773	86,149,521	3.57%	1,102
2009	26,608,199	-	13,980,000	1,664,810	-	17,028,786	2,711,733	21,761,712	83,755,240	4.20%	1,081
2010	25,209,669	-	13,560,000	1,375,734	-	16,623,792	2,472,783	20,499,422	79,741,400	4.59%	1,089
2011	23,797,434	-	13,125,000	882,697	-	16,019,116	1,649,043	19,167,958	74,641,248	4.00%	995
2012	22,369,937		12,670,000	479,369	-	15,426,772	2,607,256	17,798,020	71,351,354	4.02%	934

**Personal income data not available for fiscal years 2003 - 2005.*

CITY OF DEERFIELD BEACH, FLORIDA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Actual Taxable Value of Property	Per Capita
2003	$ 18,873,774	$ 280,655	$ 18,593,119	0.32 %	$ 287
2004	33,482,219	282,391	33,199,828	0.52	447
2005	32,281,189	297,967	31,983,222	0.42	415
2006	30,850,943	4,280	30,846,663	0.34	396
2007	29,427,756	242,033	29,185,723	0.27	371
2008	28,013,411	282,601	27,730,810	0.23	355
2009	26,608,199	285,989	26,322,210	0.23	340
2010	25,209,669	288,157	24,921,512	0.25	340
2011	23,797,434	290,794	23,506,640	0.29	313
2012	22,369,937	290,782	22,079,155	0.29	289

Source: City of Deerfield Beach, Financial Services Department

NOTE: See net assets restricted for debt service on Page 14.

CITY OF DEERFIELD BEACH, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2012

	Debt Outstanding		Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Direct Debt:				
General obligation bonds				$ 22,369,937
Covenant bonds (1)				12,670,000
Capital leases				479,369
Total direct debt				35,519,306
Overlapping Debt:				
School Board of Broward County, Florida:				
Certificates of participation	1,834,975,000	(3)	4.10% *	75,233,975
Capital leases	16,361,000	(3)	4.10% *	670,801
Broward County, Florida (2)	322,785,000	(3)	4.10% *	13,234,185
Subtotal, overlapping debt				89,138,961
Total direct and overlapping debt				$ 124,658,267

(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, 2012.

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

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

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

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

CITY OF DEERFIELD BEACH, FLORIDA

WATER AND SEWER PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenues (A)	Expenses (B)	Net Revenue Available for Debt Service	*Debt Service Requirements* Escrow or Principal	Interest	Total (C)	Coverage
2003	$ 18,672,822	$ 9,700,131	$ 8,972,691	$ 1,355,000	$ 290,325	$ 1,645,325	5.45
2004	19,126,884	10,368,745	8,758,139	1,440,000	207,331	1,647,331	5.32
2005	19,352,251	12,529,261	6,822,990	1,525,000	119,130	1,644,130	4.15
2006	19,572,638	12,036,327	7,536,311	1,331,993	564,714	1,896,707	3.97
2007	19,642,599	14,454,880	5,187,719	1,243,340	683,308	1,926,648	2.69
2008	23,036,497	14,453,677	8,582,820	1,311,105	706,552	2,017,657	4.25
2009	25,315,345	17,566,467	7,748,878	1,133,359	1,183,419	2,316,778	3.34
2010	24,685,434	15,503,529	9,181,905	1,667,284	1,452,922	3,120,206	2.94
2011	24,839,275	14,564,201	10,275,074	1,936,139	1,359,143	3,295,282	3.12
2012	24,277,472	13,681,310	10,596,162	1,962,273	1,293,540	3,255,813	3.25

A) Gross revenue for the purpose of determining debt service coverage, is equal to the sum of the operating revenues of the Water and Sewer Fund and total interest earnings.

B) Expenses, for the purpose of determining debt service coverage, are equal to the total operating expenses of the Water and Sewer Fund less depreciation and less the general administrative charge.

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

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

CITY OF DEERFIELD BEACH, FLORIDA

FLORIDA MUNICIPAL LOAN COUNCIL REVENUE BONDS, SERIES 2006
PLEDGED-REVENUE COVERAGE
LAST FIVE FISCAL YEARS

Fiscal Year (D)	Gross Revenues (A)	Expenses (B)	Net Revenue Available for Debt Service	*Debt Service Requirements* Escrow or Principal	Interest	Total (C)	Coverage
2007	$ 6,983,852	$ -	$ 6,983,852	$ -	$ 59,192	$ 59,192	117.99
2008	5,877,311	-	5,877,311	100,000	257,869	357,869	16.42
2009	5,686,502	-	5,686,502	140,000	253,069	393,069	14.47
2010	5,100,276	-	5,100,276	150,000	242,269	392,269	13.00
2011	5,049,066	-	5,049,066	155,000	238,069	393,069	13.00
2012	4,865,482	-	4,865,482	165,000	233,069	398,069	12.00

A) Gross revenue represent franchise fees collected from Florida Power and Light Company ("FPL"). The loan repayment obligations of the City are payable from and secured by a pledge of and lien upon the City's electric franchise fees. In consideration of the grant of the privilege to operate within the City, FPL has agreed to pay the City an amount equal to 5.9% of FPL's billed revenues, less write-offs, from the sale of electric energy within the incorporated limits of the City.

B) No applicable operating expenses are directly chargeable to the City's franchise fees.

C) The debt service requirements for the Series 2006 revenue bonds are set forth in the loan agreement between the City and the Florida Municipal Loan Council, dated December 1, 2006.

D) The pledge revenue coverage for fiscal years prior to fiscal 2007 are not applicable, since the Series 2006 revenue bonds were issued during fiscal year 2007.

CITY OF DEERFIELD BEACH, FLORIDA

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST FIVE FISCAL YEARS

Fiscal Year	(1) Population	Personal Income**	(2) Per Capita Personal Income	(1) Median Age	(3) School Enrollment	(2) Unemployment Rate
2008	78,187	$ 2,416,487	$ 30,907	44.8	7,741	5.8 %
2009	77,465	1,992,090	25,716	44.6	7,931	8.9
2010	73,216	1,736,610	23,719	42.2	8,169	11.5
2011	75,018	1,850,526	24,668	43.3	8,278	9.0
2012	76,389	1,776,923	23,262	44.2	8,422	8.1

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.

**Personal income data expressed in thousands.

CITY OF DEERFIELD BEACH, FLORIDA

PRINCIPAL EMPLOYERS

CURRENT FISCAL YEAR

	2012		
Employer	Employees	Rank	Percentage of Total City Employment
Publix Corporation	1,518	1	3.78%
Broward Health North	1,305	2	3.25%
JM Family Enterprises	1,086	3	2.71%
Sun-Sentinel	752	4	1.87%
UPS	515	5	1.28%
City of Deerfield Beach	467	6	1.16%
Republic National Distribution	325	7	0.81%
Broward Sheriff Office	310	8	0.77%
List Industries	220	9	0.55%
Medics Ambulance Service	114	10	0.28%
	6,612		16.49%

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

CITY OF DEERFIELD BEACH, FLORIDA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

	Full-time Equivalent Employees as of September 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Function/Programs										
General Government	64	67	71	78	67	66	66	58	62	66
Public Safety										
Police										
Uniformed	108	108	123	129	129	129	129	123	126	126
Civilians	55	55	62	68	53	53	53	43	43	43
Fire/Rescue										
Firefighters and Officers	133	133	149	151	151	150	149	140	140	154
Bldg. Inspection Services	17	18	21	22	22	21	21	20	17	18
Civilians	19	17	18	20	17	20	20	20	20	2
Economic Environment	1	1	1	1	1	0	1	1	1	1
Culture and Recreation	58	58	117	75	75	84	94	86	65	64
Human Services	47	50	50	46	40	41	37	40	37	38
Physical Environment										
Public Works Administration	4	4	4	4	4	4	4	3	1	0
Grounds Maintenance	34	38	39	42	40	39	39	21	42	38
Parks	21	27	44	44	39	41	44	11	11	7
Water & Sewer	83	90	87	87	74	75	74	68	65	60
Solid Waste	56	59	71	71	65	67	67	60	49	53
Transportation										
Street Maintenance	13	15	15	15	14	15	15	13	11	10

Source: City of Deerfield Beach, Financial Services Department

CITY OF DEERFIELD BEACH, FLORIDA

OPERATING INDICATORS BY FUNCTION
LAST FIVE FISCAL YEARS

Function	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012
Public Safety					
Police:					
Physical arrests	4,815	4,775	4,195	2,926	2,432
Parking violations	15,281	19,654	19,638	17,446	16,603
Traffic violations	22,329	21,403	17,068	15,023	17,357
Fire/Rescue:					
Number of emergency responses	19,664	19,554	20,395	20,473	22,916
Number of incidents	13,969	14,388	15,159	14,719	14,817
Inspections	4,147	7,839	6,099	6,147	7,033
Fires extinguished	289	146	147	156	115
Transportation					
Streets Maintenance:					
Streets resurfacing (miles)	0	0	2.5	2.2	0
Potholes repaired	2,209	2,313	2,212	2,212	1,800
Sidewalks repaired (feet)	0	1,800	2,700	3,200	13,900
Transit Services					
Total route miles	116,379	126,638	92,167	83,458	99,846
Number of trips	10,188	29,506	27,672	23,329	25,368
Physical Environment					
Number of burials	128	209	118	130	84
Culture and Recreation					
Athletics field permits issued	11	32	73	70	99
Number of participants in arts & education classes	27,500	32,000	11,922**	12,000	3,500
Number of special event permits issued	112	97	59	70	129
Attendance at special events	400,000	350,000	244,750**	240,000	224,000
Water					
New connections	35	27	15	32	12
Water main breaks	120	65	63	65	39
Average daily comsumption (millions of gallons)	9.41 mgd	9.60 mgd	9.49 mgd	9.49 mgd	9.49 mgd
Permitted Raw Water withdrawl	12.8 mgd	14.1 mgd	14.1 mgd	14.1 mgd	14.1 mgd
Sewer					
Average daily sewage treatment (thousands of gallons)	6,500	7,400	7,000	7,000	7,000
Solid Waste					
Refuse collected (tons/day)	247	189	248	196	246
Recyclables collected (tons/day)	33	22.8	26.7	37.4	24.6
Human Services					
Childcare:					
Average daily attendance	28	19	16	13	13
Number of meals served	29,500	24,648	27,997	18,956	15,639
Adult Daycare:					
Average daily attendance	10	10	7	6	7
Alzheimer's Daycare:					
Average daily attendance	25	24	27	23	18

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.
** - Reduction due to economic downturn in participation and event cancellations.

CITY OF DEERFIELD BEACH, FLORIDA

CAPITAL ASSET STATISTICS BY FUNCTION

LAST FIVE FISCAL YEARS

Function	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012
Public Safety					
Police					
Stations	2	2	2	2	2
Patrol units	162	162	129	126	126
Fire/Rescue					
Stations	4	4	5**	6	6
Rescue ambulances	8	8	8	8	8
Fire engines	6	6	6	6	6
Ladder/heavy squad trucks	2	2	2	2	1
Transportation					
Streets (miles)	146	146	146	146	146
Sidewalks (miles)	135	135	135	135	135
Streetlights (poles)	4,400	5,200	5,200	7,000	7,000
Traffic signals	68	68	68	68	68
Culture and Recreation					
Parks acreage	125	140	140	324	324
Parks	29	31	33	33	33
Swimming pools	1	1	1	1	1
Tennis courts	12	12	12	12	12
Community centers	3	2	3	2	2
Water					
Water main (miles)	232	232	232	232	232
Fire hydrants	2,041	2,044	2,044	2,300	2,300
Maximum daily capacity (millions of gallons)	34.8 mgd	34.8 mgd	34.8 mgd	34.8 mgd	34.8 mgd
Sewer					
Sanitary sewers (miles)	136	136	136	137	137
Storm sewers (miles)	37	47.7	48.0	48.0	48.0
Average daily treatment capacity (thousands of gallons)	7,000	7,000	7,400	7,400	7,400
Solid Waste					
Collection trucks	43	40	41	38	32

Source: Various City Departments.

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

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

** - Temporary housing trailer station.