

City of Deerfield Beach, Florida
Comprehensive Annual Financial Report
Fiscal Year ended September 30, 2013

Forward Thinking





Government Finance Officers Association

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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, 2012

Executive Director/CEO



City of

D E E R F I E L D

B E A C H

CITY OF DEERFIELD BEACH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

Prepared by the Department of Financial Services
Director of Financial Services, Hugh B. Dunkley
Acting Assistant Director of Financial Services, Sophia Henderson Taylor

CITY OF DEERFIELD BEACH, FLORIDA
 Comprehensive Annual Financial Report
 For the Year Ended September 30, 2013

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City of
**DEERFIELD
BEACH**

April 30, 2014

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, 2013.

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, 2013, 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 unmodified opinion that the City of Deerfield Beach's financial statements for the fiscal year ended September 30, 2013, 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
Jean M. Robb

Vice Mayor
Ben Preston

Commissioners
Bill Ganz
Joseph P. Miller
Richard S. Rosenzweig

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



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 Broward Health North, 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 65 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.

Despite overall assessed valuation for the City falling in excess of 28% since the beginning of the Great Recession, the continued positive economic news is beginning to have a warming effect on consumer confidence. According to the Thomson Reuters/University of Michigan's *Surveys of Consumers*, "Consumers have finally begun to expect sustained gains in their personal finances, especially among younger households." Indeed, positive economic trends, such as the steady improvement in the unemployment rate, as evidenced by increases in net hiring both locally and nationally, coupled with a 2.4% increase in the nation's real gross domestic product during fiscal 2013, have all helped to boost consumer confidence. The University of Michigan's Index of Consumer Sentiment has increased steadily throughout the fiscal year. This index was 80.0 during March, 2014, which represents a 1.8% change from the previous year.

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 31.7% to \$270,000 from September 2012. Foreclosure filings have also decreased significantly for the City of Deerfield Beach and for Broward County as a whole. Foreclosure filings had reached recessionary

peaks of 18,427 for the County and 927 for the City, respectively. Despite the continued improvement in the housing market, however, over 51% of single-family and 77% of townhomes and condominium transactions are cash sales, which poses a threat to the sustained recovery in the housing market.

Further, building permit activity has been increasing incrementally. The total valuation of building permits issued during the fiscal year amounted to \$95,584,750, an almost 16.4% increase from the previous year. The total number of permits issued during this period amounted to 8,204.

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. The financial impact of these new requirements will have to be incorporated into our budget and will no doubt create some fiscal challenges.

During the fiscal year, the City's rating from Fitch Ratings changed from "A+" to "A-" with a negative outlook for its 2012B-1 Refunding and Improvement Revenue bonds. Fitch also downgraded the City's General Obligation Refunding Bonds to "A" from "AA-" as a result of concerns over the City's fund balance reserve levels as well as greater-than-expected increases in public safety costs. Conversely, the City's ratings from Standard & Poor's Ratings Services for the Series 2012B-1 and 2012B-2 remained largely intact. The City was assigned ratings of "A" (2012B-1) and "A+" (2012B-2) for the above issues.

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 FY2014-18 CIP in excess of \$54.9 million, a number of projects have been deferred until such time as the economy has fully recovered.

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).
- Commencement of construction of Quiet Waters Athletic Park, an improvement which will be located on a vacant 5-acre property adjacent to Quiet Waters Elementary School.
- Substantial completion of the Cove Gardens Improvements Project, which corrected ongoing flooding problems and ADA accessibility issues.
- Commencement of the master plan process for the expansion and redevelopment of Sullivan Park. Among other things, this project will double the size of a currently existing City park and also create a pedestrian linkage along the Intracoastal Waterway to the recently improved Cove Shopping Center.
- Completion of Westside Park Ballfield Improvements Project - Phase I.

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, 2012. This was the 33rd 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 2013-14 for the 17th 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.

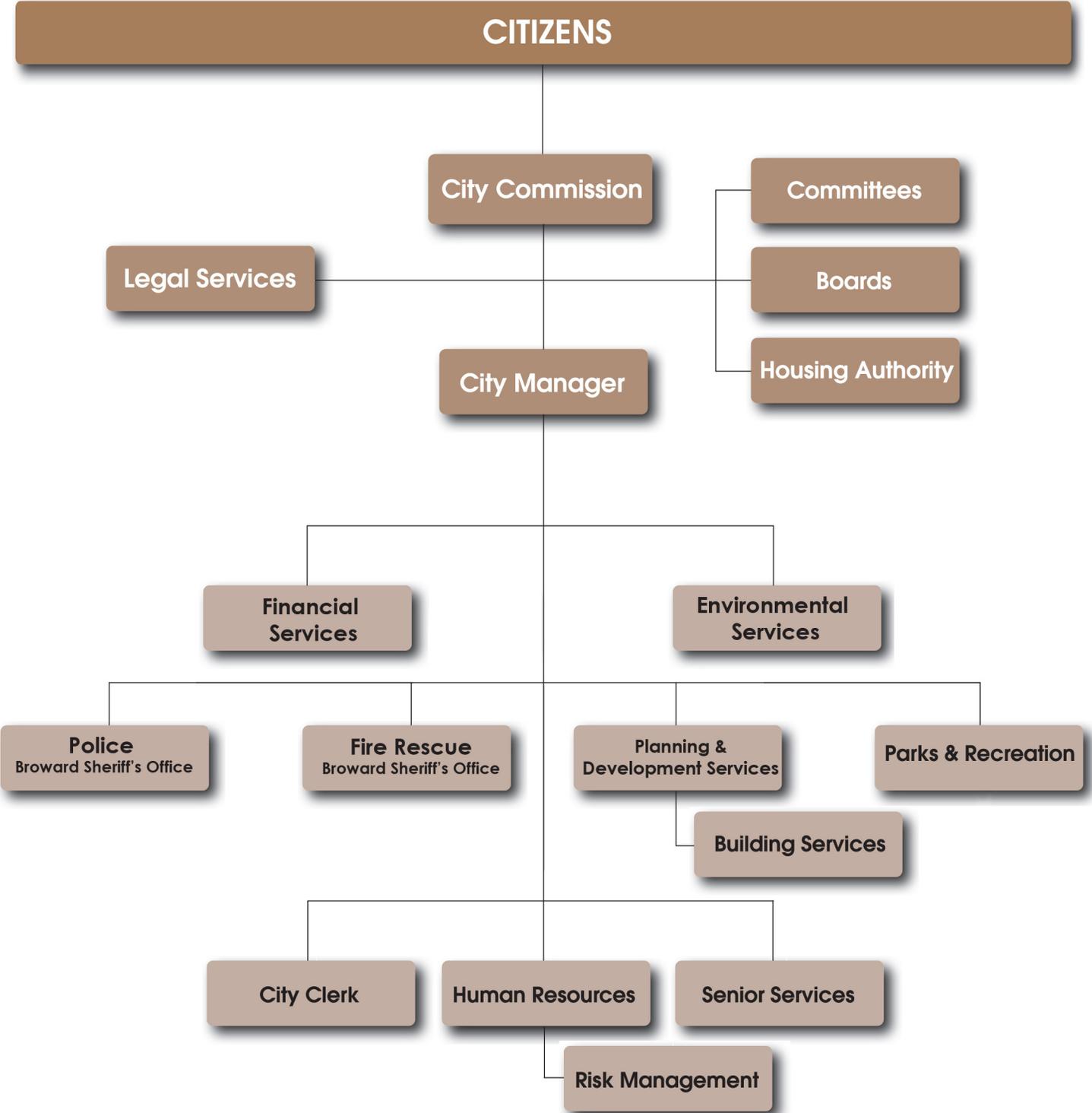
Thank you for your continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner. This report could not have been prepared without the dedicated service of all of the employees of the Department of Financial Services as well as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

Respectfully submitted,


Burgess Hanson
City Manager


Hugh B. Dunkley
Director of Financial Services

Deerfield Beach Organizational Chart



City of Deerfield Beach, Florida
List of Elected and Appointed Officials
September 30, 2013

Elected Officials

Mayor
Vice Mayor
Commissioner
Commissioner
Commissioner

Jean M. Robb
Joseph P. Miller
Bill Ganz
Richard S. Rosenzweig
Ben Preston

Appointed Officials

City Manager
City Attorney

City Clerk
Director of Financial Services
Director of Human Resources
Director of Information Technology Services
Acting Director of Parks & Recreation
Director of Environmental Services
Director of Planning & Development Services
Director of Senior Services
Fire Chief
Police Chief

Burgess Hanson
Law Offices of Andrew S.
Maurodis, P.L.
Ada Graham-Johnson
Hugh B. Dunkley
Michael Milanowski
Sheila Flemming-Portis
Kara Petty
Charles DaBrusco
Gerald R. Ferguson
Donna DeFronzo
Richard Sievers
Robert Schnakenberg



City of

D E E R F I E L D

B E A C H



Independent Auditor's Report

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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 Firefighter's Pension Fund, Non-Uniformed Employees' Retirement Fund and Police Officers' Retirement Fund which represent 96% of the total assets and total net position/fund balance and 80% of the total revenues/additions of the aggregate remaining fund information. Those statements were audited by other auditors whose report have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Deerfield Beach, Municipal Firefighter's Pension Fund, Non-Uniformed Employees' Retirement Fund and Police Officers' Retirement Fund, is based solely on the report 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 from material misstatement. The financial statements of the City of Deerfield Beach Police Officers' Retirement Pension Fund were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis ("MD&A"), budgetary comparison information for the general fund and community redevelopment agency fund, and schedules of funding progress and schedules of contributions, 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.

Other Information

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 and individual fund 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.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied 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 as described above, and the report of the other auditors, the combining and individual fund 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated April 30, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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* in considering the City's internal control over financial reporting and compliance.

McGladrey LLP

Fort Lauderdale, Florida
April 30, 2014

City of Deerfield Beach, Florida
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 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, 2013. 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, 2013 increased \$14.6 million from \$235.5 million to \$250.1 million, or 6.2% from the prior year.
- The City's total liabilities increased by \$11.0 million, from \$94.0 million to \$105.0 million from the prior year. This resulted from a bond issue in the amount of \$34.9 which was used for refunding \$21.6 million of previously issued bonds in addition to financing various citywide capital improvement projects.
- The assets and other deferred outflows of resources of the City exceeded its liabilities and other deferred inflows of resources at the close of the most recent fiscal year by \$145.0 million (net position). Of this amount, \$63.2 million was from governmental activities and \$81.8 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 \$31.9 million, an increase of \$11.6 million, in comparison with the amount reported for the prior fiscal year. Of this amount, \$2.0 million was non-spendable; \$22.8 million was restricted; \$4.2 million was assigned, and \$2.9 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 \$2.8 million, or 3.5% 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 position presents information on all of the City of Deerfield Beach's assets and liabilities, deferred outflows and inflows of resources, with the difference between the assets (and deferred outflows of resources) and liabilities (and deferred inflows of resources) reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Deerfield Beach is improving or deteriorating.

City of Deerfield Beach, Florida
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2013

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position 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 services 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 15 - 17 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 71 - 79 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.

City of Deerfield Beach, Florida
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2013

The basic governmental fund financial statements can be found on pages 18 and 21 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 24 - 28 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 29 - 30 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 31 - 64 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 65 - 69 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 71 - 79 of this report.

Government-wide Financial Analysis

As noted earlier, net position 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 \$145.0 million at the close of fiscal year 2013.

The largest portion of the City of Deerfield Beach's net position (73.8%) reflects its investment in capital assets (e.g., land, buildings, equipment, improvements, utility plants and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City of Deerfield Beach uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Deerfield Beach's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Deerfield Beach, Florida
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2013

Summary Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$37,330,335	\$26,213,847	\$41,112,611	\$38,347,346	\$78,442,946	\$64,561,193
Capital assets	92,424,775	89,801,482	79,199,950	81,155,701	171,624,725	170,957,183
Total assets	129,755,110	116,015,329	120,312,561	119,503,047	250,067,671	235,518,376
Current liabilities	4,371,843	4,810,779	2,418,083	2,559,835	6,789,926	7,370,614
Long-term liabilities	62,184,154	48,204,048	36,047,877	38,414,099	98,232,031	86,618,147
Total liabilities	66,555,997	53,014,827	38,465,960	40,973,934	105,021,957	93,988,761
Net position:						
Net investment in capital assets	58,120,088	54,762,079	48,869,742	48,786,203	106,989,830	103,548,282
Restricted	10,058,524	12,470,310	743,838	743,836	10,802,362	13,214,146
Unrestricted	(4,979,499)	(4,231,887)	32,233,021	28,999,074	27,253,522	24,767,187
Total net position	\$63,199,113	\$63,000,502	\$81,846,601	\$78,529,113	\$145,045,714	\$141,529,615

An additional portion of the City of Deerfield Beach's net position, approximately 7.5%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$27.3 million) may be used to meet the government's ongoing obligations to citizens and creditors.

The net position of business-type activities increased by \$3.3 million to \$81.8 million in 2013. This increase was primarily due to decreases in 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 increased by \$13.8 million from \$64.6 million to \$78.4 million. Capital assets also increased by \$0.6 million from \$171.0 million to \$171.6 million, or 0.4% from the prior year. The increases in the City's current and other assets were primarily due to proceeds received in connection with the issuance of the Series 2012 bonds.

Current liabilities decreased slightly from \$7.4 million to \$6.8 million. The City's total noncurrent liabilities increased by \$11.6 million from \$86.6 million to \$98.2 million, or approximately 13.3%, from the prior year. This was due primarily to the Series 2012 bond issue.

City of Deerfield Beach, Florida
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2013

Summary Statement of Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 21,191,749	\$ 22,016,753	\$ 40,092,309	\$ 38,951,802	\$ 61,284,058	\$ 60,968,555
Operating grants/contributions	7,588,761	5,813,834	-	-	7,588,761	5,813,834
Capital grants/contributions	1,630,221	2,330,864	111,699	27,539	1,741,920	2,358,403
General revenues:						
Taxes	50,220,354	47,896,245	-	-	50,220,354	47,896,245
Grants and contributions not restricted to specific programs and miscellaneous	1,637,915	1,248,955	-	-	1,637,915	1,248,955
Unrestricted investment earnings	64,333	39,677	45,401	27,383	109,734	67,060
Total revenues	<u>82,333,333</u>	<u>79,346,328</u>	<u>40,249,409</u>	<u>39,006,724</u>	<u>122,582,742</u>	<u>118,353,052</u>
Expenses:						
General government	11,821,874	12,612,575	-	-	11,821,874	12,612,575
Economic environment	1,981,715	959,617	-	-	1,981,715	959,617
Public safety	52,604,329	50,047,068	-	-	52,604,329	50,047,068
Human services	2,136,865	2,140,927	-	-	2,136,865	2,140,927
Physical environment	4,978,883	4,050,701	-	-	4,978,883	4,050,701
Transportation	2,906,127	2,502,148	-	-	2,906,127	2,502,148
Culture and recreation	4,358,166	5,394,983	-	-	4,358,166	5,394,983
Interest on long term-debt	3,024,834	1,878,627	-	-	3,024,834	1,878,627
Water and sewer	-	-	20,899,520	20,048,897	20,899,520	20,048,897
Solid waste	-	-	14,354,330	13,613,964	14,354,330	13,613,964
Total expenses	<u>83,812,793</u>	<u>79,586,646</u>	<u>35,253,850</u>	<u>33,662,861</u>	<u>119,066,643</u>	<u>113,249,507</u>
Change in net position	(1,479,460)	(240,318)	4,995,559	5,343,863	3,516,099	5,103,545
Transfers	1,678,071	(477,187)	(1,678,071)	477,187	-	-
Change in net position	<u>198,611</u>	<u>(717,505)</u>	<u>3,317,488</u>	<u>5,821,050</u>	<u>3,516,099</u>	<u>5,103,545</u>
Net position, October 1	63,000,502	63,718,007	78,529,113	72,708,063	141,529,615	136,426,070
Net position, September 30	<u>\$ 63,199,113</u>	<u>\$ 63,000,502</u>	<u>\$ 81,846,601</u>	<u>\$ 78,529,113</u>	<u>\$ 145,045,714</u>	<u>\$ 141,529,615</u>

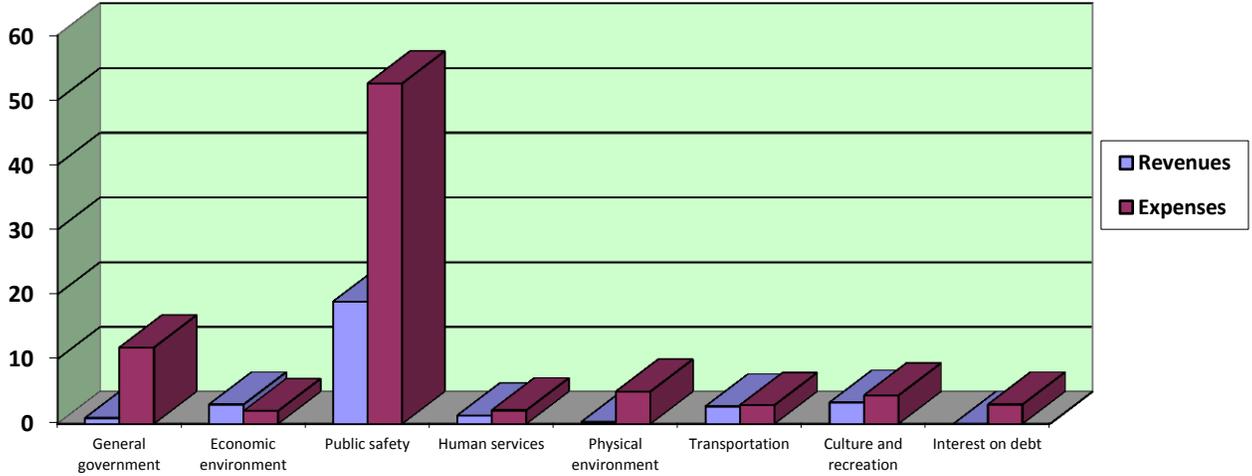
Governmental activities. Governmental activities increased the City's net position by \$0.2 million. The City's total revenues amounted to \$82.3 million in governmental activities. Of these revenues, 61.0% is generated from taxes, 25.7% is from charges for services, operating grants/contributions comprise 9.2%, capital grants/contributions make up 2.0%, grants and contributions not restricted to specific programs and miscellaneous revenues equals 2.0%, and unrestricted investment earnings generates approximately 0.1%. Most of the decrease in the City's net position mentioned above was primarily due to an increase in pension contributions for the fire and police defined benefit pension plans.

The City's expenses cover a broad range of services, with approximately 62.6% of governmental activity expenses related to public safety (fire/rescue and police protection). Public safety expenses constitute the largest component of the change in total expenses due to an increase in pension costs for the fire and police defined benefit pension plans as a result of changes to new mortality tables coupled with the amortization of actuarial losses from prior years. The City's governmental activities had 0.2% more revenues than expenses. However, for business-type activities, revenues exceeded expenses by an 8.2% margin.

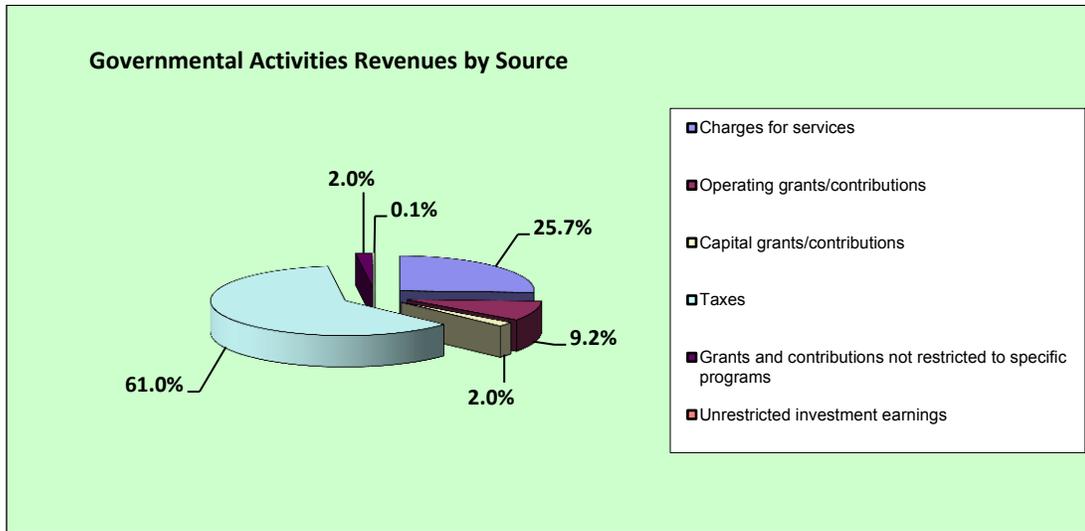
City of Deerfield Beach, Florida
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 For the Year Ended September 30, 2013

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

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



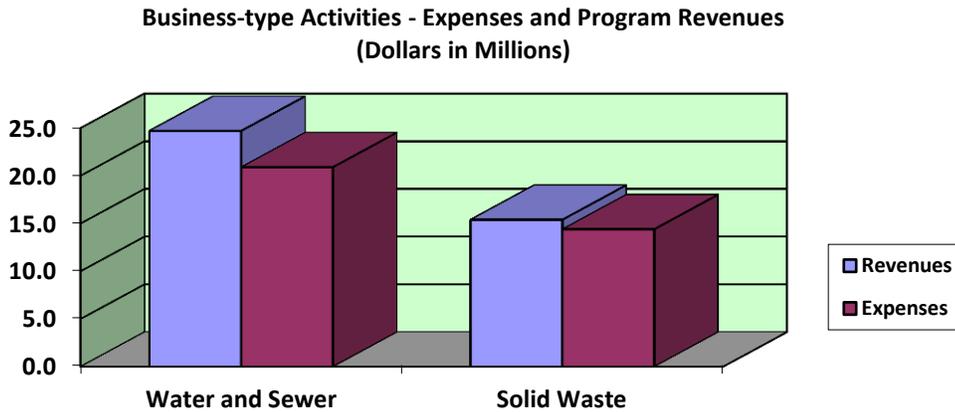
The next chart shows the percent of the total for each source of revenue supporting governmental activities.



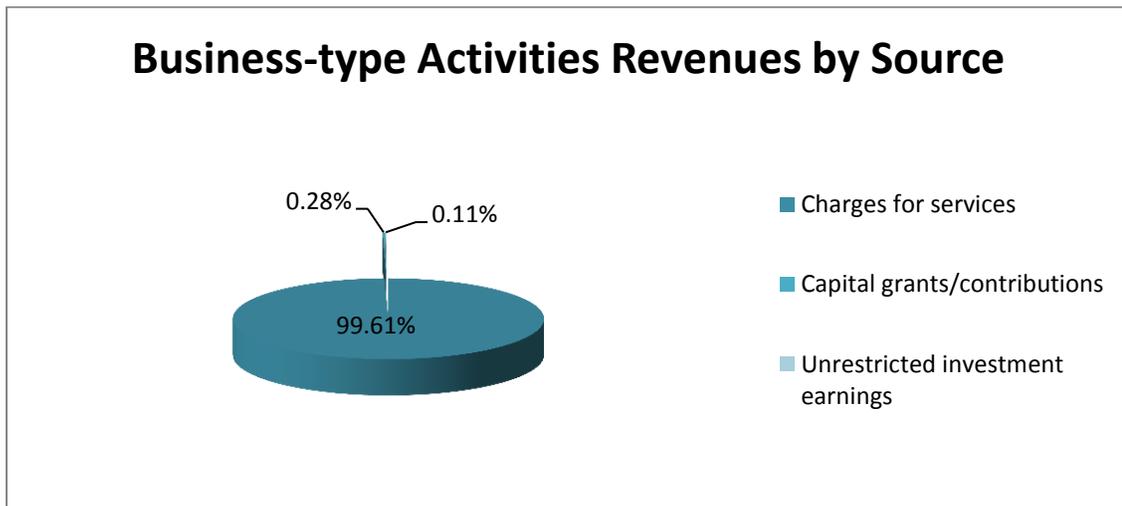
Business-type activities. Business-type activities increased the City's net position by \$3.3 million. This increase in the net position of business-type activities was due primarily to an excess of revenues over expenses.

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

City of Deerfield Beach, Florida
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 For the Year Ended September 30, 2013



The following chart shows that 99.61% 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, unassigned 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 \$31.9 million, an increase of \$11.6 million from the prior year's ending balances of \$20.3 million. Approximately 9.2%, \$2,924,770, 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.

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For the Year Ended September 30, 2013

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$2.8 million, while total fund balance was \$7.7 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 3.5% of total general fund expenditures, while total fund balance represents approximately 9.5% of that same amount.

The total fund balance of the City of Deerfield Beach's General Fund increased by \$0.7 million during the current fiscal year. Key factors in this decrease are as follows:

- Property tax revenue increased by \$0.5 million as a result of increases in the taxable values of properties within the City.
- Public safety expenditures increased by approximately \$3.1 million due to increased costs incurred for police and fire protection as a result of increased pension contributions as well as increased costs pertaining to the City's contract for police and fire protection with the Broward Sheriff's Office. The City's fire department merged with the Broward Sheriff's Office at the beginning of fiscal year 2012.
- Utility taxes increased by \$1.1 million as a result of increased consumption of utility services.
- Local business taxes and building permits increased by \$0.8 million as a result of increased home construction and renovation activity due to the economic recovery.
- Operating transfers increased due to transfers of a non-recurring distribution from the County's Resource Recovery Board via the Solid Waste Fund in the amount of \$0.9 million. The Board's purpose was to oversee the construction, operation and maintenance of a regional solid waste disposal system. The Resource Recovery Board was dissolved during the fiscal year, and the City received its allocable share of the Board's reserves.
- Culture and recreation expenditures decreased by \$1.0 million as a result of a decrease in capital expenditures pertaining to this function as well as cost savings generated from vacant positions.

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 \$1.4 million, which represents a decrease of \$1.3 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 position of the water and sewer fund at the end of the year amounted to \$31.3 million. The Solid Waste Fund had an unrestricted net position of \$1.5 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

During the year, there was a net increase of \$1,905,039 in appropriations between the original and final amendment budget for the City's General Fund. Following are the main components of the increase:

- City Attorney – Supplemental appropriation of \$60,000 to cover legal fees.

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- Fire/Rescue – Supplemental appropriation of \$1,000,000 as a result of increased pension contributions.
- Insurance/Safety – Supplemental appropriation of \$1,375,039 for expenses in connection with increased insurance claims.
- Police – Supplemental appropriation of \$80,000 as a result of increased pension contributions.
- Environmental Services – Supplemental appropriation of \$225,000 as a result of increased user charges for utility services.

The above increases were made possible because of additional anticipated revenues. Those revenues included an increase in general property taxes (\$371,591); utility taxes (\$923,575); fire assessment fees (\$279,259); building permit fees (\$206,762). Interdepartmental transfers totaling \$1,261,908 were also made to those departments that required supplemental appropriations. These interdepartmental transfers were approved by the City Commission.

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

- Franchise taxes – this revenue source has not fully recovered from the economic downturn.
- 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.
- Utility taxes – this revenue source has exceeded projection as a result of increased consumer spending on utility services, due in part to the economic upturn.
- Intergovernmental – this revenue source is comprised of the local government half-cent sales tax as well as the state revenue sharing funds which increased as a result of increased consumer spending.

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, 2013, amounted to \$171.6 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 0.4% (2.9% for governmental activities and negative 2.4% for business-type activities). The following table summarizes the City's capital assets.

**Schedule of Capital Assets
(net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 14,820,724	\$ 14,820,724	\$ 50,531	\$ 50,531	\$ 14,871,255	\$ 14,871,255
Buildings	26,260,204	27,139,359	605,817	605,817	26,866,021	27,745,176
Improvements other than buildings	3,028,159	2,073,603	45,710,876	31,280,096	48,739,035	33,353,699
Equipment	1,404,267	1,909,318	2,657,803	3,272,209	4,062,070	5,181,527
Utility plants in service	-	-	30,174,923	20,377,962	30,174,923	20,377,962
Infrastructure	30,832,468	24,823,850	-	-	30,832,468	24,823,850
Construction in progress	16,078,953	19,034,628	-	25,569,086	16,078,953	44,603,714
Total	\$ 92,424,775	\$ 89,801,482	\$ 79,199,950	\$ 81,155,701	\$ 17,162,475	\$ 170,957,183

City of Deerfield Beach, Florida
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2013

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

- Westside Park ballfield improvements of \$1.1 million
- Pioneer Park boat ramp - \$0.2 million
- Pier redesign and renovation project – \$1.2 million
- Citywide street resurfacing - \$1.4 million
- Cove Garden Improvements - \$1.5 million
- SW 11th Way/SW10th Street roadway improvements - \$0.2 million
- Rehabilitation of lift stations - \$0.4 million

Additional information on the City of Deerfield Beach's capital assets can be found in Note III (C) on pages 45 - 46 of this report.

Long-term debt. At year-end, the City of Deerfield Beach had \$21.1 million in general obligation bonds outstanding. The City also had \$25.3 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 \$14.8 million outstanding in revenue bonds and \$16.4 million outstanding in loans payable at the end of the fiscal year. On December 4, 2012, the City issued debt in the amount of \$34.9 million for the purpose of refunding \$21.6 million of previously issued debt as well as to finance various citywide capital improvements.

The City continues to maintain high investment grade ratings from the major rating agencies: ratings of "A" from Fitch Ratings and "A+" from Standard and Poor's Corporation.

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds (backed by the City)	\$ 21,128,368	\$ 22,369,937	\$ -	\$ -	\$ 21,128,368	\$ 22,369,937
Revenue bonds	-	-	14,827,383	15,426,772	14,827,383	15,426,772
Covenant bonds	25,265,000	12,670,000	-	-	25,265,000	12,670,000
Add/(subtract) premium/(discount)	1,759,920	600,696	-	-	1,759,920	600,696
Capital leases	231,996	479,369	1,760,609	2,607,256	1,992,605	3,086,625
Loan payable	-	-	16,388,471	17,798,020	16,388,471	17,798,020
Total bonds, loans and leases payable	\$ 48,385,284	\$ 36,120,002	\$ 32,976,463	\$ 35,832,048	\$ 81,361,747	\$ 71,952,050

The City's general obligation debt per capita, excluding enterprise fund debt, was \$243 at the end of fiscal year 2013. The City's outstanding net general obligation debt was 0.24% 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 (I) on pages 49 – 53 of this report.

City of Deerfield Beach, Florida
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2013

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 2014 budget:

- The nation's as well as state and local economies will start to show signs of positive growth.
- General property taxes will increase by 16.5% as a result of a 1 mill increase in the City's ad valorem tax rate coupled with an increase in the taxable values of properties.
- Franchise taxes, namely the electric franchise tax, are expected to decrease by 2.2% in fiscal year 2014. This is as a result of fluctuations in consumption and the price of fuel.
- Public safety costs, namely police and fire protection will increase by 6.8% (Police) and 5.5% (Fire/Rescue) as a result of increased pension and health insurance costs.
- 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 \$7.7 million. The City has no plans to utilize any of its available General Fund balance for spending in Fiscal Year 2014.

Requests for Information

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

CITY OF DEERFIELD BEACH, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2013

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
ASSETS			
Cash and cash equivalents	\$ 2,906,636	\$ 10,904,014	\$ 13,810,650
Investments	2,440,629	20,863,655	23,304,284
Receivables (net of allowances)	3,029,776	5,060,247	8,090,023
Due from other governments	1,477,357	119,936	1,597,293
Inventories	256,426	143,799	400,225
Prepays	1,557,985	21,667	1,579,652
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	4,247,722	3,999,293	8,247,015
Investments	18,327,936	-	18,327,936
Due from other governments	610,369	-	610,369
Real estate held for resale	1,246,000	-	1,246,000
Permanently restricted:			
Investments	1,229,499	-	1,229,499
Capital assets:			
Nondepreciable	30,899,677	50,531	30,950,208
Depreciable (net)	61,525,098	79,149,419	140,674,517
Total assets	<u>129,755,110</u>	<u>120,312,561</u>	<u>250,067,671</u>
LIABILITIES			
Accounts payable	1,765,715	1,183,461	2,949,176
Accrued liabilities	206,787	171,271	378,058
Accrued interest payable	1,028,263	517,485	1,545,748
Due to other governments	9,109	-	9,109
Unearned revenue	424,922	-	424,922
Payable from restricted assets:			
Accounts payable	922,621	-	922,621
Accrued liabilities	14,426	-	14,426
Customer deposits	-	545,866	545,866
Non-current liabilities:			
Due within one year:			
Compensated absences	1,161,586	575,504	1,737,090
Insurance claims payable	767,000	-	767,000
Due to other governments	131,762	-	131,762
Bonds, loans and leases payable	2,768,680	2,754,069	5,522,749
Due in more than one year:			
Compensated absences	185,215	394,340	579,555
Net OPEB liability	5,491,307	2,101,570	7,592,877
Insurance claims payable	6,062,000	-	6,062,000
Bonds, loans and leases payable	45,616,604	30,222,394	75,838,998
Total liabilities	<u>66,555,997</u>	<u>38,465,960</u>	<u>105,021,957</u>
NET POSITION			
Net investment in capital assets	58,120,088	48,869,742	106,989,830
Restricted for:			
Debt service	2,212,932	743,838	2,956,770
Perpetual care:			
Nonexpendable	1,229,499	-	1,229,499
Expendable	1,340,686	-	1,340,686
Economic environment	3,025,686	-	3,025,686
Public safety	679,971	-	679,971
Human services	221,913	-	221,913
Physical environment	104,893	-	104,893
Transportation	442,623	-	442,623
Culture and recreation	800,321	-	800,321
Unrestricted (deficit)	(4,979,499)	32,233,021	27,253,522
Total net position	<u>\$ 63,199,113</u>	<u>\$ 81,846,601</u>	<u>\$ 145,045,714</u>

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

CITY OF DEERFIELD BEACH, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 11,821,874	\$ 878,655	\$ -	\$ -
Economic environment	1,981,715	-	2,944,762	-
Public safety	52,604,329	16,737,515	2,192,176	-
Human services	2,136,865	12,699	1,323,577	-
Physical environment	4,978,883	185,794	110,319	-
Transportation	2,906,127	1,677,235	525,578	544,802
Culture and recreation	4,358,166	1,699,851	492,349	1,085,419
Interest and fiscal charges	3,024,834	-	-	-
Total governmental activities	<u>83,812,793</u>	<u>21,191,749</u>	<u>7,588,761</u>	<u>1,630,221</u>
Business-Type activities:				
Water and sewer	20,899,520	24,651,018	-	11,699
Solid waste	14,354,330	15,441,291	-	100,000
Total business-type activities	<u>35,253,850</u>	<u>40,092,309</u>	<u>-</u>	<u>111,699</u>
Total	<u>\$119,066,643</u>	<u>\$ 61,284,058</u>	<u>\$ 7,588,761</u>	<u>\$ 1,741,920</u>

General revenues:

- General 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 position
- Net position - beginning
- Net position - ending

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

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

Governmental Activities	Business-Type Activities	Total
\$ (10,943,219)	\$ -	\$ (10,943,219)
963,047	-	963,047
(33,674,638)	-	(33,674,638)
(800,589)	-	(800,589)
(4,682,770)	-	(4,682,770)
(158,512)	-	(158,512)
(1,080,547)	-	(1,080,547)
(3,024,834)	-	(3,024,834)
<u>(53,402,062)</u>	<u>-</u>	<u>(53,402,062)</u>
-	3,763,197	3,763,197
<u>-</u>	<u>1,186,961</u>	<u>1,186,961</u>
<u>-</u>	<u>4,950,158</u>	<u>4,950,158</u>
<u>(53,402,062)</u>	<u>4,950,158</u>	<u>(48,451,904)</u>
26,082,893	-	26,082,893
2,105,718	-	2,105,718
7,343,575	-	7,343,575
4,394,070	-	4,394,070
8,959,809	-	8,959,809
1,285,882	-	1,285,882
48,407	-	48,407
1,471,496	-	1,471,496
64,333	45,401	109,734
166,419	-	166,419
1,678,071	(1,678,071)	-
<u>53,600,673</u>	<u>(1,632,670)</u>	<u>51,968,003</u>
198,611	3,317,488	3,516,099
<u>63,000,502</u>	<u>78,529,113</u>	<u>141,529,615</u>
<u>\$ 63,199,113</u>	<u>\$ 81,846,601</u>	<u>\$ 145,045,714</u>

CITY OF DEERFIELD BEACH, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	<u>General</u>	<u>Community Redevelopment Agency</u>	<u>General Construction Fund</u>
ASSETS			
Cash and cash equivalents	\$ 2,906,636	\$ 267,584	\$ -
Investments	2,440,629	-	15,246,844
Receivables (net):			
Accounts	3,014,914	-	-
Assessments	842	-	-
Interest	5,386	806	-
Due from other funds	312,881	1,162,491	-
Due from other governments	1,470,043	-	7,314
Inventories	256,426	-	-
Real estate held for resale	-	-	-
Prepaid items	439,575	-	-
Total assets	<u>\$10,847,332</u>	<u>\$ 1,430,881</u>	<u>\$ 15,254,158</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,765,715	\$ 12,527	\$ 723,372
Accrued payroll	320,161	5,398	-
Due to other funds	-	-	2,516,175
Due to other governments	9,109	-	-
Deferred and unearned revenue	1,039,626	-	7,314
Total liabilities	<u>3,134,611</u>	<u>17,925</u>	<u>3,246,861</u>
 Fund balances:			
Non-spendable	696,001	-	-
Restricted	-	1,412,956	12,007,297
Assigned	4,193,717	-	-
Unassigned	2,823,003	-	-
Total fund balances	<u>7,712,721</u>	<u>1,412,956</u>	<u>12,007,297</u>
Total liabilities and fund balances	<u>\$10,847,332</u>	<u>\$ 1,430,881</u>	<u>\$ 15,254,158</u>

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

CITY OF DEERFIELD BEACH, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

General Obligation Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 3,980,138	\$ 7,154,358
2,539,617	1,770,974	21,998,064
-	254	3,015,168
-	-	842
-	7,574	13,766
-	1,350,933	2,826,305
-	610,369	2,087,726
-	-	256,426
-	1,246,000	1,246,000
-	-	439,575
<u>\$ 2,539,617</u>	<u>\$ 8,966,242</u>	<u>\$ 39,038,230</u>
\$ -	\$ 186,722	\$ 2,688,336
-	14,426	339,985
-	310,130	2,826,305
-	-	9,109
-	239,514	1,286,454
<u>-</u>	<u>750,792</u>	<u>7,150,189</u>
-	1,229,499	1,925,500
2,539,617	6,884,184	22,844,054
-	-	4,193,717
-	101,767	2,924,770
<u>2,539,617</u>	<u>8,215,450</u>	<u>31,888,041</u>
<u>\$ 2,539,617</u>	<u>\$ 8,966,242</u>	<u>\$ 39,038,230</u>

CITY OF DEERFIELD BEACH, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

Fund balances, total governmental funds: \$ 31,888,041

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	160,611,805	
Less: accumulated depreciation	<u>(68,187,030)</u>	
Net capital assets		92,424,775

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	(1,028,263)	
Bonds and notes payable	(46,393,368)	
Due to other governments	(131,762)	
Capital leases payable	(231,996)	
Insurance claims payable	(6,710,228)	
Net OPEB liability	(5,491,307)	
Compensated absences	<u>(1,346,801)</u>	
Total		(61,333,725)

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. 861,532

The pension assets are not considered current financial resources and are therefore not reported in the funds. 416,832

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	(600,696)	
Deferred gain on refunding of revenue bonds issued during the year	(650,716)	
Additional premium on revenue bonds issued during fiscal year	(1,125,416)	
Amortization	<u>616,908</u>	
Unamortized premium/deferred gain on refunding, September 30, 2013		(1,759,920)

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	552,758	
Additional bond issuance costs on bonds issued during fiscal year	520,088	
Amortization	<u>(371,268)</u>	
Unamortized deferred charges, September 30, 2013		<u>701,578</u>

Net position of governmental activities \$ 63,199,113

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, 2013

	<u>General</u>	<u>Community Redevelopment Agency</u>	<u>General Construction Fund</u>
REVENUES			
Property taxes	\$26,185,412	\$ 2,105,718	\$ -
Sales and use taxes	5,565,280	-	-
Fire assessment fees	8,491,262	-	-
Franchise fees	8,959,809	-	-
Utility taxes	7,343,575	-	-
Local option gas tax	-	-	-
Local business taxes/permits	3,006,077	-	-
Intergovernmental	2,957,007	-	273,891
Charges for services	8,119,544	-	-
Fines and forfeitures	763,073	-	-
Investment earnings	31,714	3,547	11,638
Miscellaneous:			
Cemetery plot sales	-	-	-
Donations/contributions	272,681	2,500	-
Administrative fees	5,251,120	-	-
Other	411,724	-	-
Total revenues	<u>77,358,278</u>	<u>2,111,765</u>	<u>285,529</u>
EXPENDITURES			
Current:			
General government	15,483,228	-	-
Economic environment	-	515,203	-
Public safety	51,375,818	35,401	-
Human services	2,081,504	-	-
Physical environment	3,294,118	-	-
Transportation	55,037	-	-
Culture and recreation	3,091,869	109,218	-
Capital outlay	-	1,224,249	2,764,585
Debt service:			
Principal	214,747	-	-
Interest and fiscal charges	7,402	-	-
Bond issuance costs	-	-	238,892
Total expenditures	<u>75,603,723</u>	<u>1,884,071</u>	<u>3,003,477</u>
Excess (deficiency) of revenues over expenditures	<u>1,754,555</u>	<u>227,694</u>	<u>(2,717,948)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	4,738,061	-	-
Transfers out	(5,797,105)	(1,473,926)	(10,000)
Revenue bonds issued	-	-	20,090,000
Premium on general obligation bonds	-	-	-
Premium on revenue bonds issued	-	-	494,794
Payment to refunding bond escrow agent	-	-	(7,241,151)
Total other financing sources (uses)	<u>(1,059,044)</u>	<u>(1,473,926)</u>	<u>13,333,643</u>
Net change in fund balances	695,511	(1,246,232)	10,615,695
Fund balances - beginning	7,017,210	2,659,188	1,391,602
Fund balances - ending	<u>\$ 7,712,721</u>	<u>\$ 1,412,956</u>	<u>\$ 12,007,297</u>

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, 2013

<u>General Obligation Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 28,291,130
-	-	5,565,280
-	-	8,491,262
-	-	8,959,809
-	-	7,343,575
-	1,285,882	1,285,882
-	-	3,006,077
-	5,522,382	8,753,280
-	116,785	8,236,329
-	148,463	911,536
86	17,348	64,333
-	80,100	80,100
-	369,315	644,496
-	267,364	5,518,484
-	215,324	627,048
<u>86</u>	<u>8,022,963</u>	<u>87,778,621</u>
-	-	15,483,228
-	1,598,275	2,113,478
-	248,532	51,659,751
-	-	2,081,504
-	1,039,976	4,334,094
-	1,795,003	1,850,040
-	303,064	3,504,151
-	2,187,497	6,176,331
9,551,568	32,625	9,798,940
2,199,659	1,521	2,208,582
93,121	-	332,013
<u>11,844,348</u>	<u>7,206,493</u>	<u>99,542,112</u>
<u>(11,844,262)</u>	<u>816,470</u>	<u>(11,763,491)</u>
5,733,578	175,528	10,647,167
-	(1,688,065)	(8,969,096)
14,770,000	-	34,860,000
630,622	-	630,622
-	-	494,794
<u>(7,041,103)</u>	<u>-</u>	<u>(14,282,254)</u>
<u>14,093,097</u>	<u>(1,512,537)</u>	<u>23,381,233</u>
2,248,835	(696,067)	11,617,742
290,782	8,911,517	20,270,299
<u>\$ 2,539,617</u>	<u>\$ 8,215,450</u>	<u>\$ 31,888,041</u>

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, 2013

Net change in fund balances-total governmental funds \$ 11,617,742

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	6,306,827	
Less: current year's depreciation	<u>(3,683,534)</u>	2,623,293

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 73,196

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	(451,618)	
Decrease in net pension asset	(10,239)	
Increase in net OPEB liability	(1,477,873)	

In the statement of activities, certain operating expenses - compensated absences (sick and vacation pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amounts actually used (paid). During the fiscal year, compensated absences used, \$1,031,409, exceeded the amount earned, \$950,600. 80,809

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 position. 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 issued or incurred:		
Florida Municipal Loan Council Revenue Bonds, Series 2012B-1/B-2	(34,860,000)	
Associated premium on Series 2012B bonds	(1,125,416)	
Associated bond issuance costs on Series 2012B bonds	520,088	
Associated deferred gain on Series 2012B Refunding Bonds	(650,716)	(36,116,044)
Debt retired:		
Principal repayments		23,753,941
Note payable		131,763

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' plus the amortization of bond issuance costs, premiums, discounts, and deferred gain on refunding. (26,359)

Change in net position of governmental activities \$ 198,611

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

CITY OF DEERFIELD BEACH, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 9,864,323	\$ 1,039,691	\$ 10,904,014
Investments	20,863,655	-	20,863,655
Restricted cash and cash equivalents:			
Customer deposits	490,752	55,114	545,866
Revolving loan covenant accounts	743,838	-	743,838
Receivables (net):			
Accounts	3,154,904	1,643,595	4,798,499
Delinquent assessments	35,389	-	35,389
Interest	226,359	-	226,359
Due from other governments	-	119,936	119,936
Inventories	143,799	-	143,799
Prepaid items	21,429	238	21,667
Total current assets	<u>35,544,448</u>	<u>2,858,574</u>	<u>38,403,022</u>
Noncurrent assets:			
Restricted cash and cash equivalents:			
Bond construction accounts	2,709,589	-	2,709,589
Capital assets:			
Land	50,531	-	50,531
Buildings	1,810,875	-	1,810,875
Utility plants in service	45,931,186	-	45,931,186
Improvements other than buildings	80,436,530	48,500	80,485,030
Equipment	6,343,716	14,324,150	20,667,866
Less accumulated depreciation	<u>(57,668,100)</u>	<u>(12,077,438)</u>	<u>(69,745,538)</u>
Total capital assets (net of accumulated depreciation)	<u>76,904,738</u>	<u>2,295,212</u>	<u>79,199,950</u>
Total noncurrent assets	<u>79,614,327</u>	<u>2,295,212</u>	<u>82,653,377</u>
Total assets	<u>115,158,775</u>	<u>5,153,786</u>	<u>120,312,561</u>

(Continued)

CITY OF DEERFIELD BEACH, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

	Water and Sewer Fund	Solid Waste Fund	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 820,903	\$ 362,558	\$ 1,183,461
Accrued payroll	94,544	76,727	171,271
Customer deposits payable	490,752	55,114	545,866
Compensated absences	320,280	255,224	575,504
Matured interest payable	517,485	-	517,485
Capital leases payable - current	-	672,784	672,784
Bonds payable, current	630,957	-	630,957
Loan payable, current	1,450,328	-	1,450,328
Total current liabilities	4,325,249	1,422,407	5,747,656
Noncurrent liabilities:			
Compensated absences	194,110	200,230	394,340
Net OPEB liability	1,158,348	943,222	2,101,570
Capital leases payable	-	1,087,825	1,087,825
Bonds payable	14,196,426	-	14,196,426
Loan payable	14,938,143	-	14,938,143
Total noncurrent liabilities	30,487,027	2,231,277	32,718,304
Total liabilities	34,812,276	3,653,684	38,465,960
NET POSITION			
Net investment in capital assets	48,335,139	534,603	48,869,742
Restricted for:			
Debt service	743,838	-	743,838
Unrestricted	31,267,522	965,499	32,233,021
Total net position	\$ 80,346,499	\$ 1,500,102	\$ 81,846,601

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 POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
Operating revenues:			
Charges for sales and services:			
Water sales pledged as security for revolving loans	\$ 15,186,418	\$ -	\$ 15,186,418
Sewer charges pledged as security for revolving loans	8,755,820	-	8,755,820
Solid waste charges	-	14,515,525	14,515,525
Engineering fees	216,867	-	216,867
Miscellaneous	491,913	925,766	1,417,679
Total operating revenues	<u>24,651,018</u>	<u>15,441,291</u>	<u>40,092,309</u>
Operating expenses:			
Personal services	5,061,861	4,060,936	9,122,797
Contractual services	632,963	96,905	729,868
Electricity	734,872	-	734,872
Insurance	2,002,003	1,460,121	3,462,124
Fixed charges	45,300	18,327	63,627
County wastewater charge	4,110,211	-	4,110,211
County raw water charge	32,233	-	32,233
Disposal fees	-	4,530,428	4,530,428
General administrative charge	3,146,038	1,977,194	5,123,232
Commodities	1,612,562	1,263,806	2,876,368
Depreciation	3,043,838	904,481	3,948,319
Fiscal charges	3,262	-	3,262
Total operating expenses	<u>20,425,143</u>	<u>14,312,198</u>	<u>34,737,341</u>
Operating income	<u>4,225,875</u>	<u>1,129,093</u>	<u>5,354,968</u>
Non-operating revenues (expenses):			
Investment earnings	45,401	-	45,401
Interest charges	<u>(474,377)</u>	<u>(42,132)</u>	<u>(516,509)</u>
Total non-operating revenues (expenses)	<u>(428,976)</u>	<u>(42,132)</u>	<u>(471,108)</u>
Income before contributions and transfers	3,796,899	1,086,961	4,883,860
Capital contributions - tap fees	11,699	-	11,699
Capital contributions - other	-	100,000	100,000
Transfers out	<u>(357,444)</u>	<u>(1,320,627)</u>	<u>(1,678,071)</u>
Change in net position	3,451,154	(133,666)	3,317,488
Total net position - beginning	<u>76,895,345</u>	<u>1,633,768</u>	<u>78,529,113</u>
Total net position - ending	<u>\$ 80,346,499</u>	<u>\$ 1,500,102</u>	<u>\$ 81,846,601</u>

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

CITY OF DEERFIELD BEACH, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 24,781,007	\$ 15,467,471	\$ 40,248,478
Payments to suppliers	(12,314,206)	(9,404,798)	(21,719,004)
Payments to employees	(4,769,808)	(3,833,803)	(8,603,611)
Net cash provided by operating activities	<u>7,696,993</u>	<u>2,228,870</u>	<u>9,925,863</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfer to other funds	(357,444)	(1,320,627)	(1,678,071)
Collection (repayment) of interfund loans	<u>750,000</u>	<u>(750,000)</u>	<u>-</u>
Net cash provided by (used in) non-capital financing activities	<u>392,556</u>	<u>(2,070,627)</u>	<u>(1,678,071)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributed from connection fees	11,699	-	11,699
Acquisition and construction of capital assets	(1,659,577)	-	(1,659,577)
Principal paid on:			
Revenue bonds	(599,389)	-	(599,389)
Capital lease	-	(846,647)	(846,647)
Loan	(1,409,547)	-	(1,409,547)
Interest paid on:			
Capital lease	-	(42,132)	(42,132)
Loan	(470,761)	-	(470,761)
Customer deposits	(2,181)	-	(2,181)
Proceeds from capital leases	-	1,397,945	1,397,945
Interest received on special assessment	<u>2,104</u>	<u>-</u>	<u>2,104</u>
Net cash provided (used in) capital and related financing activities	<u>(4,127,652)</u>	<u>509,166</u>	<u>(3,618,486)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	21,927,887	-	21,927,887
Purchases of investments	(20,863,655)	-	(20,863,655)
Interest received	<u>23,669</u>	<u>-</u>	<u>23,669</u>
Net cash provided by investing activities	<u>1,087,901</u>	<u>-</u>	<u>1,087,901</u>
Net increase in cash and cash equivalents	5,049,798	667,409	5,717,207
Cash and cash equivalents, beginning of year	8,758,704	427,396	9,186,100
Cash and cash equivalents, end of year	<u>\$ 13,808,502</u>	<u>\$ 1,094,805</u>	<u>\$ 14,903,307</u>
Cash and cash equivalents	\$ 9,864,323	\$ 1,039,691	\$ 10,904,014
Cash and cash equivalents - restricted (current)	490,752	55,114	545,866
Cash and cash equivalents - restricted (noncurrent)	3,453,427	-	3,453,427
Cash and cash equivalents, end of year	<u>\$ 13,808,502</u>	<u>\$ 1,094,805</u>	<u>\$ 14,903,307</u>

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

(Continued)

CITY OF DEERFIELD BEACH, FLORIDA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Water and Sewer Fund	Solid Waste Fund	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	\$ 4,225,875	\$ 1,129,093	\$ 5,354,968
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	3,043,838	904,481	3,948,319
Changes in assets and liabilities:			
Decrease in accounts receivable, net of allowances	99,449	27,610	127,059
decrease in inventories	33,466	-	33,466
Increase in prepaid items	-	114,440	114,440
Increase (decrease) in customer deposits	30,541	(1,430)	29,111
Decrease in accounts payable and accrued liabilities	(13,487)	(157,376)	(170,863)
Net increase in OPEB liability	249,281	236,387	485,668
Increase (decrease) in compensated absences payable	28,030	(24,335)	3,695
Total adjustments	3,471,118	1,099,777	4,570,895
Net cash provided by operating activities	\$ 7,696,993	\$ 2,228,870	\$ 9,925,863
 Non-cash investing, capital and financing activities:			
Net depreciation in the value of investments reported at fair value	\$ (29,887)	\$ -	\$ (29,887)
Capital contribution from governmental units	-	100,000	100,000
Capital assets acquired through vouchers payable	152,708	-	152,708
Capital assets acquired through capital lease	-	232,991	232,991
Total non-cash investing, capital and financing activities	\$ 122,821	\$ 332,991	\$ 455,812

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 POSITION
SEPTEMBER 30, 2013

	<u>Fiduciary Funds</u>
ASSETS:	
Cash and cash equivalents	\$ <u>9,491,123</u>
Investments:	
Mutual funds	75,914,054
U.S. Government securities	16,921,570
Corporate equities	66,398,757
Corporate bonds and notes	<u>23,419,312</u>
Total investments	<u>182,653,693</u>
Receivables:	
Interest and dividends	335,389
Contributions receivable (State)	142,150
Due from brokers	<u>994,287</u>
Total receivables	<u>1,471,826</u>
Other Assets	<u>2,115</u>
Total assets	<u>193,618,757</u>
LIABILITIES:	
Accounts payable	<u>1,290,100</u>
Total liabilities	<u>1,290,100</u>
NET POSITION:	
Held in trust for pension benefits	<u>\$ 192,328,657</u>

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

CITY OF DEERFIELD BEACH, FLORIDA
PENSION TRUST FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Fiduciary Funds
ADDITIONS:	
Contributions:	
Employer	\$ 8,636,492
Plan members	979,536
State of Florida	<u>1,293,034</u>
Total contributions	<u>10,909,062</u>
Investment earnings:	
Interest and dividends	5,017,002
Net increase in the fair value of investments	<u>16,154,785</u>
Total investment earnings	21,171,787
Less investment expense	<u>(976,000)</u>
Net investment earnings	<u>20,195,787</u>
Other miscellaneous income	<u>334,591</u>
Total additions	<u>31,439,440</u>
DEDUCTIONS:	
Benefits paid	16,540,440
Administrative expenses	<u>461,153</u>
Total deductions	<u>17,001,593</u>
Change in net position	14,437,847
Net position held in trust for pension benefits:	
Beginning of year	<u>177,890,810</u>
End of year	<u>\$ 192,328,657</u>

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

CITY OF DEERFIELD BEACH, FLORIDA
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SEPTEMBER 30, 2013

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CITY OF DEERFIELD BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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 76,473 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 Broward Health North 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

CITY OF DEERFIELD BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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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 position 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

CITY OF DEERFIELD BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

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. This fund has been deemed a major fund, since management believes it is particularly important to financial statement users for public interest.

The **General Obligation Debt Service Fund** is used to accumulate monies for the payment of principal and interest for Series 2000A, 2006 and 2012 Florida Municipal Loan Council Revenue bonds.

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

The City reports the following major proprietary funds:

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

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

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

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

CITY OF DEERFIELD BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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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. 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 became effective for the City during the fiscal year, however there was no significant impact.

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

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

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, was issued in June 2011. This Statement establishes guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position (now renamed the "Statement of Net Position"). The provisions of this Statement became effective during the fiscal year. This Statement redefines certain assets and liabilities as either "deferred outflows of resources" or "deferred inflows of resources." It also requires retitling of the "Investment in capital assets, net of related debt" as "Net investment in capital assets." There is yet another requirement that "Net assets" now be titled as "Net Position."

E. Assets, Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position 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

CITY OF DEERFIELD BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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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/prepays are expended when they are consumed rather than when they are purchased.

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

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

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

5. Capital Assets – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the

CITY OF DEERFIELD BEACH, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
 SEPTEMBER 30, 2013

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 \$1,074,804 during the fiscal year.

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

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

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

6. Deferred Outflows/Inflows of Resources – The Statement of Net Position requires the inclusion of a separate section for deferred outflows of resources. A deferred outflow of resources represents the usage of net position that is applicable to future periods. The only items required in this category under GASB 63 are interest rate swaps, and service concessions arrangements, however, the City does not have either.

The Statement of Net Position also includes a separate section for deferred inflows of resources, which represent the acquisition of net position which is applicable to future periods that will be recognized as revenue (or serve as a reduction of expenses) in a future period.

7. 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.

8. 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 position. 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.

CITY OF DEERFIELD BEACH, FLORIDA
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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.

9. Fund Equity/Net Position – 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 position presentation. Net position is categorized as Net invested in capital assets (net of related debt), restricted and unrestricted.

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

CITY OF DEERFIELD BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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Restricted Net Position – has 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 position reports \$10,802,362 of restricted net position of which \$583,050 is restricted by enabling legislation.

Unrestricted Net Position – has no third-party limitations as to its use, and consists of all net position that do not meet the definition of the other two components, and any net deficits that exist.

10. 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, liabilities, deferred outflows and inflows of resources 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, 2013, expenditures exceeded appropriations in two of the City's departments, the legal level of budgetary control. The Police and Fire/Rescue departments exceeded their budgets by \$47,164 and \$35,577, respectively. Available fund balance was utilized to offset these amounts.

B. Deficit Fund Equity – At September 30, 2013, the Community Development Block Grant Fund had a deficit fund balance of \$55,342. This deficit is expected to be funded by future grant reimbursements, which were not susceptible to accrual at September 30, 2013.

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, 2013, the carrying amount of the City's deposits totaled \$22,044,965.

2. **Investments**

Authorized Investments

The City's investments are categorized as investments for the City as a whole

CITY OF DEERFIELD BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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(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, 2013 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, 2013, the City’s investment in LGIP-A was that of \$18,042,991. 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 \$865 with a net asset value factor of 0.071896

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, 2013, the City had the following investments:

CITY OF DEERFIELD BEACH, FLORIDA
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	Pension Trust Funds	All Other Funds	Total
Investment in Florida Local			
Government Investment Trust:			
Pool A shares	\$ -	\$ 18,042,991	\$ 18,042,991
Pool B shares	-	865	865
Investment in Florida Municipal			
Investment Trust	-	17,787,645	17,787,645
Repurchase agreements	-	-	-
Money market funds	6,206,869	95,445	6,302,314
Mutual funds:			
Bond funds	8,072,192	-	8,072,192
International corporate equities	6,400,581	-	6,400,581
Other mutual funds	64,174,371	-	64,174,371
U.S. Government and agency securities	16,921,570	6,934,773	23,856,343
Domestic corporate bonds and notes	23,419,312	-	23,419,312
Domestic corporate equities	66,398,757	-	66,398,757
Total	\$ 191,593,652	\$ 42,861,719	\$ 234,455,371

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.

CITY OF DEERFIELD BEACH, FLORIDA
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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.	\$ 18,043,856	\$ 18,043,856	\$ -
FL Municipal Investment Trust	17,787,645	-	17,787,645
Other money market funds	95,445	95,445	-
U.S. Treasuries	1,433,628	1,433,628	-
U.S. Agencies	5,501,145	5,501,145	-
Total	<u>\$ 42,861,719</u>	<u>\$ 25,074,074</u>	<u>\$ 17,787,645</u>

(Pension Trust Funds)

Investment Type	Fair Value	Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Bond funds	\$ 8,072,192	\$ 85,558	\$ 4,261,163	\$ 2,154,931	\$ 1,570,540
Other money market funds	4,042,394	2,425	791,097	3,142,153	106,719
U.S. Treasuries	7,823,092	335,104	4,876,487	1,713,080	898,421
U.S. Agencies	6,371,692	756,780	1,081,790	1,392,384	3,140,738
Domestic corporate bonds and notes	23,413,008	953,792	10,527,071	8,454,838	3,477,307
Total	<u>\$ 49,722,378</u>	<u>\$ 2,133,659</u>	<u>\$ 21,537,608</u>	<u>\$ 16,857,386</u>	<u>\$ 9,193,725</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSRO's). State law limits investments in commercial paper and corporate bonds to the top 3 ratings issued by NRSRO's. It is the City's policy to limit its investments to the top ratings issued by NRSRO's. All Treasury obligations are guaranteed by the good faith and credit of the United States and are therefore not subject to credit risk. The amounts held in the LGIP-A is rated by Standard and Poor's. The current rating is AAAM. LGIP-B, as well as the Florida Municipal Investment Trust, is not rated by any nationally recognized statistical rating agency. The following table discloses credit ratings by investment type, at September 30, 2013, as applicable:

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Quality Credit Rating

S & P	Moody's	Fair Value
AAAm		\$ 18,043,856
AAA		268,906
AA+		593,827
AA		624,418
A+		1,792,045
A		1,626,076
A-		3,736,635
BBB+		725,344
BBB		876,599
BBB-		298,359
BB+		289,236
BB		1,647,103
BB-		632,448
B+		459,431
B		2,234,591
B-		134,966
CCC+		85,599
CCC		811,701
Not rated		7,311,151

	Aaa	3,167,760
	Aaa	5,035,099
	Aa1	1,483,644
	Aa2	732,480
	Aa3	236,523
	A1	1,238,956
	A2	1,334,667
	A3	1,058,809
	Baa	1,235,364
	Baa1	1,412,592
	Baa2	334,118
	Not Rated	14,619,885
Total credit risk securities		<u>74,082,188</u>
U.S. govt and agency securities explicitly guaranteed		18,501,909
Total fixed income/credit risk securities		<u>\$ 92,584,097</u>
Total fixed income/credit risk securities - City		\$ 42,861,719
Total fixed income securities - pension trust funds		49,722,378
Total		<u>\$ 92,584,097</u>

CITY OF DEERFIELD BEACH, FLORIDA

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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, 2013. The three pension plans limit their exposures by limiting their investments in any one issuer to no more than 5% of Plan Net Position 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, 2013 were as follows:

Governmental Activities

	General	CRA	Other Governmental Funds	Total
Receivables:				
Accounts	\$ 8,696,986	\$ -	\$ 254	\$ 8,697,240
Assessments	842	-	-	842
Interest	5,386	806	7,574	13,766
Gross receivables	8,703,214	806	7,828	8,711,848
Less: allowance for uncollectibles	(5,682,072)	-	-	(5,682,072)
Net receivables	<u>\$3,021,142</u>	<u>\$ 806</u>	<u>\$ 7,828</u>	<u>\$3,029,776</u>

Business-type Activities

	Water and Sewer	Solid Waste	Total
Receivables:			
Accounts	\$ 3,324,589	\$ 1,749,874	\$ 5,074,463
Notes	-	-	-
Assessments	35,389	-	35,389
Interest	226,359	-	226,359
Gross receivables	3,586,337	1,749,874	5,336,211
Less: allowance for uncollectibles	(169,685)	(106,279)	(275,964)
Net receivables	<u>\$3,416,652</u>	<u>\$1,643,595</u>	<u>\$ 5,060,247</u>

CITY OF DEERFIELD BEACH, FLORIDA
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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	\$ 133,456
Uncollectible related to sewer charges	36,229
Uncollectible related to solid waste charges	106,279
Total uncollectibles for the current fiscal year	<u>\$ 275,964</u>

Payables at September 30, 2013 are as follows:

	Vendors	Retainage	Total payables and accruals
Governmental activities:			
General fund	\$ 1,765,715	\$ -	\$ 1,765,715
CRA fund	12,527	-	12,527
General construction fund	258,726	464,646	723,372
Other governmental funds	186,722	-	186,722
Total - governmental activities	<u>\$ 2,223,690</u>	<u>\$ 464,646</u>	<u>\$ 2,688,336</u>
Business-type activities:			
Water and Sewer fund	\$ 820,903	\$ -	\$ 820,903
Solid Waste fund	362,558	-	362,558
Total - business-type activities	<u>\$ 1,183,461</u>	<u>\$ -</u>	<u>\$ 1,183,461</u>

C. Capital Assets – The following is a summary of capital asset activity for the year ended September 30, 2013:

Governmental activities:	Beginning Balance	Increases	Decreases	Total
<i>Capital assets not being depreciated:</i>				
Land	\$ 14,820,724	\$ -	\$ -	\$ 14,820,724
Construction in progress	19,034,628	1,655,582	4,611,257	16,078,953
<i>Total capital assets not being depreciated</i>	<u>33,855,352</u>	<u>1,655,582</u>	<u>4,611,257</u>	<u>30,899,677</u>
<i>Capital assets being depreciated:</i>				
Buildings	36,942,430	34,999	-	36,977,429
Improvements other than buildings	3,845,257	1,124,743	-	4,970,000
Equipment	19,814,030	199,416	-	20,013,446
Infrastructure	59,847,909	7,903,344	-	67,751,253
<i>Total capital assets being depreciated</i>	<u>120,449,626</u>	<u>9,262,502</u>	<u>-</u>	<u>129,712,128</u>
<i>Less: accumulated depreciation for:</i>				
Buildings	9,803,071	914,154	-	10,717,225
Improvements other than buildings	1,771,654	170,187	-	1,941,841
Equipment	17,904,712	704,467	-	18,609,179
Infrastructure	35,024,059	1,894,726	-	36,918,785
<i>Total accumulated depreciation</i>	<u>64,503,496</u>	<u>3,683,534</u>	<u>-</u>	<u>68,187,030</u>
Total capital assets being depreciated, net	<u>55,946,130</u>	<u>5,578,968</u>	<u>-</u>	<u>61,525,098</u>
Governmental activities capital assets, net	<u>\$ 89,801,482</u>	<u>\$ 7,234,550</u>	<u>\$ 4,611,257</u>	<u>\$ 92,424,775</u>

CITY OF DEERFIELD BEACH, FLORIDA
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Business-type activities:	Beginning Balance	Increases	Decreases	Total
<i>Capital assets not being depreciated:</i>				
Land	\$ 50,531	\$ -	\$ -	\$ 50,531
Construction in progress	25,569,086	25,118	25,594,204	-
<i>Total capital assets not being depreciated</i>	<u>25,619,617</u>	<u>25,118</u>	<u>25,594,204</u>	<u>50,531</u>
<i>Capital assets being depreciated:</i>				
Buildings	1,810,875	-	-	1,810,875
Utility plants in service	35,059,134	10,872,052	-	45,931,186
Improvements other than buildings	64,267,760	16,217,270	-	80,485,030
Equipment	20,195,534	472,332	-	20,667,866
<i>Total capital assets being depreciated</i>	<u>121,333,303</u>	<u>27,561,654</u>	<u>-</u>	<u>148,894,957</u>
<i>Less: accumulated depreciation for:</i>				
Buildings	1,205,058	-	-	1,205,058
Utility plants in service	14,681,172	1,075,091	-	15,756,263
Improvements other than buildings	32,987,664	1,786,490	-	34,774,154
Equipment	16,923,325	1,086,738	-	18,010,063
<i>Total accumulated depreciation</i>	<u>65,797,219</u>	<u>3,948,319</u>	<u>-</u>	<u>69,745,538</u>
Total capital assets being depreciated, net	<u>55,536,084</u>	<u>23,613,335</u>	<u>-</u>	<u>79,149,419</u>
Business-type activities capital assets, net	<u>\$ 81,155,701</u>	<u>\$ 23,638,453</u>	<u>\$ 25,594,204</u>	<u>\$ 79,199,950</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 133,080
Public safety	828,847
Human services	55,361
Physical environment	744,204
Transportation	1,056,087
Culture and recreation	865,955
Total depreciation expense - governmental activities	<u>\$ 3,683,534</u>
 Business-type activities:	
Water and sewer	\$ 3,043,838
Solid waste	904,481
Total depreciation expense - business-type activities	<u>\$ 3,948,319</u>

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D. Encumbrances - Purchase orders are issued throughout the fiscal year to encumber budgets in the governmental funds. Significant encumbrances as of September 30, 2013, which are recorded in the appropriate fund balance classification of restricted, committed or assigned, in accordance with the City's fund balance policy are as follows:

Major Funds	
<i>General Fund</i>	\$ 417,436
<i>Community Redevelopment Agency Fund</i>	265,055
<i>General Capital Projects Fund</i>	<u>912,318</u>
Total major funds	1,594,809
Nonmajor governmental funds	<u>405,276</u>
Total Encumbrances	<u><u>\$ 2,000,085</u></u>

E. 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, 2013:

<u>Project</u>	<u>Amounts Outstanding</u>
Hillsboro Boulevard - Streetscape Improvements	\$ 248,181
Streets Resurfacing	179,674
Cove Gardens Improvements	703,491
Pier Building Replacement & Pier Repair	<u>274,868</u>
	<u><u>\$ 1,406,214</u></u>

F. Unearned/Deferred Revenue – Unearned revenue in the General Fund includes \$339,423 for local business taxes (formerly referred to as occupational licenses) relating to fiscal year 2014. The General Fund also includes deferred ambulance transport fees in the amount of \$613,203 also included in the unearned revenue balance was \$1,500 for performance bond customer deposits.

The General Construction Fund had deferred revenue totaling \$7,314 in connection with a street improvement grant. The Miscellaneous Grants non-major special revenue fund had deferred revenue of \$132,153 and the Community Development Block Grant nonmajor special revenue fund had \$792 in deferred revenue. In addition, the Capital Grants nonmajor capital projects fund had deferred revenue of \$106,569.

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G. 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, 2013 is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Miscellaneous Grants Fund	\$ 297,200
	CDBG Fund	8,367
	General Construction Fund	7,314
Road and Bridge Nonmajor Fund	General Construction Fund	45,892
	Capital Grants Fund	4,563
	General Construction Fund	18,461
	General Construction Fund	1,282,017
Community Redevelopment Agency	General Construction Fund	1,162,491
Total		<u><u>\$ 2,826,305</u></u>

Interfund Transfers:

	Transfers to:			
	General		Nonmajor	
	General	Obligation Debt Service	Governmental	Total
Transfers from:				
General	\$ -	\$ 5,723,578	\$ 73,527	\$ 5,797,105
CRA Fund	1,473,926	-	-	1,473,926
General construction fund	-	10,000	-	10,000
Nonmajor Governmental	1,586,064	-	102,001	1,688,065
Solid Waste Fund	1,320,627	-	-	1,320,627
Water and Sewer Fund	357,444	-	-	357,444
Total	<u><u>\$ 4,738,061</u></u>	<u><u>\$ 5,733,578</u></u>	<u><u>\$ 175,528</u></u>	<u><u>\$ 10,647,167</u></u>

Transfers to the General Fund represent amounts paid by the nonmajor governmental funds for matching grant requirements for expenditures which were accounted for in the General Fund. The Community Redevelopment Agency Fund (CRA) is required to transfer amounts to the General Fund in connection with debt service payments made by the General Fund on behalf of the CRA. Transfers to nonmajor governmental funds represent payments for the City’s match in connection with grants that the City participates in cost sharing for the funded project. Transfers to the General Obligation Debt Service funds represent payment of debt service. Transfers to the General Fund from the Enterprise Funds represent transfers of allocable share for debt service, and transfer of a non-recurring distribution from the County’s Resource Recovery Board.

H. 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.

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The future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2013, were as follows:

Fiscal Year	Governmental Activities	Business-Type Activities	Total
2014	\$ 153,771	\$ 698,042	\$ 851,813
2015	81,422	462,405	543,827
2016	-	339,249	339,249
2017	-	310,978	310,978
2018	-	-	-
Total Minimum lease payments	235,193	1,810,674	2,045,867
Less: amount representing interest	(3,197)	(50,065)	(53,262)
Present value of future minimum lease payments	<u>\$ 231,996</u>	<u>\$ 1,760,609</u>	<u>\$ 1,992,605</u>

As of September 30, 2013, the equipment held under capital leases for governmental activities and business-type activities were \$1,726,494 and \$3,547,125, respectively. Accumulated depreciation for equipment held under capital leases was \$936,068 and \$716,464 for governmental and business-type activities, respectively, as of September 30, 2013.

I. 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, 2013:

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, \$6,358,367 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. This issue was fully refunded during the fiscal year.
- *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. This issue was fully refunded during the fiscal year.
- *General Obligation Bonds, Series 2012B-2* – The original amount of this issue was \$14,770,000. The proceeds of these bonds were used to refund previously issued debt, namely Florida Municipal Loan Council Revenue Bonds, Series 2000B; Series 2003A and Series 2003B. The interest rates on these bonds range from 2% to 5%.

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The 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, 2028. The principal and interest of this issue will be payable from and secured by the City's ad valorem taxes. For the current year, principal and interest of \$155,090 was paid. Ad valorem taxes amounted to \$26,185,412.

- *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. This issue was fully refunded during the fiscal year.
- *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 bond of this issue is \$80,000.
- *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 \$5,095,000, with total interest payable of \$2,523,365 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 \$396,669 were paid. Electric franchise fees amounted to \$4,717,719 for fiscal year 2013.
- *Covenant Bond, Series 2012B-1* – The original amount of this issue was \$20,090,000. The proceeds of this bond issue were to repay previously issued debt as well to finance the construction of parks and right of way improvements, in addition to citywide street improvements. The interest rates on these bonds range from 2.00% to 4.00%. 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, 2032. The remaining outstanding bonds of this issue total \$20,090,000 with total interest payable of \$5,951,274 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 ad valorem taxes. For the current year, principal and interest of \$200,758 was paid.
- *Current and Advance Refunding of Debt* - On December 4, 2012, the City issued Florida Municipal Loan Council Revenue Bonds, Series 2012B-1 and 2012B-2 in the amount of \$20,090,000 and \$14,770,000, respectively. The proceeds of Series 2012B-1 were used to refund the City's Series 2003A and Series 2003B covenant bonds. A portion of the proceeds of Series 2012B-1 was also used to finance the construction of various parks, parking and roadway improvements. The proceeds from Series 2012B-2 were used to refund the City's general obligation bonds, Series 2000B, Series, 2003A and Series 2003B. Bond proceeds that were used for the aforementioned refunding were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on the refunded bonds.

The total amount refunded includes advance refunding of \$13,955,000 and current refunding of \$7,645,000. As a result, the refunded bonds are considered to be

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deceased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying value of the old debt by \$650,716. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt. The advance refunding was undertaken to reduce total debt service payments by \$4,166,687 and resulted in an economic gain of \$3,232,556.

- *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, 2013, the aggregate outstanding principal amount of these loans totaled \$16,388,471. 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 \$10,134,136. 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, 2013, the unpaid principal balances of Water Pollution Control Loan No. WW69302L and Loan No. WW693030 were \$1,108,289 and \$5,146,046, 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 \$10,596,162 for the year ended September 30, 2013.
- *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 \$14,827,383. 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 \$1,337,148.

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3. Changes in Long-Term Liabilities – The following is a summary of changes in long-term liabilities for the year ended September 30, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 22,369,937	\$ 14,770,000	\$ 16,011,568	\$ 21,128,368	\$ 1,331,262
Covenant bonds	12,670,000	20,090,000	7,495,000	25,265,000	1,125,000
Plus: Deferred amounts for premiums/discounts	600,696	1,776,132	616,908	1,759,920	
Total bonds payable	<u>35,640,633</u>	<u>36,636,132</u>	<u>24,123,476</u>	<u>48,153,288</u>	<u>2,456,262</u>
Capital leases	479,369	-	247,373	231,996	150,602
Net OPEB liability	4,013,424	2,046,961		5,491,307	-
Claims and judgments	6,379,477	10,444,997	9,995,474	6,829,000	767,000
Due to other governments	263,525	-	131,763	131,762	131,762
Compensated absences	1,427,610	950,600	1,031,409	1,346,801	1,161,586
Total governmental activities long-term liabilities	<u>\$ 48,204,038</u>	<u>\$ 50,078,690</u>	<u>\$ 35,529,495</u>	<u>\$ 62,184,154</u>	<u>\$ 4,667,212</u>
Business-type activities:					
Capital leases	\$ 2,607,256	\$ -	\$ 846,647	\$ 1,760,609	\$ 672,784
Net OPEB liability	1,615,902	485,668	-	2,101,570	-
Compensated absences	966,149	614,670	610,975	969,844	575,504
Bonds payable	15,426,772	-	599,389	14,827,383	630,957
Loan payable	17,798,020	-	1,409,549	16,388,471	1,450,328
Total business-type activities long-term liabilities	<u>\$ 38,414,099</u>	<u>\$ 1,100,338</u>	<u>\$ 3,466,560</u>	<u>\$ 36,047,877</u>	<u>\$ 3,329,573</u>

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.

CITY OF DEERFIELD BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

4. Summary of Annual Debt Service Requirements – The annual debt service requirements to maturity for debt outstanding as of September 30, 2013 are as follows:

Governmental Activities Debt						
Year Ending September 30	<i>General Obligation Bonds</i>			<i>Covenant Bonds</i>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,331,262	\$ 1,203,738	\$ 2,535,000	\$ 1,125,000	\$ 834,088	\$ 1,959,088
2015	1,263,414	1,224,036	2,487,450	1,160,000	803,688	1,963,688
2016	1,238,401	1,252,861	2,491,262	1,195,000	764,913	1,959,913
2017	1,117,169	1,374,218	2,491,387	1,240,000	719,538	1,959,538
2018	1,104,936	1,386,034	2,490,970	1,295,000	667,038	1,962,038
2019-2023	5,450,043	7,014,875	12,464,918	7,100,000	2,689,361	9,789,361
2024-2028	6,152,959	2,134,852	8,287,811	8,405,000	1,437,892	9,842,892
2029-2032	3,470,184	36,900	3,507,084	3,745,000	357,363	4,102,363
Total	<u>\$ 21,128,368</u>	<u>\$ 15,627,514</u>	<u>\$ 36,755,882</u>	<u>\$ 25,265,000</u>	<u>\$ 8,273,881</u>	<u>\$ 33,538,881</u>

Business-Type Activities Debt						
Year Ending September 30	<i>Revolving Loans</i>			<i>Revenue Bonds</i>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,450,328	\$ 444,272	\$ 1,894,600	\$ 630,957	\$ 723,102	\$ 1,354,059
2015	1,492,312	402,288	1,894,600	662,017	692,332	1,354,349
2016	1,535,535	359,065	1,894,600	694,606	660,046	1,354,652
2017	1,580,038	314,562	1,894,600	727,083	627,888	1,354,971
2018	1,625,856	268,744	1,894,600	764,591	590,713	1,355,304
2019-2023	6,783,897	639,662	7,423,559	4,424,552	2,357,586	6,782,138
2024-2028	1,920,505	93,787	2,014,292	5,626,730	1,166,607	6,793,337
2029-2032	-	-	-	1,296,847	63,418	1,360,265
Total	<u>\$ 16,388,471</u>	<u>\$ 2,522,380</u>	<u>\$ 18,910,851</u>	<u>\$ 14,827,383</u>	<u>\$ 6,881,692</u>	<u>\$ 21,709,075</u>

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, 2013. 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, and therefore no expenditure and liability have been accrued at this time.

CITY OF DEERFIELD BEACH, FLORIDA
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 SEPTEMBER 30, 2013

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, 2013:

<u>Governmental Activities</u>	<u>Total</u>
Community Redevelopment Agency Funds	\$ 1,430,075
Cemetery reserve endowments	2,564,353
Local option gas tax	1,607,558
Impact fees	319,315
Grant funds	2,937,546
Law Enforcement/Crime Prevention /Other Trust Funds	1,525,079
Bond construction account	12,737,983
Loan debt service accounts	<u>2,539,617</u>
Total governmental activities restricted assets	<u>\$ 25,661,526</u>

<u>Business-type Activities</u>	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
Customer deposits	\$ 490,752	\$ 55,114	\$ 545,866
Bond construction accounts	2,709,589	-	2,709,589
Revolving loan covenant accounts	<u>743,838</u>	<u>-</u>	<u>743,838</u>
Total business-type activities restricted assets	<u>\$ 3,944,179</u>	<u>\$ 55,114</u>	<u>\$ 3,999,293</u>

CITY OF DEERFIELD BEACH, FLORIDA
 NOTES TO THE FINANCIAL STATEMENTS
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B. Restricted Net Position – Restricted net position in the government-wide statements include the following:

<u>Purpose</u>	<u>Amount</u>
Improvements to and programs within the Community Redevelopment Area	\$ 1,412,956
State Housing Initiative/Neighborhood Stabilization Grant Programs	1,612,730
Roadway improvements/parking system improvements	442,623
Senior Services programs	221,913
Confiscated property seizures/code enforcement fines for crime prevention	679,971
Beautification and landscape projects	104,893
Parks and recreational program	800,321
Perpetual care and general reserve operations for cemeteries	2,570,185
Debt service	<u>2,212,932</u>
Total restricted net position - governmental activities	<u>10,058,524</u>
Restricted for debt service (Water & Sewer Fund)	<u>743,838</u>
Total restricted net position - business-type activities	<u>743,838</u>
Total government-wide restricted net position	<u>\$ 10,802,362</u>

C. 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 \$175,000 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 \$100,000 for property damage claims. For all other risks of loss, the City has purchased an excess coverage insurance policy covering individual claims in excess of these specified amounts. Settled claims did not exceed the commercial coverage in any of the past three fiscal years.

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

At September 30, 2013, the amount of these liabilities was \$6,829,000. Changes in the reported liability since September 30, 2012 resulted from the following:

<u>Fiscal Year</u>	<u>Claims Payable October 1</u>	<u>Current Year's Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Liability September 30</u>
2013	\$ 6,379,477	\$ 10,444,997	\$ (9,995,474)	\$ 6,829,000
2012	6,380,086	6,414,409	(6,415,018)	6,379,477

CITY OF DEERFIELD BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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D. 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, 2013, 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.

E. 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: Tegrin 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

CITY OF DEERFIELD BEACH, FLORIDA

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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 2013, the state contributed \$661,060 and \$510,150 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, 2012, 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	\$ 86,701,434	\$ 120,019,498	\$ 33,318,064	72.2 %	\$ 10,434,701	319.3 %
Police	34,358,737	51,631,280	17,272,543	66.5	-	N/A
Non-Uniformed*	53,433,709	61,842,485	8,408,776	86.4	389,606	2,158.3

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.

CITY OF DEERFIELD BEACH, FLORIDA
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4. Annual Required Contributions – The City’s annual required contribution for the current year and related information for each plan is as follows:

	<u>Fire</u>	<u>Police</u>	<u>Non-uniformed</u>
Contribution rates:			
City	22.10%	N/A	439.54%
Plan members	9.00%	0.00%	9.00%
Annual required contribution	\$4,954,297	\$1,362,206	\$1,750,798
Percentage contributed	100%	100%	100%
Actuarial valuation date	10/01/12	10/01/12	10/01/12
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	3 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%	4.00%	4.00%
Cost of living adjustments	None	None	None

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

CITY OF DEERFIELD BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
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Information regarding fiscal year 2013 participant data for the three pension plans is as follows:

	Fire	Police	Non-uniformed	Total
<i>Number of plan members:</i>				
Retirees and beneficiaries				
currently receiving benefits	50	77	153	280
Vested terminated employees	1	0	5	6
<i>Active employees:</i>				
Fully vested	101	0	4	105
Non-vested	23	0	0	23
<i>Benefit provisions:</i>				
<i>Normal retirement benefit equals:</i>				
Average salary for years shown	3	3	3	
At the rate of/per year of service	(b)	3.00%	3.00%	
Maximum years of service	30	30	30	
<i>Normal retirement eligibility:</i>				
Age/service years	52/10	47/10	65/10	
(Alternative)	N/A /20	N/A /20	N/A	
<i>Early retirement eligibility:</i>				
Age/service years	47/10	47/10	55/10	

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

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

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

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
Fire			
2013	\$ 5,908,360	100.0%	\$ (338,839)
2012	4,962,391	99.8%	(347,551)
2011	3,313,162	100.2%	(355,645)
Police			
2013	\$ 1,987,484	99.9%	\$ (77,993)
2012	1,569,214	99.9%	(79,520)
2011	1,500,142	99.9%	(81,077)
Non-uniformed			
2013	\$ 1,750,798	100.0%	\$ -
2012	1,691,053	100.0%	-
2011	1,816,148	100.0%	-

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

	<u>Fire</u>	<u>Police</u>	<u>Non-Uniform</u>
a. Annual required contribution ("ARC")	\$ 5,908,360	\$ 1,985,957	\$ 1,750,798
b. Interest on Net Pension Obligation/(Asset) ("NPO"/"NPA")	(26,501)	(5,368)	-
c. Adjustment to ARC	35,213	6,895	-
d. Annual pension cost (a+b+c)	5,917,072	1,987,484	1,750,798
e. Actual contributions	5,908,360	1,985,957	1,750,798
f. NPO/(NPA) at beginning of year	(347,551)	(79,520)	-
g. (Increase) decrease in (NPA) (d-e)	8,712	1,527	-
h. NPO/(NPA) at end of year (f+g)	(338,839)	(77,993)	-

F. 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, 2013 of \$1,324,683. 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 \$662,342.

CITY OF DEERFIELD BEACH, FLORIDA

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G. 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.

H. 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 \$44,888,831 for General participants, \$15,168,330 for Fire participants and \$1,042,597 for Police participants at the October 1, 2012 valuation date are 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, 2013, there were 235 retired employees receiving a monthly benefit with an additional 362 eligible for participation in the future. Benefit payments totaled \$1,847,710 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, 2013 follow:

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Annual required contribution	\$ 4,493,109
Interest on plan obligation	225,173
Adjustment to ARC	<u>(217,429)</u>
Annual OPEB cost (AOC)	4,500,853
Actual contributions made	<u>(2,537,311)</u>
Increase in NOO	1,963,542
NOO - Beginning of year	<u>5,629,336</u>
NOO - End of year	<u>\$ 7,592,877</u>

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
2011	\$ 4,232,055	\$ 1,611,826	38.1%	\$ 3,366,255
2012	4,359,903	2,096,821	48.1%	5,629,336
2013	4,500,853	2,537,311	56.4%	7,592,877

As of the October 1, 2012 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, 2012
Actuarial cost method:	Entry-age
Amortization method:	Level percent, open
Remaining amortization period:	30 Years
Investment rate of return/discount rate:	4.0%
Inflation rate:	4.0%
Projected salary increases:	6%
Healthcare cost trend rate:	9.0%

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SEPTEMBER 30, 2013

I. New Accounting Pronouncements Not Yet Adopted – 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. The City's management has not yet determined the effect these statements will have on the City's financial statements.

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, 2014.

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, 2015. Implementation of this statement will result in the City accruing an obligation for the unfunded AAL amounts for each of the three pension plans. The latest balances of these amounts are presented in Note IV (E)(3).

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 include a variety of transactions referred to as mergers, acquisitions, and

CITY OF DEERFIELD BEACH, FLORIDA
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

transfers of operations. The provisions of this Statement will be effective for the City with its year ending September 30, 2014.

GASB Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*, is effective for financial statements for periods beginning after June 15, 2013. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive non-exchange financial guarantees. This Statement requires a government that extends a non-exchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This Statement requires a government that has issued an obligation guaranteed in a non-exchange transaction to report the obligation until legally released as an obligor. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. This Statement specifies the information required to be disclosed by governments that extend non-exchange financial guarantees. In addition, this Statement requires new information to be disclosed by governments that receive non-exchange financial guarantees. The City is aware of this requirement and has not yet assessed the impact this Statement will have on its financials.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, is effective for financial statements for periods beginning after June 15, 2014. The objective of this Statement is to improve accounting and financial reporting by addressing an issue in Statement No. 68, *Accounting and Financial Reporting for Pensions*, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and non-employer contributing entities. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The City is aware of this requirement and has not yet assessed the impact this Statement will have on its financials.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DEERFIELD BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BUDGETARY BASIS - UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		<u>(Budgetary Basis) Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Property taxes	\$ 25,813,821	\$ 25,813,821	\$ 26,185,412	\$ 371,591
Sales and use taxes	5,587,259	5,587,259	5,565,280	(21,979)
Fire assessment fees	8,212,003	8,212,003	8,491,262	279,259
Franchise fees	9,385,886	9,385,886	8,959,809	(426,077)
Utility taxes	6,420,000	6,420,000	7,343,575	923,575
Licenses and permits	2,542,000	2,842,000	3,006,077	164,077
Intergovernmental	2,528,244	2,528,244	2,957,007	428,763
Charges for services	8,404,768	8,404,768	8,119,544	(285,224)
Fines and forfeitures	1,057,100	1,057,100	763,073	(294,027)
Investment earnings	31,000	31,000	31,714	714
Miscellaneous:				
Donations/contributions	247,000	247,000	272,681	25,681
Administrative fees	5,251,120	5,251,120	5,251,120	-
Other	374,910	374,910	411,724	36,814
Total revenues	<u>75,855,111</u>	<u>76,155,111</u>	<u>77,358,278</u>	<u>1,203,167</u>
EXPENDITURES:				
Departmental:				
City commission	194,664	194,664	183,422	11,242
City manager	947,995	947,995	829,460	118,535
City clerk	487,353	487,353	465,725	21,628
City attorney	352,000	412,000	405,974	6,026
Central services	524,500	464,500	438,550	25,950
Parks & recreation	8,259,927	7,644,927	7,417,113	227,814
Fire/rescue	25,515,592	26,515,592	26,562,756	(47,164)
Human resources	428,015	428,015	380,405	47,610
Insurance/safety	3,772,034	5,147,073	4,984,147	162,926
Financial services	1,221,347	1,161,347	1,104,657	56,690
Planning and development services	2,307,419	2,307,419	2,205,582	101,837
Information technology services	1,267,769	1,217,769	1,025,869	191,900
Police	21,264,296	21,344,296	21,379,873	(35,577)
Environmental services	3,755,613	3,980,613	3,971,959	8,654
Senior services	2,340,247	2,340,247	1,994,136	346,111
Community participation	100,569	100,569	97,569	3,000
Other - unclassified	1,692,464	1,642,464	1,512,310	130,154
Debt service	258,778	258,778	222,149	36,629
Total expenditures	<u>74,690,582</u>	<u>76,595,621</u>	<u>75,181,656</u>	<u>1,413,965</u>
Excess (deficiency) of revenues over expenditures	<u>1,164,529</u>	<u>(440,510)</u>	<u>2,176,622</u>	<u>2,617,132</u>
Other financing sources (uses):				
Capital leases	215,000	215,000	-	(215,000)
Transfers in	2,415,784	2,498,571	4,738,061	2,239,490
Transfers out	<u>(4,157,139)</u>	<u>(3,730,231)</u>	<u>(5,797,105)</u>	<u>(2,066,874)</u>
Total other financing sources (uses)	<u>(1,526,355)</u>	<u>(1,016,660)</u>	<u>(1,059,044)</u>	<u>(42,384)</u>
Net change in fund balance	<u>\$ (361,826)</u>	<u>\$ (1,457,170)</u>	<u>\$ 1,117,578</u>	<u>\$ 2,574,748</u>

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 - UNAUDITED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		(Budgetary Basis) Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 2,118,506	\$ 2,118,506	\$ 2,105,718	\$ (12,788)
Investment earnings	1,000	1,000	3,547	2,547
Miscellaneous	-	-	2,500	2,500
Total revenues	2,119,506	2,119,506	2,111,765	(7,741)
EXPENDITURES				
Current:				
Economic environment	634,376	836,560	597,307	239,253
Public safety	-	49,000	35,401	13,599
Culture and recreation	190,000	190,000	109,218	80,782
Capital outlay	589,229	1,881,969	1,407,200	474,769
Total expenditures	1,413,605	2,957,529	2,149,126	808,403
Excess (deficiency) of revenues over expenditures	705,901	(838,023)	(37,361)	800,662
OTHER FINANCING SOURCES (USES)				
Transfers out	(705,901)	(705,901)	(1,473,926)	(768,025)
Total other financing sources (uses)	(705,901)	(705,901)	(1,473,926)	(768,025)
Net change in fund balances	\$ -	\$ (1,543,924)	\$ (1,511,287)	\$ 32,637

	GAAP Basis Actual	Net Encumbrances*	Non-GAAP Basis Actual
<u>Reconciliation of Budget and Actual:</u>			
Current expenditures	\$ 659,822	\$ 82,104	\$ 741,926
Capital outlay	1,224,249	182,951	1,407,200
Total expenditures	\$ 1,884,071	\$ 265,055	\$ 2,149,126

*In the above reconciliation, "net encumbrances" represents the difference between the encumbrances outstanding as of September 30, 2013 and the outstanding encumbrances as of September 30, 2012 which were paid during fiscal year 2013.

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						
10/1/2010	\$ 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
10/1/2012	86,701,000	120,019,000	33,318,000	72.2	10,435,000	319.3
POLICE						
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
10/1/2012	34,359,000	51,877,000	17,518,000	66.2	-	N/A
NON-UNIFORMED						
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
10/1/2012	53,433,709	61,842,485	8,408,776	86.4	389,606	2,158.3

Schedules of Contributions from Employer and Other Contributing Entities

Year Ended September 30	Fire		Police		Non-uniformed	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
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
2012	4,954,297	100	1,567,656	100	1,691,053	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
* 10/1/2010	-	\$ 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
10/1/2012	-	61,099,758	61,099,758	0.0	21,899,991	279.0

*Valuation is performed every two years. The next valuation is for the fiscal year ending September 30, 2015.

See accompanying notes to required supplementary information.

CITY OF DEERFIELD BEACH, FLORIDA
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 SEPTEMBER 30, 2013

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 2013, the General Fund budget increased by \$1,905,039 as a result of increased insurance claims as well as increased contributions to the City’s public safety defined benefit pension plans.

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	\$ 75,381,574	\$ (422,067)	\$ 74,959,507
Debt service	222,149	-	222,149
Total expenditures	\$ 75,603,723	\$ (422,067)	\$ 75,181,656

In the above reconciliation, “net encumbrances” represents the difference between the encumbrances outstanding as of September 30, 2013 and the outstanding encumbrances as of September 30, 2012, which were paid during fiscal year 2013.

C. Excess of Expenditures Over Appropriations – For the year ended September 30, 2013, expenditures exceeded appropriations in four of the City’s departments, the legal level of budgetary control. The Fire/Rescue and Police departments exceeded their budgets by \$47,164 and \$35,577, respectively. Favorable budget variances from other departments were utilized to offset over expenditures in these two departments.



City of

D E E R F I E L D

B E A C H

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.

CAPITAL PROJECTS FUNDS

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

PERMANENT FUNDS

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

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

CITY OF DEERFIELD BEACH, FLORIDA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2013

	Special Revenue Funds	Capital Grants Capital Projects Fund	Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,087,233	\$ 838,450	\$ 1,054,455	\$ 3,980,138
Investments	261,076	-	1,509,898	1,770,974
Receivables (net):				
Accounts	-	-	254	254
Interest	1,996	-	5,578	7,574
Due from other funds	1,350,933	-	-	1,350,933
Due from other governments	499,238	111,131	-	610,369
Real estate held for resale	1,246,000	-	-	1,246,000
Total assets	<u>\$ 5,446,476</u>	<u>\$ 949,581</u>	<u>\$ 2,570,185</u>	<u>\$ 8,966,242</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 133,520	\$ 53,202	\$ -	\$ 186,722
Accrued payroll	14,426	-	-	14,426
Due to other funds	305,567	4,563	-	310,130
Deferred revenue	132,945	106,569	-	239,514
Total liabilities	<u>586,458</u>	<u>164,334</u>	<u>-</u>	<u>750,792</u>
Fund balances:				
Non-spendable	-	-	1,229,499	1,229,499
Restricted	4,758,251	785,247	1,340,686	6,884,184
Unassigned	101,767	-	-	101,767
Total fund balances	<u>4,860,018</u>	<u>785,247</u>	<u>2,570,185</u>	<u>8,215,450</u>
Total liabilities and fund balances	<u>\$ 5,446,476</u>	<u>\$ 949,581</u>	<u>\$ 2,570,185</u>	<u>\$ 8,966,242</u>

CITY OF DEERFIELD BEACH, FLORIDA

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Special Revenue Funds	Capital Grants Capital Projects Fund	Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
REVENUES				
Local option gas tax	\$ 1,285,882	\$ -	\$ -	\$ 1,285,882
Intergovernmental	4,190,913	1,331,469	-	5,522,382
Charges for services	116,785	-	-	116,785
Fines and forfeitures	148,463	-	-	148,463
Investment earnings	894	-	16,454	17,348
Miscellaneous:				
Cemetery plot sales	-	-	80,100	80,100
Donations/contributions	369,315	-	-	369,315
Administrative fees	267,364	-	-	267,364
Other	215,324	-	-	215,324
Total revenues	<u>6,594,940</u>	<u>1,331,469</u>	<u>96,554</u>	<u>8,022,963</u>
EXPENDITURES				
Current:				
Economic environment	1,598,275	-	-	1,598,275
Public safety	248,532	-	-	248,532
Physical environment	1,039,976	-	-	1,039,976
Transportation	1,795,003	-	-	1,795,003
Culture and recreation	303,064	-	-	303,064
Capital outlay	1,649,339	538,158	-	2,187,497
Debt service:				
Principal	32,625	-	-	32,625
Interest and fiscal charges	1,521	-	-	1,521
Total expenditures	<u>6,668,335</u>	<u>538,158</u>	<u>-</u>	<u>7,206,493</u>
Excess (deficiency) of revenues over expenditures	<u>(73,395)</u>	<u>793,311</u>	<u>96,554</u>	<u>816,470</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	175,528	-	-	175,528
Transfers out	<u>(1,379,460)</u>	<u>(22,000)</u>	<u>(286,605)</u>	<u>(1,688,065)</u>
Total other financing sources (uses)	<u>(1,203,932)</u>	<u>(22,000)</u>	<u>(286,605)</u>	<u>(1,512,537)</u>
Net change in fund balances	<u>(1,277,327)</u>	<u>771,311</u>	<u>(190,051)</u>	<u>(696,067)</u>
Fund balances - beginning	<u>6,137,345</u>	<u>13,936</u>	<u>2,760,236</u>	<u>8,911,517</u>
Fund balances - ending	<u>\$ 4,860,018</u>	<u>\$ 785,247</u>	<u>\$ 2,570,185</u>	<u>\$ 8,215,450</u>

CITY OF DEERFIELD BEACH, FLORIDA

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

SEPTEMBER 30, 2013

	Road and Bridge Tax Fund	CDBG Fund	SHIP Grant Fund	Miscellaneous Grants Fund
ASSETS				
Cash and cash equivalents	\$ 60,053	\$ -	\$ 203,312	\$ 195,379
Investments	45,171	-	-	-
Receivables (net):				
Interest	316	-	-	-
Due from other funds	1,350,933	-	-	-
Due from other governments	151,401	8,367	-	339,470
Real estate held for resale	-	-	-	1,246,000
Total assets	<u>\$ 1,607,874</u>	<u>\$ 8,367</u>	<u>\$ 203,312</u>	<u>\$ 1,780,849</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 22,013	\$ 54,550	\$ -	\$ 56,012
Accrued payroll	13,570	-	-	-
Due to other funds	-	8,367	-	297,200
Deferred revenue	-	792	-	132,153
Total liabilities	<u>35,583</u>	<u>63,709</u>	<u>-</u>	<u>485,365</u>
Fund balances (deficit):				
Restricted	1,572,291	-	203,312	1,150,059
Unassigned	-	(55,342)	-	145,425
Total fund balances (deficit)	<u>1,572,291</u>	<u>(55,342)</u>	<u>203,312</u>	<u>1,295,484</u>
Total liabilities and fund balances	<u>\$ 1,607,874</u>	<u>\$ 8,367</u>	<u>\$ 203,312</u>	<u>\$ 1,780,849</u>

Parking Deviation Fund	General Trust Fund	Target Area Trust Fund	Beautification and Landscape Trust Fund	Law Enforcement Trust Fund	Crime Prevention Trust Fund	Total Nonmajor Special Revenue Funds
\$ 319,315	\$ 625,912	\$ 263,735	\$ 29,631	\$ 377,367	\$ 12,529	\$ 2,087,233
-	-	-	-	215,905	-	261,076
-	-	-	-	1,680	-	1,996
-	-	-	-	-	-	1,350,933
-	-	-	-	-	-	499,238
-	-	-	-	-	-	1,246,000
<u>\$ 319,315</u>	<u>\$ 625,912</u>	<u>\$ 263,735</u>	<u>\$ 29,631</u>	<u>\$ 594,952</u>	<u>\$ 12,529</u>	<u>\$ 5,446,476</u>
\$ -	\$ 100	\$ -	\$ -	\$ -	\$ 845	\$ 133,520
-	856	-	-	-	-	14,426
-	-	-	-	-	-	305,567
-	-	-	-	-	-	132,945
-	956	-	-	-	845	586,458
319,315	624,956	263,735	29,631	594,952	-	4,758,251
-	-	-	-	-	11,684	101,767
<u>319,315</u>	<u>624,956</u>	<u>263,735</u>	<u>29,631</u>	<u>594,952</u>	<u>11,684</u>	<u>4,860,018</u>
<u>\$ 319,315</u>	<u>\$ 625,912</u>	<u>\$ 263,735</u>	<u>\$ 29,631</u>	<u>\$ 594,952</u>	<u>\$ 12,529</u>	<u>\$ 5,446,476</u>

CITY OF DEERFIELD BEACH, FLORIDA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT)
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Road and Bridge Tax Fund	CDBG Fund	SHIP Grant Fund	Miscellaneous Grants Fund
REVENUES				
Local option gas tax	\$ 1,285,882	\$ -	\$ -	\$ -
Intergovernmental	525,578	1,988,545	105,730	1,571,060
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment earnings	526	-	-	-
Miscellaneous:				
Donations/contributions	-	-	-	185,000
Administrative fees	267,364	-	-	-
Other	-	-	-	215,324
Total revenues	<u>2,079,350</u>	<u>1,988,545</u>	<u>105,730</u>	<u>1,971,384</u>
EXPENDITURES				
Current:				
Economic environment	-	859,451	1,487	737,337
Public safety	-	-	-	11,911
Physical environment	-	-	-	1,020,926
Transportation	1,783,003	-	-	-
Culture and recreation	-	-	-	185,000
Capital outlay	157,118	1,124,743	-	351,618
Debt service:				
Principal	32,625	-	-	-
Interest and fiscal charges	1,521	-	-	-
Total expenditures	<u>1,974,267</u>	<u>1,984,194</u>	<u>1,487</u>	<u>2,306,792</u>
Excess (deficiency) of revenues over expenditures	<u>105,083</u>	<u>4,351</u>	<u>104,243</u>	<u>(335,408)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	95,528
Transfers out	(739,936)	(7,553)	(1,618)	(500,353)
Total other financing sources (uses)	<u>(739,936)</u>	<u>(7,553)</u>	<u>(1,618)</u>	<u>(404,825)</u>
Net change in fund balances	(634,853)	(3,202)	102,625	(740,233)
Fund balances (deficit) - beginning	<u>2,207,144</u>	<u>(52,140)</u>	<u>100,687</u>	<u>2,035,717</u>
Fund balances (deficit) - ending	<u>\$ 1,572,291</u>	<u>\$ (55,342)</u>	<u>\$ 203,312</u>	<u>\$ 1,295,484</u>

Parking Deviation Fund	General Trust Fund	Target Area Trust Fund	Beautification and Landscape Trust Fund	Law Enforcement Trust Fund	Crime Prevention Trust Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,285,882
-	-	-	-	-	-	4,190,913
-	104,235	-	12,550	-	-	116,785
-	-	50,035	-	97,448	980	148,463
-	-	-	-	368	-	894
-	133,719	-	-	1,250	49,346	369,315
-	-	-	-	-	-	267,364
-	-	-	-	-	-	215,324
-	<u>237,954</u>	<u>50,035</u>	<u>12,550</u>	<u>99,066</u>	<u>50,326</u>	<u>6,594,940</u>
-	-	-	-	-	-	1,598,275
-	142,495	-	-	67,898	26,228	248,532
-	8,600	-	10,450	-	-	1,039,976
12,000	-	-	-	-	-	1,795,003
-	118,064	-	-	-	-	303,064
-	-	-	-	15,860	-	1,649,339
-	-	-	-	-	-	32,625
-	-	-	-	-	-	1,521
<u>12,000</u>	<u>269,159</u>	<u>-</u>	<u>10,450</u>	<u>83,758</u>	<u>26,228</u>	<u>6,668,335</u>
<u>(12,000)</u>	<u>(31,205)</u>	<u>50,035</u>	<u>2,100</u>	<u>15,308</u>	<u>24,098</u>	<u>(73,395)</u>
-	80,000	-	-	-	-	175,528
-	-	-	-	(130,000)	-	(1,379,460)
-	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>(130,000)</u>	<u>-</u>	<u>(1,203,932)</u>
(12,000)	48,795	50,035	2,100	(114,692)	24,098	(1,277,327)
<u>331,315</u>	<u>576,161</u>	<u>213,700</u>	<u>27,531</u>	<u>709,644</u>	<u>(12,414)</u>	<u>6,137,345</u>
<u>\$ 319,315</u>	<u>\$ 624,956</u>	<u>\$ 263,735</u>	<u>\$ 29,631</u>	<u>\$ 594,952</u>	<u>\$ 11,684</u>	<u>\$ 4,860,018</u>

CITY OF DEERFIELD BEACH, FLORIDA
ROAD AND BRIDGE TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Budgeted Amounts</u>		<u>(Budgetary Basis)</u> <u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local option gas tax	\$ 1,320,316	\$ 1,320,316	\$ 1,285,882	\$ (34,434)
Intergovernmental	511,553	511,553	525,578	14,025
Investment earnings	2,500	2,500	526	(1,974)
Miscellaneous:				
Administrative fees	<u>267,364</u>	<u>267,364</u>	<u>267,364</u>	<u>-</u>
Total revenues	<u>2,101,733</u>	<u>2,101,733</u>	<u>2,079,350</u>	<u>(22,383)</u>
EXPENDITURES				
Current:				
Transportation	1,927,927	1,927,927	1,784,841	143,086
Capital outlay	100,000	100,000	179,476	(79,476)
Debt service:				
Principal	32,625	32,625	32,625	-
Interest	<u>1,521</u>	<u>1,521</u>	<u>1,521</u>	<u>-</u>
Total expenditures	<u>2,062,073</u>	<u>2,062,073</u>	<u>1,998,463</u>	<u>63,610</u>
Excess (deficiency) of revenues over expenditures	<u>39,660</u>	<u>39,660</u>	<u>80,887</u>	<u>41,227</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(414,272)</u>	<u>(497,059)</u>	<u>(739,936)</u>	<u>(242,877)</u>
Total other financing sources (uses)	<u>(414,272)</u>	<u>(497,059)</u>	<u>(739,936)</u>	<u>(242,877)</u>
Net change in fund balance	<u>\$ (374,612)</u>	<u>\$ (457,399)</u>	<u>\$ (659,049)</u>	<u>\$ (201,650)</u>

	GAAP Basis	Net	Non-GAAP
	Actual	Encumbrances*	Basis Actual
<u>Reconciliation of Budget and Actual:</u>			
Current expenditures	\$ 1,783,003	\$ 1,838	\$ 1,784,841
Capital outlay	157,118	22,358	179,476
Debt service	<u>34,146</u>	<u>-</u>	<u>34,146</u>
Total expenditures	<u>\$ 1,974,267</u>	<u>\$ 24,196</u>	<u>\$ 1,998,463</u>

*In the above reconciliation, "net encumbrances" represents the difference between the encumbrances outstanding as of September 30, 2013 and the outstanding encumbrances as of September 30, 2012, which were paid during fiscal year 2013.

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, 2013

	<u>Budgeted Amounts</u>		<u>(Budgetary Basis) Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 562,584	\$ 562,584	\$ 1,988,545	\$ 1,425,961
Total revenues	<u>562,584</u>	<u>562,584</u>	<u>1,988,545</u>	<u>1,425,961</u>
EXPENDITURES				
Current:				
Economic environment	278,196	278,196	859,451	(581,255)
Human services	164,765	164,765	-	164,765
Capital outlay	<u>1,259,818</u>	<u>1,259,818</u>	<u>1,124,743</u>	<u>135,075</u>
Total expenditures	<u>1,702,779</u>	<u>1,702,779</u>	<u>1,984,194</u>	<u>(281,415)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,140,195)</u>	<u>(1,140,195)</u>	<u>4,351</u>	<u>1,144,546</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(7,553)	(7,553)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(7,553)</u>	<u>(7,553)</u>
Net change in fund balances	<u>\$ (1,140,195)</u>	<u>\$ (1,140,195)</u>	<u>\$ (3,202)</u>	<u>\$ 1,136,993</u>

	GAAP Basis Actual	Net Encumbrances*	Non-GAAP Basis Actual
<u>Reconciliation of Budget and Actual:</u>			
Current expenditures	859,451	-	859,451
Capital outlay	<u>1,124,743</u>	-	<u>1,124,743</u>
Total expenditures	<u>1,984,194</u>	<u>-</u>	<u>1,984,194</u>

*In the above reconciliation, "net encumbrances" represents the difference between the encumbrances outstanding as of September 30, 2013 and the outstanding encumbrances as of September 30, 2012 which were paid during fiscal year 2013.

CITY OF DEERFIELD BEACH, FLORIDA
PENSION TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2013

	Fire Pension Fund	Police Pension Fund	Non- Uniformed Pension Fund	Total
ASSETS:				
Cash and cash equivalents	\$ 6,206,869	\$ 2,170,834	\$ 1,113,420	\$ 9,491,123
Investments:				
Mutual funds	40,416,858	28,797,047	6,700,149	75,914,054
U.S. Government securities	7,657,942	1,324,175	7,939,453	16,921,570
Corporate equities	27,850,993	4,423,732	34,124,032	66,398,757
Corporate bonds and notes	13,330,027	1,341,467	8,747,818	23,419,312
Total investments	89,255,820	35,886,421	57,511,452	182,653,693
Receivables:				
Interest and dividends	142,347	26,611	166,431	335,389
Contribution receivable (State)	142,150	-	-	142,150
Due from brokers	198,979	9,721	785,587	994,287
Total receivables	483,476	36,332	952,018	1,471,826
Other Assets	2,115	-	-	2,115
Total assets	95,948,280	38,093,587	59,576,890	193,618,757
LIABILITIES:				
Accounts payable	149,925	36,384	1,103,791	1,290,100
Total liabilities	149,925	36,384	1,103,791	1,290,100
NET POSITION:				
Held in trust for pension benefits	\$ 95,798,355	\$ 38,057,203	\$ 58,473,099	\$ 192,328,657

CITY OF DEERFIELD BEACH, FLORIDA
PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Fire Pension Fund	Police Pension Fund	Non- Uniformed Pension Fund	Total
ADDITIONS:				
Contributions:				
Employer	\$ 5,105,188	\$ 1,780,506	\$ 1,750,798	\$ 8,636,492
Plan members	945,101	-	34,435	979,536
State of Florida	<u>782,884</u>	<u>510,150</u>	<u>-</u>	<u>1,293,034</u>
Total contributions	<u>6,833,173</u>	<u>2,290,656</u>	<u>1,785,233</u>	<u>10,909,062</u>
Investment earnings:				
Interest and dividends	2,398,861	1,162,595	1,455,546	5,017,002
Net increase in the fair value of investments	<u>7,476,515</u>	<u>3,494,776</u>	<u>5,183,494</u>	<u>16,154,785</u>
Total investment earnings	9,875,376	4,657,371	6,639,040	21,171,787
Less investment expense	<u>(462,966)</u>	<u>(244,460)</u>	<u>(268,574)</u>	<u>(976,000)</u>
Net investment earnings	<u>9,412,410</u>	<u>4,412,911</u>	<u>6,370,466</u>	<u>20,195,787</u>
Other miscellaneous income	<u>157,821</u>	<u>169,596</u>	<u>7,174</u>	<u>334,591</u>
Total additions	<u>16,403,404</u>	<u>6,873,163</u>	<u>8,162,873</u>	<u>31,439,440</u>
DEDUCTIONS:				
Benefits paid	6,273,570	4,508,804	5,758,066	16,540,440
Administrative expenses	<u>300,973</u>	<u>78,174</u>	<u>82,006</u>	<u>461,153</u>
Total deductions	<u>6,574,543</u>	<u>4,586,978</u>	<u>5,840,072</u>	<u>17,001,593</u>
Change in net position	9,828,861	2,286,185	2,322,801	14,437,847
Net position held in trust for pension benefits:				
Beginning of year	<u>85,969,494</u>	<u>35,771,018</u>	<u>56,150,298</u>	<u>177,890,810</u>
End of year	<u>\$ 95,798,355</u>	<u>\$ 38,057,203</u>	<u>\$ 58,473,099</u>	<u>\$ 192,328,657</u>

STATISTICAL SECTION

(UNAUDITED)

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.

Financial Trends	82
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.</i>	
Revenue Capacity	88
<i>These schedules contain information to help the reader assess the City's most significant local revenue, property tax. Information about water and sewer rates is also included.</i>	
Debt Capacity	95
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt as well as the City's ability to issue additional debt.</i>	
Demographic and Economic Information	100
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	103
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial statements relate to the services that the City provides as well as the activities that the City performs.</i>	

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

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
Net investment in capital assets										
Restricted	\$ 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	\$ 58,120,088
Unrestricted	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	10,058,524
Total governmental activities net position	<u>\$ 2,730,352</u>	<u>\$ 5,260,129</u>	<u>\$ 6,629,059</u>	<u>\$ 13,167,465</u>	<u>\$ 17,702,129</u>	<u>\$ 11,233,454</u>	<u>\$ 4,546,293</u>	<u>\$ (1,279,034)</u>	<u>\$ (4,231,887)</u>	<u>\$ (4,979,499)</u>
	<u>\$ 38,323,274</u>	<u>\$ 43,760,914</u>	<u>\$ 51,400,870</u>	<u>\$ 64,101,314</u>	<u>\$ 72,467,519</u>	<u>\$ 70,071,067</u>	<u>\$ 66,873,557</u>	<u>\$ 63,718,007</u>	<u>\$ 63,000,502</u>	<u>\$ 63,199,113</u>
Business-type activities:										
Net investment in capital assets										
Restricted	\$ 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	\$ 48,869,742
Unrestricted	8,843,666	4,404,024	3,700,000	-	-	-	-	8,987,099	743,836	743,838
Total business-type activities net position	<u>\$ 7,406,184</u>	<u>\$ 8,729,211</u>	<u>\$ 11,472,388</u>	<u>\$ 14,999,740</u>	<u>\$ 18,368,395</u>	<u>\$ 18,673,997</u>	<u>\$ 19,889,646</u>	<u>\$ 15,646,387</u>	<u>\$ 28,999,074</u>	<u>\$ 32,233,021</u>
	<u>\$ 56,662,741</u>	<u>\$ 57,626,659</u>	<u>\$ 58,737,066</u>	<u>\$ 58,524,166</u>	<u>\$ 62,448,591</u>	<u>\$ 64,871,557</u>	<u>\$ 67,621,139</u>	<u>\$ 72,708,063</u>	<u>\$ 78,529,113</u>	<u>\$ 81,846,601</u>
Primary government:										
Net investment in capital assets										
Restricted	\$ 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	\$ 106,989,830
Unrestricted	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	10,802,362
Total primary government net position	<u>\$ 10,136,536</u>	<u>\$ 13,989,340</u>	<u>\$ 18,101,447</u>	<u>\$ 28,167,205</u>	<u>\$ 36,070,524</u>	<u>\$ 29,907,451</u>	<u>\$ 24,435,939</u>	<u>\$ 14,367,353</u>	<u>\$ 24,767,187</u>	<u>\$ 27,253,522</u>
	<u>\$ 94,986,015</u>	<u>\$ 101,387,573</u>	<u>\$ 110,137,936</u>	<u>\$ 122,625,480</u>	<u>\$ 134,916,110</u>	<u>\$ 134,942,624</u>	<u>\$ 134,494,696</u>	<u>\$ 136,426,070</u>	<u>\$ 141,529,615</u>	<u>\$ 145,045,714</u>

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

Fiscal Year

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses										
<i>Governmental activities:</i>										
General government	\$ 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	\$ 11,821,874
Economic environment	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	1,981,715
Public safety	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	52,604,329
Human services	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	2,136,865
Physical environment	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	4,978,883
Transportation	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	2,906,127
Culture and recreation	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	4,358,166
Interest on long-term debt	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	3,024,634
Total governmental activities expenses	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	83,812,793
<i>Business-type activities:</i>										
Water and sewer	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	20,899,520
Solid waste	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	14,354,330
Total business-type activities expenses	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	35,253,850
Total primary government expenses	\$ 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	\$ 119,066,643
Program Revenues										
<i>Governmental activities:</i>										
Charges for services:										
General government	\$ 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	\$ 878,655
Public safety	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	16,737,515
Human services	521,681	590,202	621,291	530,763	619,546	508,744	488,947	23,387	327,856	12,699
Physical environment	233,985	236,985	182,875	247,415	186,153	289,262	258,722	186,497	1,191,226	185,794
Transportation	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	1,677,235
Culture and recreation	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	1,699,851
Operating grants and contributions	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	7,588,761
Capital grants and contributions	2,470,520	1,521,244	732,532	1,700,423	820,248	426,674	925,167	2,038,731	2,330,864	1,630,221
Total governmental activities program revenues	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	30,410,731

Fiscal Year

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<i>Business-type activities:</i>										<Continued>
Charges for services:										
Water and sewer	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	24,651,018
Solid waste	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	15,441,291
Capital grants and contributions	213,360	111,760	224,577	174,208	591,520	1,333,400	12,240	292,206	27,539	111,699
Total business-type activities program revenues	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	40,204,008
Total primary government program revenues	\$ 53,550,815	\$ 56,538,362	\$ 66,908,224	\$ 64,230,336	\$ 66,905,384	\$ 69,169,954	\$ 69,123,845	\$ 71,984,486	\$ 69,140,792	\$ 70,614,739
Net (expense)/revenue	\$ (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)	\$ (53,402,062)
<i>Governmental activities</i>										
Business-type activities	4,829,766	586,439	564,688	(974,966)	3,554,996	2,108,765	2,739,811	5,048,077	5,316,480	4,950,158
Total primary government net expense	\$ (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)	\$ (48,451,904)
General Revenues and Other Changes										
in Net Position										
<i>Governmental activities:</i>										
Taxes:										
Property taxes	\$ 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	\$ 28,188,611
Utility taxes	-	-	-	-	-	-	-	-	6,705,240	7,343,575
Sales taxes	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	4,394,070
Franchise fees	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	8,959,809
Local option gas taxes	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	1,285,882
Alcoholic beverage/mobile home license taxes	-	54,143	53,554	56,304	55,940	56,288	55,795	49,433	52,419	48,407
Unrestricted grants and contributions	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	1,471,496
Unrestricted investment earnings	497,863	1,183,078	1,913,598	2,264,270	1,505,692	719,477	160,249	77,980	39,677	64,333
Miscellaneous	72,457	279,254	14,675	52,586	46,313	87,851	65,561	432,884	176,178	166,419
Transfers	960,000	-	-	10,000	-	-	-	(7,014)	(477,187)	1,678,071
Total governmental activities	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	53,600,673
<i>Business-type activities:</i>										
Unrestricted investment earnings	146,225	377,479	545,719	772,066	369,429	314,201	9,771	31,833	27,383	45,401
Transfers	(960,000)	-	-	(10,000)	-	-	-	7,014	477,187	(1,678,071)
Total business-type activities	(813,775)	377,479	545,719	762,066	369,429	314,201	9,771	38,847	504,570	(1,632,670)
Total primary government	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	51,968,003
Change in Net Position										
Governmental activities	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)	198,611
Business-type activities	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	3,317,488
Total primary government	\$ 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	\$ 3,516,099

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
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
2013	28,188,611	7,343,575	4,394,070	8,959,809	1,285,882	48,407	50,220,354

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 1,532,890	\$ 2,178,213	\$ 2,172,010	\$ 1,785,062	\$ 1,512,466	\$ 1,236,143	\$ 1,603,545	\$ -	\$ -	\$ -
Unreserved	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	696,001
Assigned	-	-	-	-	-	-	-	3,885,412	4,600,367	4,193,717
Unassigned	-	-	-	-	-	-	-	4,682,040	1,711,253	2,823,003
Total general fund	\$ 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	\$ 7,712,721
All other governmental funds										
Reserved	\$ 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	344,506	3,295,186	5,809,033	7,484,980	9,535,257	11,371,568	12,241,644	-	-	-
Debt service funds	151,186	166,762	4,280	242,033	282,601	285,989	288,157	-	-	-
Capital projects funds	(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	1,229,499
Restricted	-	-	-	-	-	-	-	16,846,273	12,280,648	22,844,054
Unassigned	-	-	-	-	-	-	-	(908,678)	(245,058)	101,767
Total all other governmental funds	\$ 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	\$ 24,175,320

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Property taxes	\$ 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	\$ 28,291,130
Sales taxes	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	5,565,280
Fire assessment fees	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	8,491,262
Franchise fees	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	8,959,809
Utility taxes	-	-	-	-	-	-	-	-	6,705,240	7,343,575
Local option gas tax	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	1,285,882
Licenses and permits	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	3,006,077
Intergovernmental	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	8,753,280
Charges for services	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	8,236,329
Fines and forfeitures	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	911,536
Investment earnings	497,863	1,262,404	2,107,992	2,422,453	1,531,661	724,805	160,673	78,154	39,677	64,333
Miscellaneous	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	6,870,128
Total revenues	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	87,778,621
Expenditures										
General government	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	\$ 15,483,228
Economic environment	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	2,113,478
Public safety	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	51,659,751
Human services	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	2,081,504
Physical environment	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	4,334,094
Transportation	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	1,850,040
Culture and recreation	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	3,504,151
Capital outlay	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	6,176,331
Debt service										
Principal	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	9,798,940
Interest	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	2,208,582
Other charges	321,552	-	-	116,982	-	-	-	-	-	332,013
Total expenditures	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	99,542,112
Excess of revenues over (under) expenditures	(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)	(11,763,491)
Other financing sources (uses)										
Transfers in	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	10,647,167
Transfers out	(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)	(8,969,096)
Bonds issued	17,890,000	-	-	5,965,000	-	-	-	-	-	34,860,000
Premium on bonds issued	464,820	-	-	32,679	-	-	-	-	-	1,125,416
Payment to refunding bond escrow agent	-	-	-	-	-	-	-	-	-	(14,282,254)
Capital leases	1,449,167	1,551,437	584,532	378,318	416,244	726,733	424,788	-	-	-
Total other financing sources (uses)	20,763,987	1,551,437	584,532	6,385,997	416,244	726,733	424,788	(7,014)	(16,776)	23,381,233
Net change in fund balances	\$ 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)	\$ 11,617,742
Debt service as a percentage of noncapital expenditures	6.0%	6.4%	5.5%	5.6%	5.8%	5.6%	5.5%	5.4%	5.1%	13.2%

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
2004	\$ 27,601,682	\$ -	\$ 3,786,457	\$ 8,465,117	\$ 1,348,128	\$ 58,009	\$ 42,607,521
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
2013	28,291,130	7,343,575	5,565,280	8,959,809	1,285,882	48,407	51,494,083

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

Fiscal Year	Real Property (1)	Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value (1)	Taxable Assessed Value as a Percentage of Actual Taxable Value	
							Value	Value
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	
2013	6,068,817,518	389,788,094	1,614,924,968	4,843,680,644	5.7688	7,605,089,169	63.690	

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

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

Source: Broward County, Florida Property Appraiser

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

Fiscal Year	City of Deerfield Beach					County					School District					Overlapping Rates								
	Operating Millage		Debt Service Millage		Total City Millage	Operating Millage		Debt Service Millage		Total County Millage	Operating Millage		Debt Service Millage		Total School District Millage	Children's Services		North Broward Hospital District		South Florida Water Management District		Florida Inland Navigation District		Total Direct & Overlapping Rates
	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage	Millage
2004	6.3819	0.4550	0.3096	0.4550	6.8369	6.6065	0.5815	0.5399	0.2936	7.1880	8.1240	0.2936	0.2555	8.4176	0.3920	2.5000	0.6970	0.0385	0.6970	0.0385	0.6970	0.0385	0.0385	26.0700
2005	6.5205	0.3096	0.3096	0.3096	6.8301	6.4831	0.5399	0.2555	8.0140	7.0230	8.0140	0.2555	0.2555	8.2695	0.4231	2.4803	0.6970	0.0385	0.6970	0.0385	0.6970	0.0385	0.0385	25.7615
2006	5.9949	0.5051	0.5051	0.5051	6.5000	6.2942	0.4888	0.2213	7.8410	6.7830	7.8410	0.2213	0.2213	8.0623	0.4231	2.1746	0.6970	0.0385	0.6970	0.0385	0.6970	0.0385	0.0385	24.6785
2007	5.8250	0.4250	0.4250	0.4250	6.2500	5.6433	0.4228	0.1897	7.6790	6.0661	7.6790	0.1897	0.1897	7.8687	0.4073	1.8317	0.6970	0.0385	0.6970	0.0385	0.6970	0.0385	0.0385	23.1593
2008	4.9537	0.3963	0.3963	0.3963	5.3500	4.8889	0.3979	0.1714	7.4770	5.2868	7.4770	0.1714	0.1714	7.6484	0.3572	1.6255	0.6240	0.0345	0.6240	0.0345	0.6240	0.0345	0.0345	20.9264
2009	4.9072	0.3928	0.3928	0.3928	5.3000	4.8889	0.4256	-	7.4170	5.3145	7.4170	-	-	7.4170	0.3754	1.7059	0.6240	0.0345	0.6240	0.0345	0.6240	0.0345	0.0345	20.7713
2010	5.3499	0.4401	0.4401	0.4401	5.7900	4.8889	0.5000	-	7.4310	5.3889	7.4310	-	-	7.4310	0.4243	1.7059	0.6240	0.0345	0.6240	0.0345	0.6240	0.0345	0.0345	21.3986
2011	6.2482	0.5206	0.5206	0.5206	6.7688	5.1021	0.4509	-	7.6310	5.5530	7.6310	-	-	7.6310	0.4696	1.8750	0.6240	0.0345	0.6240	0.0345	0.6240	0.0345	0.0345	22.9559
2012	5.1856	0.5832	0.5832	0.5832	5.7688	5.1860	0.3670	-	7.4180	5.5530	7.4180	-	-	7.4180	0.4789	1.8750	0.4363	0.0345	0.4363	0.0345	0.4363	0.0345	0.0345	21.5645
2013	5.1856	0.5832	0.5832	0.5832	5.7688	5.2576	0.2954	-	7.4560	5.5530	7.4560	-	-	7.4560	0.4902	1.8564	0.4289	0.0345	0.4289	0.0345	0.4289	0.0345	0.0345	21.5878

Source: Broward County, Florida Property Appraiser.

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

Taxpayer	2013			2004		
	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%	\$ 58,902,640	1	1.28%
2. City National Bank of FL, Trustee	58,471,609	2	1.21	44,523,430	2	-
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	24,601,990	5	-
6. Quiet Waters Business Park LLC	41,236,190	6	0.85	20,603,500	9	-
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. Felcor/CSS Holdings LP	-	-	-	31,373,450	3	0.91
12. SPTMRT Properties Trust	-	-	-	25,527,580	4	0.65
13. CMD Southwest Inc	-	-	-	22,992,970	6	0.54
14. Security Capital Atlantic	-	-	-	22,922,950	7	0.47
15. FGI Financing I	-	-	-	22,638,800	8	0.44
16. TMT Pointe at Crystal Lake Inc	-	-	-	19,224,640	10	0.44
Totals	\$ 441,382,605		7.79%	\$ 293,311,950		5.70%

Source: Broward County, Florida Property Appraiser

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

Fiscal Year	Tax Roll Year	Taxes Levied	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections*	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
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
2013	2012	28,007,125	26,185,412	93.5	362,795	26,337,166	94.0

*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 EIGHT FISCAL YEARS

(in thousands of gallons)

Type of Customer	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
Residential - Single Family	1,149,325	1,009,215	853,997	869,554	828,961	838,122	747,798	772,444
Residential - Multi-Family	1,293,297	1,248,119	1,079,640	1,056,023	1,119,125	1,095,698	1,063,976	1,123,024
Commercial	698,500	637,803	595,610	557,264	518,014	515,713	513,810	557,271
Irrigation	995,724	500,496	386,885	466,396	532,637	489,519	505,949	551,942
Hydrants	274	5,194	1,343	368	777	1,764	44	98
Total	4,137,120	3,400,827	2,917,475	2,949,605	2,999,514	2,940,816	2,831,577	3,004,779

Total direct rate per 1,000 gallons \$ 1.70 \$ 1.80 \$ 2.65 \$ 2.65 \$ 2.65 \$ 2.65 \$ 2.65

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

Source: City of Deerfield Beach, Department of Financial Services

CITY OF DEERFIELD BEACH, FLORIDA

WATER AND SEWER RATES

LAST TEN FISCAL YEARS

Fiscal Year	Water		Sewer	
	Monthly Base Rate	Rate per 1,000 Gallons	Monthly Base Rate	Rate per 1,000 Gallons
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
2013	15.00	2.65	10.98	2.71

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

Source: City of Deerfield Beach, Management & Budget Department

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

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Improvement Revenue Bonds	Covenant Bonds	Capital Leases	Loans and Notes	Water and Sewer Bonds	Capital Leases	Loans and Notes	Capital Leases				
2004	\$ 33,482,219.00	\$ 970,000.00	\$ 9,305,000.00	\$ 1,934,053.00	\$ 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		
2013	21,128,368	-	25,265,000	231,996	-	14,827,383	1,760,609	16,388,471	79,601,827	4.33%	1,041		

*Personal income data not available for fiscal years 2004 - 2005.

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Funds</u>	<u>Total</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
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
2013	21,128,368	2,539,617	18,588,751	0.24	243

Source: City of Deerfield Beach, Financial Services Department

CITY OF DEERFIELD BEACH, FLORIDA
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF SEPTEMBER 30, 2013

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Direct Debt:			
General obligation bonds			\$ 21,128,368
Covenant bonds (1)			25,265,000
Capital leases			<u>231,996</u>
Total direct debt			<u>46,625,364</u>
Overlapping Debt:			
School Board of Broward County, Florida:			
Certificates of participation	1,888,062,000 (3)	4.30% *	81,186,666
Capital leases	15,463,000 (3)	4.30% *	664,909
Broward County, Florida (2)	301,730,000 (3)	4.30% *	<u>12,974,390</u>
Subtotal, overlapping debt			<u>94,825,965</u>
Total direct and overlapping debt			<u>\$ 141,451,329</u>

(1) \$5,095,000 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, 2013.

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

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

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

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

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

Fiscal Year	Gross Revenues (A)	Expenses (B)	Net Revenue Available for Debt Service	<u>Debt Service Requirements</u>			Coverage
				Escrow or Principal	Interest	Total (C)	
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
2013	24,696,419	14,235,267	10,461,152	1,968,105	1,278,885	3,246,990	3.22

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 SEVEN FISCAL YEARS

Fiscal Year (D)	Gross Revenues (A)	Expenses (B)	Net Revenue Available for Debt Service	<u>Debt Service Requirements</u>			Coverage
				Escrow or Principal	Interest	Total (C)	
2007	\$ 6,983,852	\$ -	\$ 6,983,852	\$ -	\$ 59,192	\$ 59,192	117.99
2008	5,877,311	-	5,877,311	100,000	257,869	357,869	16.42
2009	5,686,502	-	5,686,502	140,000	253,069	393,069	14.47
2010	5,100,276	-	5,100,276	150,000	242,269	392,269	13.00
2011	5,049,066	-	5,049,066	155,000	238,069	393,069	13.00
2012	4,865,482	-	4,865,482	165,000	233,069	398,069	12.00
2013	4,717,719	-	4,717,719	175,000	225,069	400,069	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 SIX 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	6.5
2013	76,473	1,836,793	24,019	43.3	7,496	5.8

Sources

- (1) City of Deerfield Beach, Planning & Development Svcs. 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 AND NINE YEARS AGO

<u>Employer</u>	<u>2013</u>			<u>2004</u>
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Rank</u>
Publix Corporation	1,751	1	4.36%	N/A*
Broward Health North	1,134	2	2.83%	N/A*
JM Family Enterprises	1,132	3	2.82%	N/A*
Sun-Sentinel	527	4	1.31%	N/A*
UPS	503	5	1.25%	N/A*
City of Deerfield Beach	478	6	1.19%	N/A*
Republic National Distribution	327	7	0.81%	N/A*
Broward Sheriff Office	298	8	0.74%	N/A*
List Industries	217	9	0.54%	N/A*
Medics Ambulance Service	124	10	0.31%	N/A*
	<u>6,491</u>		<u>16.17%</u>	

*Note: Information for fiscal year 2004 is unavailable.

*Sources: Employer's Human Resource Department
City of Deerfield Beach, Planning & Development Svcs. 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

<u>Function/Programs</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Government	67	71	78	67	66	66	58	62	66	64
Public Safety										
Police										
Uniformed	108	123	129	129	129	129	123	126	126	126
Civilians	55	62	68	53	53	53	43	43	43	46
Fire/Rescue										
Firefighters and Officers	133	149	151	151	150	149	140	140	154	143
Bldg. Inspection Services	18	21	22	22	21	21	20	17	18	19
Civilians	17	18	20	17	20	20	20	20	2	2
Economic Environment	1	1	1	1	0	1	1	1	1	1
Culture and Recreation	58	117	75	75	84	94	86	65	64	70
Human Services	50	50	46	40	41	37	40	37	38	39
Physical Environment										
Public Works Administration	4	4	4	4	4	4	3	1	0	0
Grounds Maintenance	38	39	42	40	39	39	21	42	38	31
Parks	27	44	44	39	41	44	11	11	7	7
Water & Sewer	90	87	87	74	75	74	68	65	60	58
Solid Waste	59	71	71	65	67	67	60	49	53	55
Transportation										
Street Maintenance	15	15	15	14	15	15	13	11	10	10

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

Function	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
Public Safety								
<i>Police:</i>								
Physical arrests	4,070	4,768	4,815	4,775	4,195	2,926	2,432	2,435
Parking violations	23,871	21,758	15,281	19,654	19,638	17,446	16,603	15,248
Traffic violations	17,213	18,435	22,329	21,403	17,068	15,023	17,357	11,214
<i>Fire/Rescue:</i>								
Number of emergency responses		18,739	19,664		20,395	20,473	22,916	21,005
Inspections	3,756	4,298	4,147	7,839	6,099	6,147	7,033	5,400
Fires extinguished	256	245	289	146	147	156	115	162
Transportation								
<i>Streets Maintenance:</i>								
Streets resurfacing (miles)	3	1	0	0	2.5	2.2	0	13
Potholes repaired	88	1,998*	2,209	2,313	2,212	2,212	1,800	800
Sidewalk repaired (feet)				1,800	2,700	3,200	13,900	12,000
<i>Transit Services</i>								
Total route miles	105,252	113,879	116,379	126,638	92,167	83,458	99,846	64,570
Number of trips	12,253	13,909	10,188	29,506*	27,672	23,329	25,368	87,205*
Physical Environment								
Number of burials	150	123	128	209	118	130	84	113
Culture and Recreation								
Athletics field permits issued	68	75	11	32	73	70	99	65
Number of participants in arts & education classes	20,948	25,000	27,500	32,000	11,922	12,000	3,500	13,625
Number of special event permits issued	70	180	112	97	59	70	129	121
Attendance at special events	359,665	400,000	400,000	350,000	244,750	240,000	224,000	231,995
Water								
New connections	48	59	35	27	15	32	12	8
Water main breaks	41	107	120	65	63	65	39	53
Average daily consumption (millions of gallons)	23,889	10.55 mgd	9.41 mgd	9.60 mgd	9.49 mgd	9.49 mgd	9.49 mgd	9.49 mgd
Permitted Raw Water withdrawal		12.8 mgd	12.8 mgd	14.1 mgd				
Sewer								
Average daily sewage treatment (thousands of gallons)	6,500	6,500	6,500	7,400	7,000	7,000	7,000	7,000
Solid Waste								
Refuse collected (tons/day)	207	366	247	189	248	196	246	251
Recyclables collected (tons/day)	111	32	33	22.8	26.7	37.4	24.6	28.8
Human Services								
<i>Childcare:</i>								
Average daily attendance	25	30	28	19	16	13	13	15
Number of meals served	26,250	31,250	29,500	24,648	27,997	18,956	15,639	20,491
<i>Adult Daycare:</i>								
Average daily attendance	10	10	10	10	7	6	7	8
<i>Alzheimer's Daycare:</i>								
Average daily attendance	20	30	25	24	27	23	18	25

Source: Various City departments

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

*The number of trips are higher than the previous years since they include both paratransit and local service program transportation services.
 Transportation- Community Bus Shuttles (DBE I & II)

CITY OF DEERFIELD BEACH, FLORIDA
 CAPITAL ASSET STATISTICS BY FUNCTION
 LAST EIGHT FISCAL YEAR

Function	Fiscal Year							
	2006	2007	2008	2009	2010	2011	2012	2013
<i>Public Safety</i>								
<i>Police</i>								
Stations	2	2	2	2	2	2	2	2
Patrol units	173	162	162	162	129	126	126	126
<i>Fire/Rescue</i>								
Stations	4	4	4	4	5	6	6	6
Rescue ambulances	8	8	8	8	8	8	8	6
Fire engines	6	6	6	6	6	6	6	4
Ladder/heavy squad trucks	2	2	2	2	2	2	1	1
<i>Transportation</i>								
Streets (miles)	146	146	146	146	146	146	146	146
Sidewalks (miles)	135	135	135	135	135	135	135	136
Streetlights (poles)	296	4,400*	4,400*	5,200	5,200	7,000	7,000	7,000
Traffic signals	64	68	68	68	68	68	68	68
<i>Culture and Recreation</i>								
Parks acreage	125	125	125	140	140	324	324	317
Parks	29	29	29	31	33	33	33	34
Swimming Pools	1	1	1	1	1	1	1	1
Tennis Courts	5	6	6	12	12	12	12	12
Community Centers	2	3	3	2	3	2	2	2
<i>Water</i>								
Water Main (miles)	230	230	230	232	232	232	232	232
Number of participants in arts & education classes	1,937	1,941	1,941	2,044	2,044	2,300	2,300	2,300
Maximum daily capacity (millions of gallons)	34,800 (a)	34.8 mgd						
<i>Sewer</i>								
Sanitary sewers (miles)	135	135	135	136	136	137	137	137
Storm sewers (miles)	37	37	37	47.7	48.0	48.0	48.0	48.0
Average Daily treatment capacity (thousands of gallons)	7,000	7,000	7,000	7,000	7,400	7,400	7,400	7,400
<i>Solid Waste</i>								
Collection trucks	40	41	41	40	41	38	32	32

Source: Various City Departments.

(a)- thousands

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