



City of  
**Deerfield Beach**

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**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

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Fiscal Year Ended September 30, 2017



Deerfield Beach  
Florida



**CITY OF DEERFIELD BEACH, FLORIDA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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

# City of Deerfield Beach, Florida

Comprehensive Annual Financial Report  
For the Year Ended September 30, 2017

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April 6, 2018

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, 2017.

Local ordinances and state statute require that the City issue a report on the financial position and activity within nine 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.

Marcum 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, 2017, 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, 2017, are fairly presented in conformity with GAAP. The independent auditors' 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) Uniform Guidance and Florida Single Audit Act in accordance with Chapter 10.550, Rules of the Auditor General. These standards require the independent auditor to report not only on the fair presentation of the basic financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the City of Deerfield Beach's separately issued Compliance 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 auditors' 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 and the CRA Fund, this comparison is presented on pages 80 and 81, respectively, as part of the required supplementary information. For governmental funds, other than the General and CRA funds, with appropriated annual budgets, this comparison is presented in the combining and individual fund statements and schedules.

### **Factors Affecting Economic Condition**

#### **Local Economy**

Home to over 78,000 residents, Deerfield Beach is located on the east coast of Florida in Broward County. The City is primarily a residential community and offers commercial development such as shopping facilities, office buildings, restaurants, tourist lodgings and light industry.

The City continues to make some noticeable economic progress since the recession. Major revenue sources of the City, such as property, sales and utility taxes as well as building permit revenue, which were impacted severely during the recession, are now showing some signs of continued growth. Property tax revenue has increased by over 42% since Fiscal Year 2012. Likewise, retail sales have increased by over 49% from calendar year 2012 to calendar year 2016, the most recent period for which this data was available.

In addition, the year-over-year increase in the median sales price of single-family homes in the Broward County metropolitan region has increased by approximately 10.8% to \$345,000 from January, 2017. However, according to the University of Florida Consumer Sentiment Index, overall consumer sentiment for February 2018 declined slightly by 1.9 points to 99.4 from the previous month. Consumer sentiment among Floridians declined during February 2018, as a result of pessimism

brought about by volatility in the stock market. According to the survey, “although February experienced a decline in consumer sentiment, confidence has been high since 2017. In the near future economic activity will prosper due to positive trends and higher wages leading to increased consumption [economic activity].”

The unemployment rate within the Fort Lauderdale-Pompano Beach-Deerfield Beach Metropolitan Statistical Area (MSA) decreased during the fiscal year. As of September 30, 2017, the MSA's unemployment rate was that of 3.7%, which represents a decrease from the previous year's rate of 4.6%. The City's unemployment rate also decreased from 4.5% to 3.7%, as of the end of the fiscal year.

#### Long-Term Financial Planning

Despite 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.

The City maintained its credit rating of “AA” for its General Obligation Refunding Bonds, Series 2012B-2. The City's credit rating for its debt secured by its covenant-to-budget and appropriate non-ad valorem revenue was recently upgraded from “AA-” to “AA” by Standard & Poor's Global Ratings. The City's credit profile for its covenant-to-budget and appropriate debt from Fitch Ratings remained the same at “AA-.”

The City's 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. For fiscal years 2018 – 2022, the City Commission adopted a CIP budget in excess of \$88.2 million.

### **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:

- Completion of Phase I of the City's Arboretum Rainforest.
- Roadway improvements along Hillsboro Boulevard from Military Trail to US 1. These improvements will consist of improving the off-ramp from northbound I-95 to eastbound Hillsboro Boulevard and adding a second lane to increase capacity; relocating and upgrading drainage structures; upgrading signalization; installing decorative lighting; upgrading crosswalk ramps to meet ADA requirements; addition of a bike lane in each direction and installation of decorative lighting. This \$9.4 million project is funded and administered by FDOT.
- Completion of the expansion and redevelopment of Sullivan Park. Among other things, this project doubled the size of a previously existing City park and also created a pedestrian linkage along the Intracoastal Waterway to the recently improved Cove Shopping Center.
- The recertification of the Land Use Element for Pioneer Grove was completed on July 31, 2017. The City has completed an Infrastructure Master Plan since this time and is coordinating construction and installation of utilities, roadways, sidewalks, landscaping and drainage beginning in 2019.

- The City has acquired the land for the Branhilda Richardson-Knowles Memorial Park to be completed by the end of 2018. This project is a 3.3 acre memorial park in remembrance of African-Americans who were buried there dating back to the 1800's.
- Substantial completion of roadway improvements on Northeast 3<sup>rd</sup> Avenue between Sample Road and Northeast 48<sup>th</sup> Street.
- Commencement of the design phase of the North Beach Pavilion, which will entail replacement of the existing pavilion with a covered, two-story pavilion along with a concession room, a multi-purpose room, and a storage room as well as ADA restrooms and elevator and reconstruction of the existing parking lot with concrete pavement, landscaping, drainage and irrigation.

#### **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, 2016. This was the 37<sup>th</sup> consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.


A Certificate of Achievement is valid for a period of only one year. 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 2017-18 for the 21<sup>th</sup> consecutive year. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

Thank you for your 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, 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, CPA, CGFO  
Chief Financial Officer





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Deerfield Beach  
Florida**

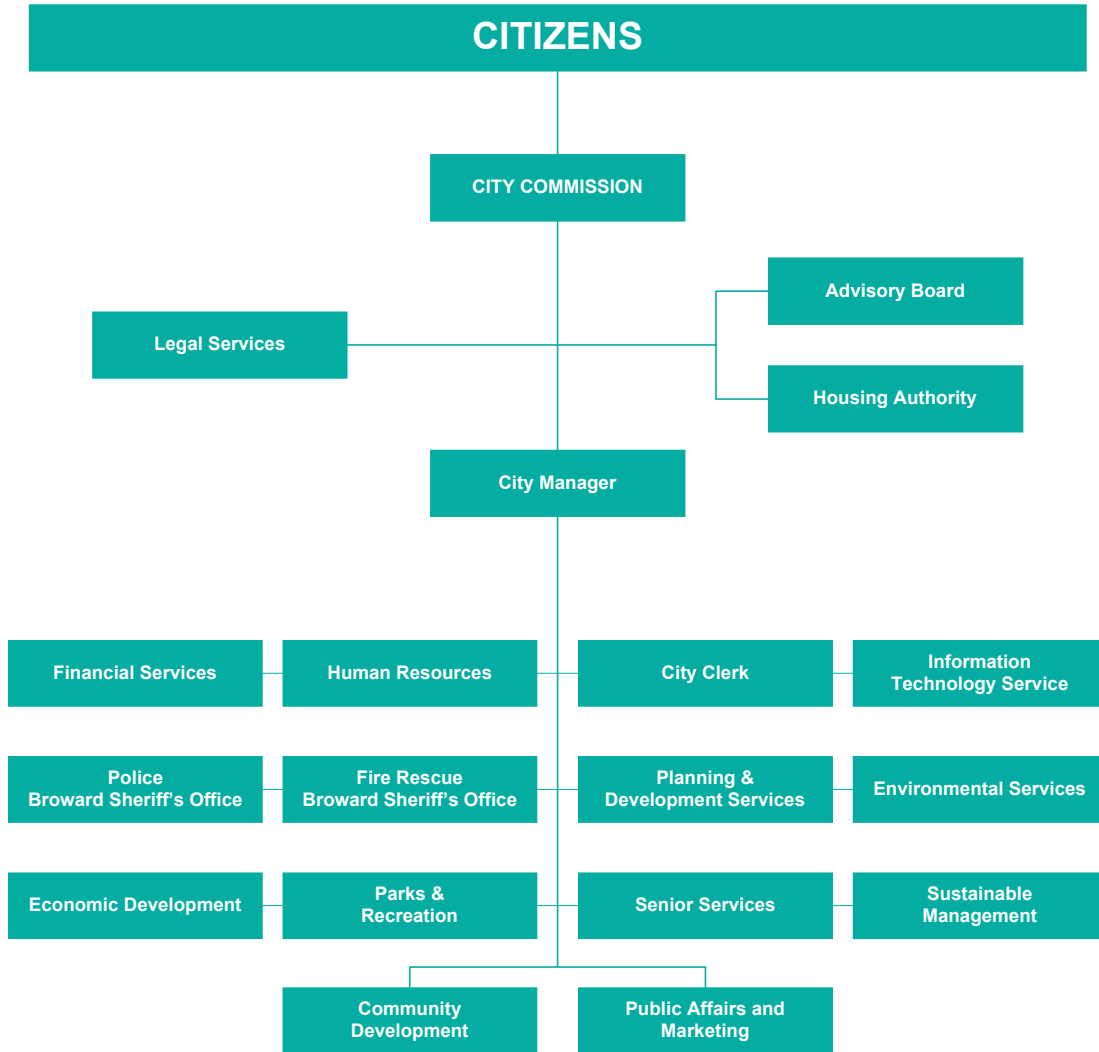
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2016**

*Christopher P. Morill*

Executive Director/CEO

# Deerfield Beach Organizational Chart



City of Deerfield Beach, Florida  
List of Elected and Appointed Officials  
September 30, 2017

Elected Officials

Mayor  
Vice Mayor  
Commissioner  
Commissioner  
Commissioner

Bill Ganz  
Joseph P. Miller  
Gloria Battle  
Bernie Parness  
Todd Drosky

Appointed Officials

City Manager  
Assistant City Manager  
Assistant City Manager  
City Attorney

City Clerk  
Director of Community Development  
Chief Financial Officer  
Chief Human Resources Officer  
Chief Information Officer  
Director of Parks & Recreation  
Director of Environmental Services  
Director of Planning & Development Services  
Director of Senior Services  
Director of Sustainable Management  
Director of Public Affairs and marketing  
Director of Economic Development  
Fire Chief  
Police Chief

Burgess Hanson  
Kara Petty  
David Santucci  
Weiss Serota Helfman  
Cole & Bierman  
Samantha Gillyard  
Vickki Placide-Pickard  
Hugh B. Dunkley  
Amanda Robin  
Sheila Flemming-Portis  
David Miller  
Tom Good  
Eric Power  
Donna DeFronzo  
Chad Grecsek  
Rebecca Medina  
Kristin Mory  
Richard Sievers  
Robert Schnakenberg

## **FINANCIAL SECTION**

## **INDEPENDENT AUDITORS' REPORT**

Honorable Mayor, City Commission and City Manager  
**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, 2017, 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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Pension Trust Funds, which represents 96%, 96% and 86%, respectively, of the assets, net position/fund balance and revenues/additions of the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pension Trust Funds is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 City'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 City'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, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal 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 on pages 4 through 15, the schedules of changes in the city's net pension liability and related ratios, the schedules of city contributions, the other post-employment benefits schedule of funding progress, and budgetary comparison schedules for the general fund and major special revenue funds on pages 75 through 84 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 the 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 and other auditors inquiries, the basic financial statements, and other knowledge we obtained during our audit and the other auditors audit of the basic financial statements. We and the other auditors, 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.

#### ***Supplementary and 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 combining and individual fund statements and schedules and the introductory and statistical sections 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 related 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 the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports 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 it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2018 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 solely 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 the effectiveness of the City's 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.

*Marcum LLP*

Fort Lauderdale, FL  
April 6, 2018

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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(MD&A)**

**City of Deerfield Beach, Florida**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended September 30, 2017**

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 for the fiscal year ended September 30, 2017. This Management's Discussion and Analysis is based on currently known facts, decisions and conditions that existed as of the date of the independent auditors' report. The information presented is in accordance with Governmental Accounting Standards Board Statement No. 34 (GASB 34) as amended. 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, 2017 increased \$1.8 million from \$274.0 million to \$275.8 million, or 0.7% from the prior year.
- The City's total liabilities decreased by \$0.6 million, from \$165.8 million to \$165.2 million from the prior year.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$127.8 million (net position). Of this amount, \$45.1 million was from governmental activities and \$82.7 million was from business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$38.6 million, an increase of \$0.9 million, in comparison with the amount reported for the prior fiscal year. Of this amount, \$2.1 million was non-spendable, \$12.3 million was restricted, \$8.1 million was assigned, and \$16.1 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 \$16.4 million, or 16.3% of total General Fund expenditures and transfers. The City has a reserve policy of maintaining an amount in reserves that is at least 10% and 5%, respectively, of total General Fund expenditures and transfers for unassigned and committed fund balance.

**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 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.

**City of Deerfield Beach, Florida**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended September 30, 2017**

**Overview of the Financial Statements**

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.

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 17 - 18 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 balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**City of Deerfield Beach, Florida**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended September 30, 2017**

**Overview of the Financial Statements**

The City of Deerfield Beach maintains 18 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for those funds that are considered significant (major) to the City as a whole. These financial statements report three major funds: general fund and community redevelopment agency fund, and the General Construction Fund. Data from the non-major 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 94 -103 of this report.

The City of Deerfield Beach adopts an annual appropriated budget for its General and CRA funds. A budgetary comparison statement has been provided for the General and CRA funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 19 - 24 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 25 - 29 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds (Pension Trust Funds) are not reflected in the government-wide financial statements 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 30 - 31 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 32 - 79 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 CRA Special Revenue Fund. RSI can be found on pages 80 - 91 of this report.

The combining and individual fund statement and schedules referred to earlier in connection with nonmajor funds are presented immediately following the RSI. Combining and individual fund statements and schedules can be found on pages 94 - 103 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.

**City of Deerfield Beach, Florida**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended September 30, 2017**

**Government-wide Financial Analysis**

In the case of the City of Deerfield Beach, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$127.8 million at the close of fiscal year 2017.

The largest portion of the City of Deerfield Beach's net position (93.8%) reflects its investment in capital assets (e.g., land, buildings, equipment, improvements, utility plants and infrastructure), less any related debt and deferred inflows/outflows 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.

**Summary of Net Position**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 52,308,640	\$ 50,149,270	\$ 43,686,010	\$ 44,187,161	\$ 95,994,650	\$ 94,336,431
Capital assets, Net	104,866,060	102,035,391	74,981,761	77,678,011	179,847,821	179,713,402
Total assets	<u>157,174,700</u>	<u>152,184,661</u>	<u>118,667,771</u>	<u>121,865,172</u>	<u>275,842,471</u>	<u>274,049,833</u>
Deferred outflows of resources	<u>18,874,602</u>	<u>22,537,703</u>	<u>2,345,721</u>	<u>2,806,673</u>	<u>21,220,323</u>	<u>25,344,376</u>
Other liabilities	10,617,170	11,871,456	2,587,811	4,138,950	13,204,981	16,010,406
Non-current liabilities	116,832,374	114,648,921	35,187,563	35,151,975	152,019,937	149,800,896
Total liabilities	<u>127,449,544</u>	<u>126,520,377</u>	<u>37,775,374</u>	<u>39,290,925</u>	<u>165,224,918</u>	<u>165,811,302</u>
Deferred inflows of resources	<u>3,507,673</u>	<u>3,339,279</u>	<u>511,571</u>	<u>469,423</u>	<u>4,019,244</u>	<u>3,808,702</u>
Net position:						
Net investment in capital assets	68,098,733	64,215,625	51,774,904	56,362,887	119,873,637	120,578,512
Restricted	10,712,284	9,614,790	1,834,565	1,834,718	12,546,849	11,449,508
Unrestricted	<u>(33,718,932)</u>	<u>(28,967,707)</u>	<u>29,117,078</u>	<u>26,713,892</u>	<u>(4,601,854)</u>	<u>(2,253,815)</u>
Total net position	<u>\$ 45,092,085</u>	<u>\$ 44,862,708</u>	<u>\$ 82,726,547</u>	<u>\$ 84,911,497</u>	<u>\$ 127,818,632</u>	<u>\$ 129,774,205</u>

An additional portion of the City of Deerfield Beach's net position, approximately 9.8%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (deficit) (\$4.6 million) may be used to meet the government's ongoing obligations to citizens and creditors to the extent that any such remaining balance exists.

The net position of business-type activities decreased by \$2.2 million to \$82.7 million in 2017. This decrease was primarily due to the overall excess of system expenses over revenues.

The City's current and other assets increased by \$1.7 million from \$94.3 million to \$96.0 million. Capital assets also increased by \$0.1 million from \$179.7 million to \$179.8 million, or 0.1% from the prior year. The increase in the City's current and other assets were primarily due to the excess of revenues over expenses.

Current liabilities decreased from \$16.0 million to \$13.2 million. This decrease was primarily attributable to a decrease in the amounts due to a third-party vendor for disposal services. The City's total noncurrent liabilities increased from \$149.8 million to \$152.0 million, or approximately 1.5%, from the prior year, due largely to an increase in the City's net pension liability as well as an increase in net OPEB obligations.

**City of Deerfield Beach, Florida**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended September 30, 2017**

**Government-wide Financial Analysis**

**Summary of Changes in Net Position**

	Governmental Activities		Business-type Activities		Primary Government	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 34,881,170	\$ 32,575,678	\$ 41,388,974	\$ 40,236,605	\$ 76,270,144	\$ 72,812,283
Operating grants and contributions	4,803,382	6,690,084	-	-	4,803,382	6,690,084
Capital grants and contributions	2,616,764	2,374,178	-	-	2,616,764	2,374,178
General revenue						
Taxes	62,263,061	60,463,882	-	-	62,263,061	60,463,882
Miscellaneous revenues	730,852	380,032	-	-	730,852	380,032
Grants and contributions not restricted to specific programs	1,987,520	1,868,658	-	-	1,987,520	1,868,658
Unrestricted investment earnings	279,975	207,623	237,770	168,703	517,745	376,326
Total revenues	<u>107,562,724</u>	<u>104,560,135</u>	<u>41,626,743</u>	<u>40,405,308</u>	<u>149,189,468</u>	<u>144,965,443</u>
<b>Expenses:</b>						
General government	18,833,091	15,971,447	-	-	18,833,091	15,971,447
Economic environment	2,421,264	2,770,154	-	-	2,421,264	2,770,154
Public safety	65,353,492	59,621,417	-	-	65,353,492	59,621,417
Human services	2,847,032	2,836,456	-	-	2,847,032	2,836,456
Physical environment	5,780,265	4,952,451	-	-	5,780,265	4,952,451
Transportation	4,527,599	4,047,654	-	-	4,527,599	4,047,654
Culture and recreation	5,992,978	5,846,869	-	-	5,992,978	5,846,869
Interest on long term debt	1,884,325	1,895,608	-	-	1,884,325	1,895,608
Water and sewer	-	-	26,341,135	25,282,502	26,341,135	25,282,502
Solid waste	-	-	17,163,860	15,712,131	17,163,860	15,712,131
Total expenses	<u>107,640,046</u>	<u>97,942,056</u>	<u>43,504,995</u>	<u>40,994,633</u>	<u>151,145,041</u>	<u>138,936,689</u>
Change in net position	<u>(77,322)</u>	<u>6,618,079</u>	<u>(1,878,251)</u>	<u>(589,325)</u>	<u>(1,955,573)</u>	<u>6,028,754</u>
Transfers	306,699	321,113	(306,699)	(321,113)	-	-
Change in net position	<u>229,377</u>	<u>6,939,192</u>	<u>(2,184,950)</u>	<u>(910,438)</u>	<u>(1,955,573)</u>	<u>6,028,754</u>
Net position October 1	44,862,708	37,923,516	84,911,497	85,821,935	129,774,205	123,745,451
Net position, September 30	<u>\$ 45,092,085</u>	<u>\$ 44,862,708</u>	<u>\$ 82,726,547</u>	<u>\$ 84,911,497</u>	<u>\$ 127,818,632</u>	<u>\$ 129,774,205</u>

**Governmental activities.** Governmental activities increased the City's net position by \$0.2 million. The City's total revenues amounted to \$107.6 million in governmental activities. Of these revenues, 57.9% is generated from taxes, 32.4% is from charges for services, operating grants/contributions comprise 4.5%, capital grants/contributions make up 2.4%, grants and contributions not restricted to specific programs and miscellaneous revenues equals 2.5%, and unrestricted investment earnings generates approximately 0.3%. Most of the increase in the City's net position mentioned above was primarily due to an increase in the taxable values of properties as well as an increase in building permit revenue.

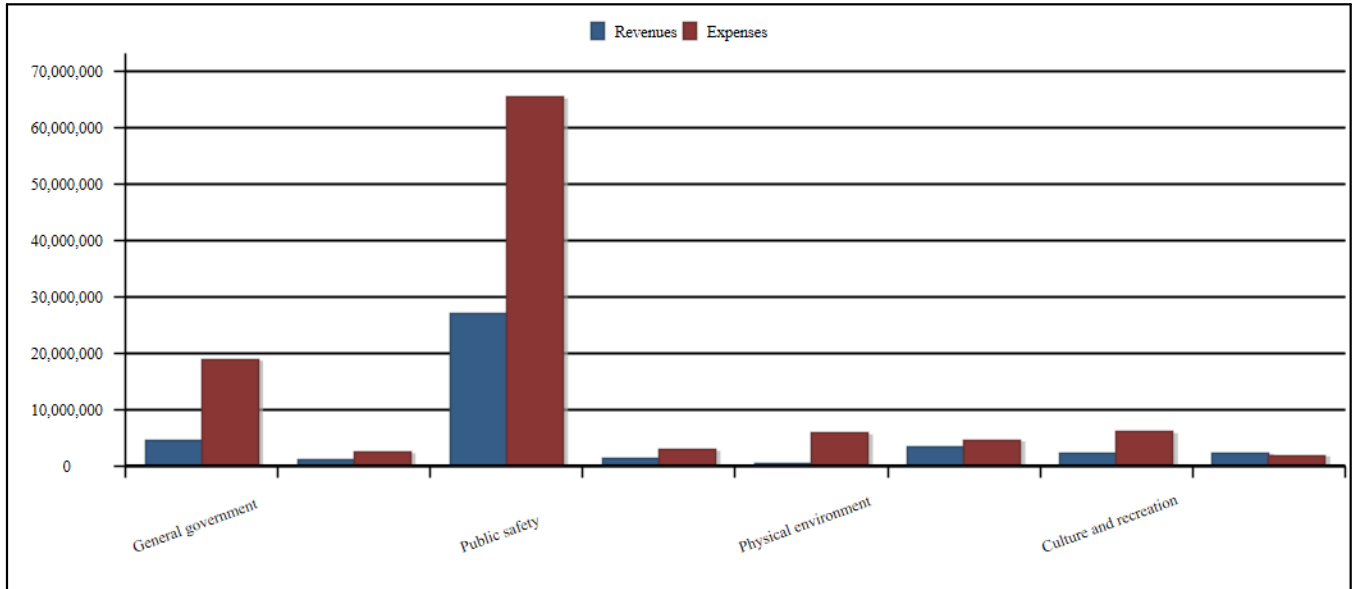
The City's expenses cover a broad range of services, with approximately 60.7% of governmental activity expenses related to public safety (fire/rescue and police protection). Public safety expenses constitute the largest component of the change in total expenses due to wage and benefit increases in connection with the Broward Sheriff's Office collective bargaining agreement. The City's governmental activities had 0.1% more revenues than expenses, and for business-type activities, expenses exceeded revenues by a 4.3% margin.

**City of Deerfield Beach, Florida**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended September 30, 2017**

**Government-wide Financial Analysis**

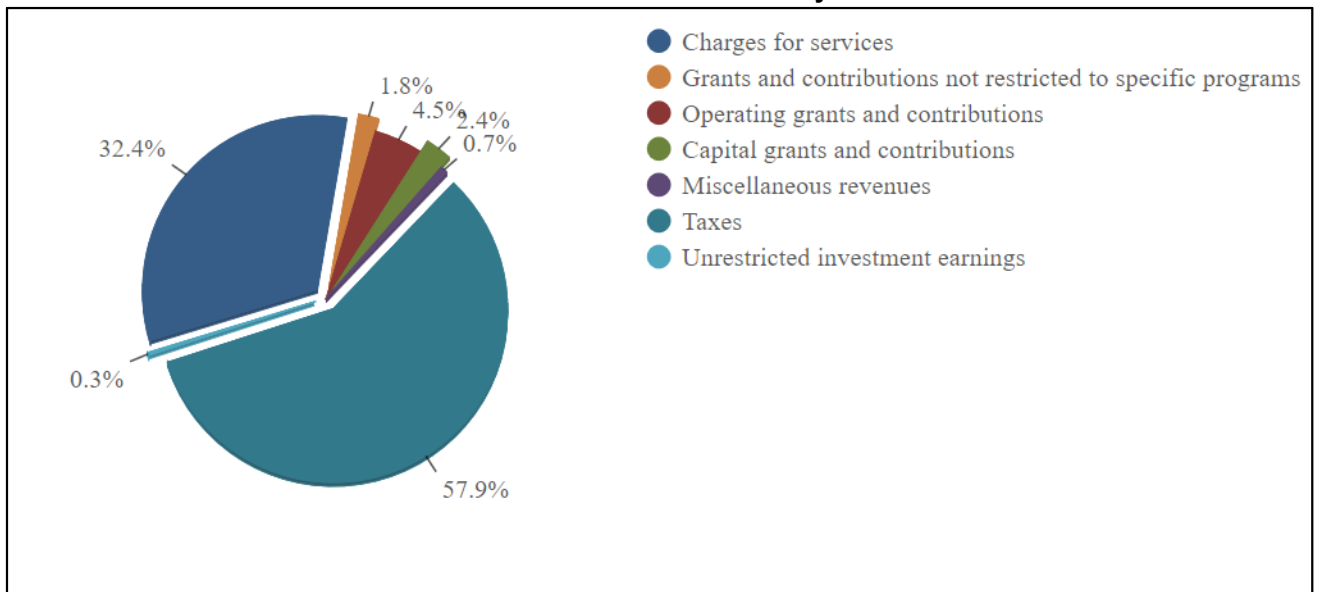
The next chart compares program revenues and expenses for the individual governmental activities for the current year. As the chart reflects, all governmental activities relied on general revenues to support the function.

**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.

**Governmental Activities Revenues by Source**



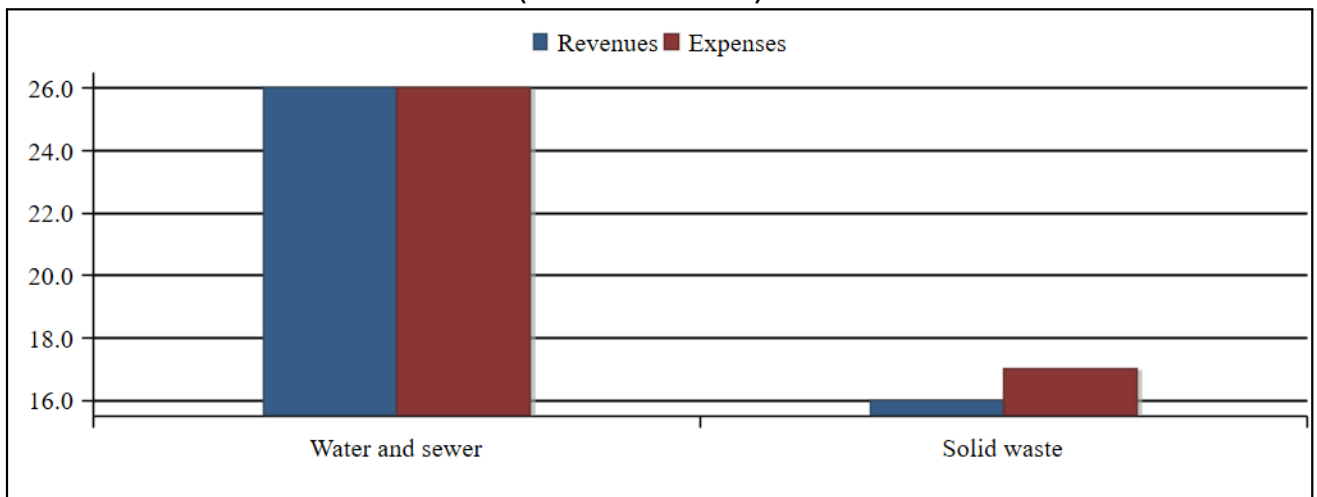
**City of Deerfield Beach, Florida**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended September 30, 2017**

**Government-wide Financial Analysis**

**Business-type activities.** Business-type activities decreased the City's net position by \$2.2 million. This decrease in the net position of business-type activities was due primarily to an excess of expenses over revenues.

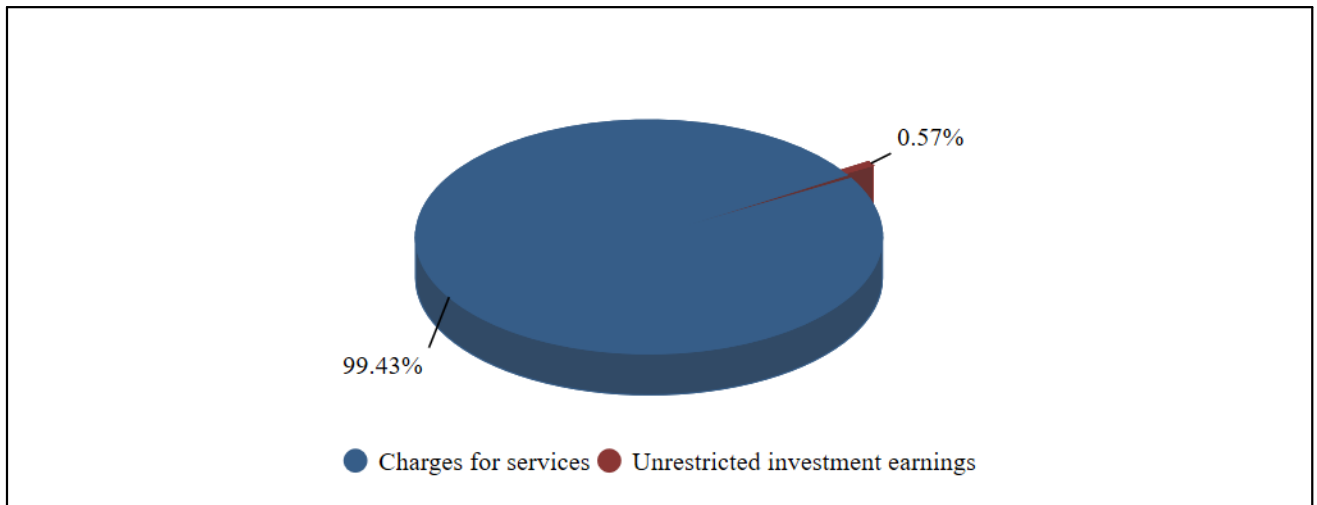
The following chart compares program revenues to expenses by individual business-type activity for the current year. These business-type activities recover more costs through program revenues than governmental activities and the water and sewer fund, generating sufficient revenues to cover current expenses.

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



The following chart shows that 99.4% of revenues from business-type activities are generated by charges for services.

**Business-type Activities Revenues by Source**





**City of Deerfield Beach, Florida**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended September 30, 2017**

**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'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 \$38.6 million, an increase of \$0.9 million from the prior year's ending balances of \$37.7 million. Approximately 41.7%, \$16.1 million of the combined fund balances constitute *unassigned fund balance* that is available to meet the City's current and future needs. The remainder of fund balance is *non-spendable, restricted, committed and assigned* to indicate that it is not available for new spending.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$16.4 million, while total fund balance was \$24.9 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 16.3% of total general fund expenditures and transfers, while total fund balance represents approximately 24.7% of that same amount.

The total fund balance of the City of Deerfield Beach's General Fund increased by \$0.3 million during the current fiscal year. Key factors in this increase are as follows:

- Property tax revenue increased by \$1.7 million as a result of increases in the taxable values of properties within the City.
- Sales and use tax revenue increased by \$0.4 million as a result of an increase in the Local Government half-cent sales tax.
- Local business taxes/permit fees increased by 1.2 million.
- Intergovernmental revenue decreased by \$0.7 million mainly due to a decrease in grant revenue.
- Culture and Recreation expenditures increased by \$0.7 million due mainly to increases in personnel costs as well as increases in other operating expenditures to provide recreational services.
- Public Safety expenditures increased by approximately \$1.6 million due to increased costs incurred for police and fire protection services.

**City of Deerfield Beach, Florida**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended September 30, 2017**

**Financial Analysis of the City's Funds**

- Physical Environment expenditures increased by \$1.3 million due mainly to increases in capital outlay as well as an increase in costs for maintenance services.

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 amounted to \$2.7 million.

**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 \$34.2 million. The Solid Waste Fund had a net deficit of \$5.1 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**

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

- Local business taxes/permits – increase in this revenue source was due to the overall demand for applications filed for building permits as a result of a resurgent economy.
- Intergovernmental Revenue – variance due to decrease in revenue from state shared-revenues.
- Charges for services – variance due to increases in the overall consumer demand for recreational and other services that the City provides.
- Parks & Recreation Department – favorable expenditure budget variance occurred in this department due to several positions remaining unfilled during the fiscal year, as well as the postponement of planned capital projects.
- Other-Unclassified Department - unfavorable expenditure budget variance occurred in this department as a result of expenditures relating to Hurricane Irma.
- Insurance Safety and Information Technology Services Departments – unfavorable variances occurred in these departments due to an increase in claims in the Insurance Services Department, and the cost to implement a new ERP system in the Information Technology Services Department.

**City of Deerfield Beach, Florida**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended September 30, 2017**

**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, 2017, amounted to \$179.8 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 0.1% (2.8% for governmental activities and negative 1.5% 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	
	2017	2016	2017	2016	2017	2016
Land	\$ 16,523,808	\$ 15,228,808	\$ 50,531	\$ 50,531	\$ 16,574,339	\$ 15,279,339
Buildings	24,277,048	25,200,557	605,817	605,817	24,882,865	25,806,374
Improvements other than buildings	8,241,582	3,767,709	43,153,669	44,745,678	51,395,251	48,513,387
Equipment	4,447,005	2,978,487	6,532,403	6,209,587	10,979,408	9,188,074
Utility plants in service	-	-	24,639,341	26,066,398	24,639,341	26,066,398
Infrastructure	36,208,926	37,916,739	-	-	36,208,926	37,916,739
Construction in progress	15,167,691	16,943,091	-	-	15,167,691	16,943,091
Total	<u>\$ 104,866,060</u>	<u>\$ 102,035,391</u>	<u>\$ 74,981,761</u>	<u>\$ 77,678,011</u>	<u>\$ 179,847,821</u>	<u>\$ 179,713,402</u>

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

- Sullivan Park Construction – \$2.4 million
- N.E. 3rd Avenue/48th Street roadway improvement - \$1.5 million
- Acquisition of a parcel of land for construction of the Branhilda Richardson-Knowles Memorial Park - \$1.0 million .

Additional information on the City of Deerfield Beach's capital assets can be found in Note III (C) on pages 53 - 54 of this report.

**Long-term debt.** At year-end, the City of Deerfield Beach had \$16.2 million in general obligation bonds outstanding. The City also had \$20.5 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 \$12.1 million outstanding in revenue bonds and \$10.9 million in loans payable as well as \$0.8 million in capital leases outstanding at the end of the fiscal year.

The City continues to maintain high investment grade ratings from the major rating agencies: ratings of "AA" from Fitch Ratings and Standard and Poor's Corporation for tax supported debt and "AA-" from both rating agencies for the City's covenant to budget and appropriate debt.

**City of Deerfield Beach, Florida**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended September 30, 2017**

**Capital Assets and Debt Administration**

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds (backed by the City)	\$ 16,178,121	\$ 17,295,290	\$ -	\$ -	\$ 16,178,121	\$ 17,295,290
Revenue bonds	-	-	12,112,720	12,839,802	12,112,720	12,839,802
Covenant bonds	20,545,000	21,785,000	-	-	20,545,000	21,785,000
Add/(subtract) premium/(discount)	1,175,732	1,315,047	-	-	1,175,732	1,315,047
Capital leases	1,296,968	1,665,572	831,697	1,376,572	2,128,665	3,042,144
Loan payable	-	-	10,884,734	12,498,150	10,884,734	12,498,150
Total bonds, loans and leases payable	<u>\$ 39,195,821</u>	<u>\$ 42,060,909</u>	<u>\$ 23,829,151</u>	<u>\$ 26,714,524</u>	<u>\$ 63,024,972</u>	<u>\$ 68,775,433</u>

The City's general obligation debt per capita, excluding enterprise fund debt, was \$207 at the end of fiscal year 2017. The City's outstanding net general obligation debt was 0.17% 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 57 – 60 of this report.

**Economic Factors and Next Year's Budget 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 2018 budget:

- The nation's as well as state and local economies will continue to show signs of positive economic growth.
- General property taxes will increase by 7.6% as a result of continued increases in the taxable values of properties within the City, and an increase in the operating millage rate.
- Communications services taxes will increase by 12.3% as a result of erosion in the taxable base of communications services.
- Utility taxes will increase by 2.3% due to increase in consumer spending on utility services.
- Licenses, permits, and fees will increase by 6.0% due to increase in new construction.

**City of Deerfield Beach, Florida**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended September 30, 2017**

**Economic Factors and Next Year's Budget and Rates**

- The City's population will remain stable.
- Salaries and related benefits will increase by 4.5%.
- The total millage rate 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 \$24.9 million. The City has no plans to utilize any of its available General Fund balance for spending in Fiscal Year 2018.

**Request 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 Chief Financial Officer, City of Deerfield Beach, 150 N.E. 2<sup>nd</sup> Avenue, Deerfield Beach, Florida 33441.

# **BASIC FINANCIAL STATEMENTS**

**City of Deerfield Beach, Florida**  
**Statement of Net Position**  
**September 30, 2017**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 4,987,526	\$ 4,415,864	\$ 9,403,390
Investments	20,861,909	32,511,810	53,373,719
Receivables (net of allowances)	7,128,622	5,148,428	12,277,050
Due from other governments	1,752,610	71,865	1,824,475
Inventories	441,559	186,694	628,253
Prepaid items	-	15,672	15,672
Restricted assets			
Temporarily restricted:			
Cash and cash equivalents	4,793,735	1,335,677	6,129,412
Investments	9,768,546	-	9,768,546
Due from other governments	1,298,056	-	1,298,056
Permanently restricted:			
Investments	1,276,077	-	1,276,077
Capital assets			
Non depreciable	31,691,499	50,531	31,742,030
Capital assets, being depreciated	73,174,561	74,931,230	148,105,791
Total assets	<u>157,174,700</u>	<u>118,667,771</u>	<u>275,842,471</u>
<b>Deferred outflows of resources</b>			
Pensions	18,874,602	2,345,721	21,220,323
<b>Liabilities</b>			
Accounts payable	8,208,842	1,214,614	9,423,456
Accrued liabilities - wages payable	-	386,459	386,459
Accrued interest payable	1,036,678	360,615	1,397,293
Due to other governments	32,726	-	32,726
Unearned revenue	500,783	-	500,783
Payable from restricted assets			
Accounts payable	180,248	-	180,248
Accrued liabilities	657,893	-	657,893
Customer deposit	-	626,123	626,123
Non-current liabilities:			
Due within one year:			
Compensated absences	1,059,891	606,537	1,666,428
Insurance claims payable	1,131,000	-	1,131,000
Bonds, loans and leases payable	2,745,912	2,624,213	5,370,125
Due in more than one year:			
Compensated absences	484,715	561,264	1,045,979
Net OPEB obligation	12,876,187	5,660,064	18,536,251
Insurance claims payable	5,842,945	-	5,842,945
Bonds, loans and leases payable	35,964,939	21,204,938	57,169,877
Net pension liability	56,726,785	4,530,547	61,257,332
Total liabilities	<u>127,449,544</u>	<u>37,775,375</u>	<u>165,224,918</u>
<b>Deferred inflows of resources</b>			
Pensions	3,022,738	511,571	3,534,309
Deferred amount on bond refunding	484,935	-	484,935
Total deferred inflows of resources	<u>3,507,673</u>	<u>511,571</u>	<u>4,019,244</u>
<b>Net position</b>			
Net investment in capital assets	68,098,733	51,774,904	119,873,637
Restricted net position:			
Debt service	1,364,657	1,834,565	3,199,222
Perpetual care:			
Nonexpendable	1,127,070	-	1,127,070
Expendable	530,386	-	530,386
Economic environment	3,792,763	-	3,792,763
Public safety	1,332,379	-	1,332,379
Human services	216,886	-	216,886
Physical environment	464,200	-	464,200
Transportation	1,245,893	-	1,245,893
Parks and recreation	638,050	-	638,050
Unrestricted	(33,718,932)	29,117,078	(4,601,854)
Total net position	<u>\$ 45,092,085</u>	<u>\$ 82,726,547</u>	<u>\$ 127,818,632</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, 2017**

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental activities:</b>							
General government	\$ 18,833,091	\$ 4,439,989	\$ -	\$ -	\$ (14,393,102)	\$ -	\$ (14,393,102)
Economic environment	2,421,264	-	1,159,072	-	(1,262,192)	-	(1,262,192)
Public safety	65,353,492	25,350,237	1,726,372	-	(38,276,883)	-	(38,276,883)
Human services	2,847,032	56,573	1,235,922	-	(1,554,537)	-	(1,554,537)
Physical environment	5,780,265	183,105	-	251,225	(5,345,935)	-	(5,345,935)
Transportation	4,527,599	2,689,914	636,643	-	(1,201,042)	-	(1,201,042)
Culture and recreation	5,992,978	2,161,352	45,373	50,000	(3,736,253)	-	(3,736,253)
Interest on long term debt	1,884,325	-	-	2,315,539	431,214	-	431,214
Total general government	<u>107,640,046</u>	<u>34,881,170</u>	<u>4,803,382</u>	<u>2,616,764</u>	<u>(65,338,730)</u>	<u>-</u>	<u>(65,338,730)</u>
<b>Business-type activities:</b>							
Water and sewer	26,341,135	25,556,346	-	-	-	(784,789)	(784,789)
Solid waste	17,163,860	15,832,628	-	-	-	(1,331,232)	(1,331,232)
Total business-type activities	<u>43,504,995</u>	<u>41,388,974</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,116,021)</u>	<u>(2,116,021)</u>
<b>Total</b>	<b>\$ 151,145,041</b>	<b>\$ 76,270,144</b>	<b>\$ 4,803,382</b>	<b>\$ 2,616,764</b>	<b>(65,338,730)</b>	<b>(2,116,021)</b>	<b>(67,454,751)</b>
<b>General Revenues:</b>							
General property taxes					36,633,074	-	36,633,074
Incremental property taxes					3,099,805	-	3,099,805
Utility taxes					8,307,025	-	8,307,025
Sales taxes					5,062,149	-	5,062,149
Franchise taxes					7,648,226	-	7,648,226
Motor fuel taxes					1,416,578	-	1,416,578
Alcoholic beverage/mobile home license taxes					96,204	-	96,204
Grants and contributions not restricted to specific programs					1,987,520	-	1,987,520
Unrestricted investment earnings					279,975	237,770	517,745
Miscellaneous revenues					730,852	-	730,852
Transfers					306,699	(306,699)	-
Total general revenues and transfers					<u>65,568,107</u>	<u>(68,929)</u>	<u>65,499,178</u>
Change in net position					229,377	(2,184,950)	(1,955,573)
Net position - beginning					44,862,708	84,911,497	129,774,205
Net position - ending					<u>\$ 45,092,085</u>	<u>\$ 82,726,547</u>	<u>\$ 127,818,632</u>

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



**City of Deerfield Beach, Florida**  
**Governmental Funds**  
**Balance Sheet**  
**September 30, 2017**

	General Fund	Community Redevelopment Agency	General Construction Fund
<b>Assets</b>			
Cash and cash equivalents	\$ 4,900,576	\$ 500,191	\$ 17,433
Investments	20,861,909	2,219,658	4,093,479
<b>Receivables, net of allowances:</b>			
Accounts	5,509,899	-	1,528,998
Assessments	842	-	-
Interest	57,035	5,951	-
Due from other funds	4,051,803	-	-
Due from other governments	1,752,610	-	689,648
Inventories	441,559	-	-
Total assets	<u>\$ 37,576,233</u>	<u>\$ 2,725,800</u>	<u>\$ 6,329,558</u>
<b>Liabilities</b>			
Accounts payable	\$ 8,208,841	\$ 17,422	\$ 4,194
Accrued payroll	616,356	9,891	-
Due to other funds	-	-	3,717,694
Unearned revenue	472,683	-	-
Due to other governments	32,726	-	-
Customer deposits payable	28,100	-	-
Total liabilities	<u>9,358,706</u>	<u>27,313</u>	<u>3,721,888</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue	3,317,157	-	689,649
<b>Fund Balances</b>			
Nonspendable	441,559	-	-
Restricted	-	2,698,487	1,918,021
Assigned	8,057,917	-	-
Unassigned	16,400,894	-	-
Total fund balances	<u>24,900,370</u>	<u>2,698,487</u>	<u>1,918,021</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 37,576,233</u>	<u>\$ 2,725,800</u>	<u>\$ 6,329,558</u>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,363,062	\$ 9,781,262
4,731,486	31,906,532
254	7,039,151
-	842
25,641	88,627
-	4,051,803
608,408	3,050,666
-	441,559
<u>\$ 9,728,851</u>	<u>\$ 56,360,442</u>
\$ 158,634	\$ 8,389,091
31,646	657,893
334,109	4,051,803
-	472,683
-	32,726
-	28,100
<u>524,389</u>	<u>13,632,296</u>
140,273	4,147,079
1,657,455	2,099,014
7,700,880	12,317,388
-	8,057,917
<u>(294,146)</u>	<u>16,106,748</u>
<u>9,064,189</u>	<u>38,581,067</u>
<u>\$ 9,728,851</u>	<u>\$ 56,360,442</u>

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

**City of Deerfield Beach, Florida**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**September 30, 2017**

Fund balances, total governmental funds:		\$ 38,581,067
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	186,553,283	
Accumulated depreciation	<u>(81,687,223)</u>	
Net capital assets		104,866,060
Long-term liabilities, including bonds and loans payable, are not due and payable in the current period and are not reported in the funds.		
Accrued interest payable	(1,036,715)	
Bonds and loans payable	(36,723,121)	
Capital lease payable	(1,296,968)	
Insurance claims payable	(6,973,945)	
Net OPEB obligation	(12,876,187)	
Compensated absences	(1,544,606)	
Net pension liability	<u>(56,726,785)</u>	
Total		(117,178,253)
Deferred outflows and inflows of resources related to pensions are recorded in the statement of net position.		15,851,864
Revenues are unavailable in the governmental funds because they are not available to pay current period expenditures. They are, however, recognized in the governmental activities.		4,147,079
Bond premiums and 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, are capitalized and amortized over the life of the bonds in the government-wide financial statements.		
Bond premium and Deferred gain on refunding, beginning	(1,314,688)	
Unamortized premium/deferred gain on refunding	<u>138,956</u>	
Unamortized premium/deferred gain on refunding		<u>(1,175,732)</u>
Net position of governmental activities		<u>\$ 45,092,085</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, 2017**

	<u>General Fund</u>	<u>Community Redevelopment Agency</u>	<u>General Construction Fund</u>
<b>Revenues</b>			
Property taxes	\$ 36,633,074	\$ 3,099,805	\$ -
Sales and use taxes	6,374,461	-	-
Fire assessment fees	11,041,726	-	-
Franchise fees	7,648,226	-	-
Utility taxes	8,307,025	-	-
Local option gas tax	-	-	-
Local business taxes/permits	5,432,035	-	-
Intergovernmental	3,515,958	-	1,625,890
Charges for services	10,059,555	-	-
Fines and forfeitures	1,071,335	-	-
Impact fees	-	-	-
Investment earnings	194,654	7,718	30,729
<b>Miscellaneous:</b>			
Cemetery plot sales	-	-	-
Donations/contributions	411,465	1,950	-
Administrative fees	7,756,508	-	-
Other	557,079	-	-
Miscellaneous	-	-	-
Total revenues	<u>99,003,101</u>	<u>3,109,473</u>	<u>1,656,619</u>
<b>Expenditures</b>			
<b>Current:</b>			
General government	20,379,141	-	-
Economic environment	356,523	795,758	-
Public Safety	60,964,416	91,317	-
Human services	2,410,014	-	-
Physical environment	6,117,414	-	-
Transportation	664,656	-	-
Culture and recreation	4,333,166	149,946	-
Capital outlay	-	122,461	2,709,054
<b>Debt service:</b>			
Principal retirement	368,604	-	-
Interest and fiscal charges	25,037	-	-
Total expenditures	<u>95,618,971</u>	<u>1,159,482</u>	<u>2,709,054</u>
Excess (deficiency) of revenues over expenditures	<u>3,384,130</u>	<u>1,949,991</u>	<u>(1,052,435)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	2,074,011	-	-
Transfers out	<u>(5,172,041)</u>	<u>(1,095,156)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,098,030)</u>	<u>(1,095,156)</u>	<u>-</u>
Net change in fund balances	286,100	854,835	(1,052,435)
Fund balances - beginning	24,614,270	1,843,652	2,970,456
Fund balances, end of year	<u>\$ 24,900,370</u>	<u>\$ 2,698,487</u>	<u>\$ 1,918,021</u>

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

Nonmajor Governmental Funds	Total
\$ -	\$ 39,732,879
-	6,374,461
-	11,041,726
-	7,648,226
-	8,307,025
1,416,578	1,416,578
-	5,432,035
1,859,022	7,000,870
216,331	10,275,886
412,811	1,484,146
244,612	244,612
46,873	279,974
87,415	87,415
172,801	586,216
418,095	8,174,603
13,085	570,164
6,025	6,025
<u>4,893,648</u>	<u>108,662,841</u>
-	20,379,141
969,109	2,121,390
733,383	61,789,116
26,511	2,436,525
42,983	6,160,397
2,130,779	2,795,435
120,087	4,603,199
54,072	2,885,587
2,357,169	2,725,773
<u>2,125,748</u>	<u>2,150,785</u>
<u>8,559,841</u>	<u>108,047,348</u>
<u>(3,666,193)</u>	<u>615,493</u>
5,242,041	7,316,052
<u>(742,156)</u>	<u>(7,009,353)</u>
<u>4,499,885</u>	<u>306,699</u>
833,692	922,192
<u>8,230,497</u>	<u>37,658,875</u>
<u>\$ 9,064,189</u>	<u>\$ 38,581,067</u>

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

**City of Deerfield Beach, Florida**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended September 30, 2017**

Net Change in Fund Balances - Total Governmental Funds	\$	922,192
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 in depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay		7,106,585
General Government Depreciation		<u>(4,275,915)</u>
		2,830,670
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		2,491,858
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		(802,889)
Change in net OPEB obligations		(2,072,907)
Net pension liability		<u>(1,946,541)</u>
Total		(4,822,337)
Deferred outflow of resources and deferred inflow of resources related to the pension are not recognized in the governmental funds		(3,872,164)
In the statement of activities, certain operating expenses - compensated absences (sick and vacation pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amounts actually used (paid). During the fiscal year, compensated absences earned, \$1,256,948, was more than the amount used, \$1,071,377.		
		(185,571)
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 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.		
Principal payments		2,725,773
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 loans payable plus the amortization of bond premiums, discounts, and deferred gain on refunding.		
		<u>138,956</u>
Change in net position of governmental activities	\$	<u>229,377</u>

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, 2017**

	Water and Sewer Fund	Solid Waste Fund	Total Proprietary Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 1,260,596	\$ 1,320,703	\$ 2,581,299
Investments	32,511,810	-	32,511,810
Restricted cash and cash equivalents:			
Customer deposits	568,542	57,582	626,123
Revolving loan covenant accounts	1,834,565	-	1,834,565
Receivables, net of allowances:			
Accounts	2,972,580	1,807,563	4,780,142
Delinquent assessments	21,443	-	21,443
Interest	346,843	-	346,843
Due from other funds	3,708,000	-	3,708,000
Due from other governments	-	71,865	71,865
Inventories	186,694	-	186,694
Prepaid items	15,672	-	15,672
Total current assets	<u>43,426,745</u>	<u>3,257,713</u>	<u>46,684,457</u>
Restricted cash and cash equivalents:			
Bond construction accounts	709,553	-	709,553
Capital assets:			
Land	50,531	-	50,531
Utility plants in service	47,936,846	-	47,936,846
Improvements other than buildings	86,301,417	93,814	86,395,231
Equipment	7,414,980	15,557,216	22,972,196
Less: accumulated depreciation	<u>(72,072,929)</u>	<u>(10,300,113)</u>	<u>(82,373,042)</u>
Total capital assets (net of accumulated depreciation)	<u>69,630,845</u>	<u>5,350,917</u>	<u>74,981,762</u>
Total noncurrent assets	<u>70,340,398</u>	<u>5,350,917</u>	<u>75,691,315</u>
Total assets	<u>113,767,143</u>	<u>8,608,630</u>	<u>122,375,771</u>
<b>Deferred outflows of resources</b>			
Pensions	1,670,620	675,101	2,345,721
Total deferred outflows of resources	<u>1,670,620</u>	<u>675,101</u>	<u>2,345,721</u>

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, 2017**

	Water and Sewer Fund	Solid Waste Fund	Total Proprietary Funds
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 653,648	\$ 560,968	\$ 1,214,616
Accrued payroll	198,206	188,253	386,459
Due to other funds	-	3,708,000	3,708,000
Customer deposits payable	568,542	57,581	626,123
Compensated absences	319,226	287,311	606,537
Accrued interest payable	360,615	-	360,615
Capital lease payable, current	-	221,861	221,861
Bonds payable, current	764,591	-	764,591
Loans payable, current	1,637,761	-	1,637,761
Total current liabilities	<u>4,502,589</u>	<u>5,023,974</u>	<u>9,526,563</u>
Noncurrent liabilities:			
Compensated absences	281,481	279,783	561,264
Net OPEB obligation	3,125,948	2,534,116	5,660,064
Net pension liability	3,232,536	1,298,011	4,530,547
Capital leases payable	-	609,836	609,836
Bonds payable	11,348,129	-	11,348,129
Loans payable	9,246,973	-	9,246,973
Total noncurrent liabilities	<u>27,235,067</u>	<u>4,721,746</u>	<u>31,956,813</u>
Total liabilities	<u>31,737,656</u>	<u>9,745,720</u>	<u>41,483,375</u>
<b>Deferred Inflows of Resources</b>			
Pensions	362,137	149,434	511,571
Total deferred inflows of resources	<u>362,137</u>	<u>149,434</u>	<u>511,571</u>
<b>Net Position</b>			
Net investment in capital assets	47,255,684	4,519,220	51,774,904
Restricted for Debt service	1,834,565	-	1,834,565
Unrestricted	34,247,721	(5,130,643)	29,117,078
Total net position	<u>\$ 83,337,970</u>	<u>\$ (611,423)</u>	<u>\$ 82,726,547</u>

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



**City of Deerfield Beach, Florida**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended September 30, 2017**

	Water and Sewer Fund	Solid Waste Fund	Total Proprietary Funds
Operating Revenues:			
Charges for sales and services:			
Water sales pledged as security for revolving loans	\$ 15,686,443	\$ -	\$ 15,686,443
Sewer charges pledged as security for revolving loans	8,636,155	-	8,636,155
Solid waste charges	-	15,599,217	15,599,217
Engineering fees	490,116	-	490,116
Miscellaneous	345,332	233,411	578,743
Total operating revenues	<u>25,158,046</u>	<u>15,832,628</u>	<u>40,990,674</u>
Operating expenses:			
Personal services	7,297,570	6,021,921	13,319,491
Contractual services	633,842	413,491	1,047,333
Electricity	778,488	-	778,488
Insurance	2,523,233	1,538,719	4,061,952
Fixed charges	39,223	15,337	54,560
County wastewater charge	4,101,664	-	4,101,664
County raw water charge	53,061	-	53,061
Disposal fees	-	3,780,775	3,780,775
General administrative charge	4,671,148	3,215,768	7,886,916
Commodities	1,662,921	1,325,966	2,988,887
Depreciation	3,768,173	833,307	4,601,480
Fiscal charges	5,723	-	5,723
Total operating expenses	<u>25,535,046</u>	<u>17,145,284</u>	<u>42,680,330</u>
Operating income (loss)	<u>(377,000)</u>	<u>(1,312,656)</u>	<u>(1,689,656)</u>
Non-operating Revenues (Expenses):			
Investment earnings	237,769	-	237,769
Interest charges	(804,650)	(18,576)	(823,226)
Amortization	(1,439)	-	(1,439)
Total non-operating revenues (expenses)	<u>(568,320)</u>	<u>(18,576)</u>	<u>(586,896)</u>
Income (loss) before transfers	(945,320)	(1,331,232)	(2,276,552)
Capital contributions - tap fees	398,300	-	398,300
Transfers in	-	50,000	50,000
Transfers out	-	(356,699)	(356,699)
Change in net position	<u>(547,020)</u>	<u>(1,637,931)</u>	<u>(2,184,950)</u>
Total net position - beginning	<u>83,884,990</u>	<u>1,026,508</u>	<u>84,911,497</u>
Total net position - ending	<u>\$ 83,337,970</u>	<u>\$ (611,423)</u>	<u>\$ 82,726,547</u>

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

**City of Deerfield Beach, Florida**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2017**

	Water and Sewer Fund	Solid Waste Fund	Total Proprietary Funds
<b>Cash flows from operating activities</b>			
Receipts from customers and users	\$ 25,495,806	\$ 15,811,972	\$ 41,307,778
Payments to other funds	-	1,908,000	1,908,000
Receipts from other governments	-	203,610	203,610
Payments to suppliers	(14,898,071)	(11,473,238)	(26,371,309)
Receipts from other funds	(1,908,000)	-	(1,908,000)
Payments to employees	(5,069,876)	(4,765,992)	(9,835,868)
	<u>3,619,859</u>	<u>1,684,352</u>	<u>5,304,211</u>
Net cash provided by operating activities			
<b>Cash flows from noncapital financing activities</b>			
Transfers from other funds	-	(306,699)	(306,699)
	<u>-</u>	<u>(306,699)</u>	<u>(306,699)</u>
<b>Cash flows from capital and related financing activities</b>			
Acquisition and construction of capital assets	(854,887)	(1,050,345)	(1,905,232)
Principal paid on:			
Revenue bonds	(727,084)	-	(727,084)
Capital lease	-	(544,875)	(544,875)
Loan	(1,613,415)	-	(1,613,415)
Interest paid on loan and capital leases	(832,141)	(18,575)	(850,716)
Bond issuance cost	(1,439)	-	(1,439)
Capital contributions	398,300	-	398,300
	<u>(3,630,666)</u>	<u>(1,613,795)</u>	<u>(5,244,461)</u>
Net cash (used by) investing activities			
<b>Cash flows from investing activities</b>			
Investment income	220,416	-	220,416
Purchase of investments	(6,720,412)	-	(6,720,412)
	<u>(6,499,996)</u>	<u>-</u>	<u>(6,499,996)</u>
Net cash (used by) investing activities			
Net (decrease) in cash and cash equivalents	(6,510,803)	(236,142)	(6,746,945)
Cash and cash equivalents, beginning of year	<u>10,884,059</u>	<u>1,614,427</u>	<u>12,498,486</u>
Cash and cash equivalents, end of year	<u>\$ 4,373,256</u>	<u>\$ 1,378,285</u>	<u>\$ 5,751,541</u>
Cash and cash equivalents	\$ 1,260,596	\$ 1,320,703	\$ 2,581,299
Cash and cash equivalents - restricted (current)	2,403,107	57,582	2,460,689
Cash and cash equivalents - restricted (noncurrent)	<u>709,553</u>	<u>-</u>	<u>709,553</u>
Cash and cash equivalents, end of year	<u>\$ 4,373,256</u>	<u>\$ 1,378,285</u>	<u>\$ 5,751,541</u>

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

**City of Deerfield Beach, Florida**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2017**

	Water and Sewer Fund	Solid Waste Fund	Total Proprietary Funds
<b>Reconciliation data of changes in net position to operating activities</b>			
Operating income (loss)	\$ (377,000)	\$ (1,312,656)	\$ (1,689,656)
<b>Adjustments to reconcile operating income (loss) to net cash provided by operating activities</b>			
Depreciation expense	3,768,173	833,307	4,601,480
Changes in assets, liabilities and deferred inflows/outflows:			
Increase in due to other funds	-	1,908,000	1,908,000
Decrease in due from other governments	-	203,612	203,612
Increase (decrease) in other accounts receivable, net of allowance	321,248	(27,230)	294,018
Decrease in inventories	(7,091)	-	(7,091)
Decrease in prepaid items	1,440	-	1,440
Decrease in deferred outflows - pensions	329,251	131,701	460,952
Increase in customer deposits	16,512	6,574	23,086
Decrease in accounts payable	(423,117)	(1,183,184)	(1,606,300)
Increase in accrued liability	33,188	26,375	59,563
Increase in deferred inflows - pensions	30,106	12,042	42,148
Increase in Net OPEB liability	763,287	590,932	1,354,219
Increase in Net pension liability	1,097,845	439,137	1,536,982
Increase (decrease) in compensated absences payable	(25,983)	55,742	29,759
Increase in due from other funds	(1,908,000)	-	(1,908,000)
Net cash provided by operating activities	<u>\$ 3,619,859</u>	<u>\$ 1,684,352</u>	<u>\$ 5,304,211</u>
<b>Non-cash investing, capital and financing activities</b>			
Net depreciation in the fair value of investments	<u>\$ (118,857)</u>	<u>\$ -</u>	<u>\$ (118,857)</u>

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

**Statement of Fiduciary Net Position  
Pension Trust Funds  
September 30, 2017**

	<u>Pension Trust Funds</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 7,757,267
Investments:	
Mutual funds	41,308,031
U. S. government and agency securities	22,639,740
Corporate bonds and notes	23,853,347
Corporate equities	115,309,931
Total investments	<u>203,111,049</u>
Receivables:	
Interest and dividends	265,205
Pending trades	1,142
Contributions receivable (state)	27,476
Due from brokers	80,059
Total receivables	<u>373,882</u>
Total assets	<u>211,242,198</u>
<b>Liabilities</b>	
Accounts payable	<u>513,401</u>
Total liabilities	<u>513,401</u>
<b>Net Position</b>	
Restricted for pension benefits	<u>\$ 210,728,797</u>

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

**City of Deerfield Beach, Florida**  
**Statement of Changes in Fiduciary Net Position**  
**Pension Trust Funds**  
**For the Year Ended September 30, 2017**

	<u>Pension Trust Funds</u>
<b>Additions</b>	
Contributions:	
Employer	\$ 8,819,829
Plan members	926,660
State (from the General Fund)	<u>1,260,746</u>
Total contributions	<u>11,007,235</u>
Investment earnings :	
Interest	5,583,803
Net increase in the fair value of investments	<u>15,208,249</u>
Total investment earnings	20,792,052
Less: investment expense	<u>(1,085,890)</u>
Net investment earnings	<u>19,706,162</u>
Miscellaneous	<u>92,333</u>
Total additions	<u>30,805,730</u>
<b>Deductions</b>	
Benefits paid	20,654,355
Administrative expenses	<u>368,575</u>
Total deductions	<u>21,022,930</u>
Change in net position	9,782,800
<b>Net Position Restricted for Pension Benefits:</b>	
Beginning of year	<u>200,945,997</u>
End of year	<u>\$ 210,728,797</u>

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

**CITY OF DEERFIELD BEACH, FLORIDA**  
INDEX TO NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017

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**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

**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 16.3 square miles in area. In addition to the public safety, general government, recreation, and public works services provided to its 78,042, 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, and management of the City has operational responsibility of the CRA. The CRA is also fiscally dependent upon the City. Accordingly, the CRA is a blended component unit and is presented as a special revenue fund. The CRA has a September 30 year-end. Separate financial statements for the CRA are not available.

The Deerfield Beach Housing Authority (the "Housing Authority") is a related organization because the mayor, with the concurrence of the City Commission, has the responsibility of appointing the members of the Housing Authority Board. Its operations are conducted within City boundaries. However, it is not included as a part of the financial reporting entity because it is fiscally independent and it has no financial accountability to the City. The Housing Authority's autonomy prohibits it from providing any financial benefit or imposing a financial burden upon the City. The Housing Authority is not exclusively for the benefit of City residents and the City Commission cannot impose its will over operations, cannot hire, reassign or dismiss management, and cannot remove Housing Authority board members without cause. The Housing Authority is responsible for ensuring that a complete and full financial accounting and an audit is made biennially by a certified public accountant.



**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

**NOTE I. Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

The Northeast Focal Point Children, 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 requires that a legally separate, tax-exempt organization should be reported as a component unit of the City, if the primary government is the sole corporate member of the nonprofit or 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 and the City is not the sole corporate member of CASA. 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 as expenditures related to compensated absences, pensions, other post-employment benefits and claims and judgments, are recorded only when payment is due.

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

**NOTE I. Summary of Significant Accounting Policies**

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

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 Construction Fund** accounts for all the City's capital projects.

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 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.

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

**NOTE I. Summary of Significant Accounting Policies**

**D. New Accounting Pronouncements Adopted**

The City implemented the following GASB Statements during the year ended September 30, 2017:

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of the state and local governmental OPEB plans for making decisions and accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended Statement No. 43, and Statement No. 50, The requirements for this Statement became effective for the City during the fiscal year, however there was no impact.

GASB Statement No. 77, *Tax Abatement Disclosures*, is effective for financial statements for periods beginning after December 15 2015. The objective of this Statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs in order to better assess (a) whether current-year revenues were sufficient to pay for current-year services, (b) compliance with finance-related legal or contractual requirements, (c) where a government's financial resources come from and how it uses them, and (d) financial position and economic condition and how they have changed over time. The implementation of this pronouncement had no impact on the City's financial statements for the fiscal year ended September 30, 2017.

GASB Statement No. 80, *Blending Requirements for Certain Component Units*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. The requirements for this Statement became effective for the City during the fiscal year, however there was no significant impact.

GASB Statement No.82, *Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement became effective for the City during the fiscal year, however, there was no significant impact.

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

**NOTE I. Summary of Significant Accounting Policies**

**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 all investments of the City have been reported at fair value except money market funds and the State Treasurer's Investment Pool's which its reported value is the same as the value of the pool shares and is recorded at amortized cost. Resources of all funds, with the exception of the pension trust funds, have been combined into investment pools for the purpose of maximizing investment yields. Investment revenue is comprised of interest and dividends and realized and unrealized gains and losses on investments. Investment earnings on pooled investments are allocated monthly based upon equity balances of the respective funds. Accrued interest on pooled investments is grouped with investments on the balance sheet at year-end. In addition, the pension trust funds are authorized to invest in corporate bonds, stocks, money market funds, mortgages and notes.

**2. Receivables and Payables**

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

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

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

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

**3. Inventories and Prepaid Items**

Inventories consisting principally of expendable items held for consumption, are stated at lower of average cost or net realizable value. 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.

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 statement of net position because they are maintained in separate accounts and their uses

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

**NOTE I. Summary of Significant Accounting Policies**

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

**4. Restricted Assets**

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 Department 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, intangibles, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide and the proprietary fund financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$3,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at acquisition 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 had no capitalized interest costs for this 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 statements of net position and fund financial statements 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 statements of net position and fund financial statements, also include 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.

The City reports within its government-wide statement of net position as deferred outflows amounts that were related to pensions during fiscal year 2017 into the pension plans as a result of the net pension liability associated with the plans measured as of September 30, 2016. The amounts paid

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

**NOTE I. Summary of Significant Accounting Policies**

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

**6. Deferred Outflows/Inflows of Resources**

during fiscal year 2017 to the plan will be reflected within the City's pension expense and related liability when the net pension liability is measured for the next fiscal year. The City reports as deferred inflows amounts representing the net difference between expected and actual results, changes in assumptions and projected and actual earnings of its pension plans. The amounts will be amortized over a five year closed period beginning in the year in which the difference occurred or over the remaining service lives of all employees, as applicable, and deferred amount on a bond refunding which is being amortized over the remaining life of the debt.

Also, in the governmental fund financial statements the City reported deferred inflows for amounts not recorded within the period of availability.

**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 and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the government-wide and proprietary fund type statements of net position. Bonds payable are reported net of the applicable bond premium or discounts. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Deferred amounts (the difference between the reacquisition price and the net carrying amount) on refunding are amortized over the shorter of the remaining life of the old debt or the life of the new debt using the straight line method, which does not result in a material difference from the effective interest method. Debt issuance costs, except for the portion which relates to prepaid insurance costs, are recognized as an expense in the period incurred. Prepaid insurance costs are reported as an asset and are recognized as expense on a straight line basis over the duration 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.

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

**NOTE I. Summary of Significant Accounting Policies**

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

**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 purposes, but are neither restricted nor committed. The City, through resolution establishing its fund balance policy, has given the City Manager the authority to assign fund balance. Assignment of fund balance may be a) made for a specific purpose that is narrower than the general purposes of the fund 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 investment in capital assets, restricted and unrestricted.

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

**NOTE I. Summary of Significant Accounting Policies**

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

**9. Fund Equity/Net Position**

The following table shows the City's fund balance classification for the governmental funds as of September 30, 2017.

	Governmental Funds				Total Governmental Funds
	General Fund	Community Redevelopment Agency	General Construction Fund	Nonmajor Governmental Funds	
<b>Nonspendable:</b>					
Inventory	\$ 441,559	\$ -	\$ -	\$ -	\$ 441,559
Perpetual care and cemetery operations	-	-	-	1,657,455	1,657,455
<b>Restricted:</b>					
Community Redevelopment programs	-	2,698,487	-	-	2,698,487
Debt service	-	-	-	2,440,501	2,440,501
General construction projects	-	-	1,918,021	-	1,918,021
Roadway improvement projects	-	-	-	1,556,676	1,556,676
Grants and special programs	-	-	-	1,190,178	1,190,178
Beautification and landscape projects	-	-	-	200,126	200,126
Public safety programs	-	-	-	1,163,114	1,163,114
Parking improvements	-	-	-	82,768	82,768
Recreation programs	-	-	-	1,067,517	1,067,517
<b>Assigned to:</b>					
Emergency reserve	3,491,818	-	-	-	3,491,818
Subsequent Year's Budget	4,216,991	-	-	-	4,216,991
Endowment	99,108	-	-	-	99,108
Tam O' Shanter project	250,000	-	-	-	250,000
<b>Unassigned:</b>					
General fund operations	16,400,894	-	-	-	16,400,894
Miscellaneous grant programs	-	-	-	(294,146)	(294,146)
<b>Total Fund Balances</b>	<u>\$24,900,370</u>	<u>\$ 2,698,487</u>	<u>\$ 1,918,021</u>	<u>\$ 9,064,189</u>	<u>\$ 38,581,067</u>

**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 and deferred inflow/outflow of resources that are attributed to the acquisition of those assets or related debt which are included in this component of net position.

**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 \$12,546,849 of restricted net position of which approximately \$641,593 is restricted by enabling legislation.

**Unrestricted Net Position** – has no third-party limitations as to its use, and consists of all net position that does 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



**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

**NOTE I. Summary of Significant Accounting Policies**

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

**10. Estimates**

from management's estimates.

**11. Property Taxes**

Property taxes attach as an enforceable lien on real property and are levied as of October 1<sup>st</sup>. The tax levy is divided into two billings: the first billing (mailed mid-August) is an estimate of the current year's levy based on the proposed tax rates, which serves to inform tax payers of their proposed taxes prior to the final approval of the millage rate in September. The second billing (mailed in November) reflects the current year's actual levy. The billings are considered past due after March 31<sup>st</sup> of the following year after the respective tax billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

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

**A. Excess of Expenditures Over Appropriations**

For the year ended September 30, 2017, expenditures exceeded appropriations in five of the City's departments. The City Attorney, Other Unclassified, Insurance/Safety, Information Technology Services, and Fleet Maintenance departments exceeded their budgets by \$16,023, \$961,194, \$1,195,647, \$422,026, and \$53,449 respectively. The additional costs were incurred for outside legal services, for payments to suppliers for costs incurred due to Hurricane Irma, to facilitate increases in the payment of insurance claims, for costs incurred to implement a new ERP system, as well as for payment of debt service. These over-expenditures were covered by positive budget variances in other departments as well as positive revenue variances.

**B. Deficit Fund Equity**

At September 30, 2017, the Community Development Block Grant Fund had a deficit fund balance of \$106,476. This deficit is expected to be funded by future grant reimbursements, which were not susceptible to accrual at September 30, 2017.

**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, 2017, the carrying amount of the City's deposits totaled \$14,179,129.

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

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

**A. Deposits and Investments**

**2. Investments**

Authorized Investments

The City's investments are categorized as investments for the City as a whole (hereinafter referred to as "general City investments") and those of its various defined benefit pension plans. The City is authorized by statute and policy to invest public funds (general City investments) in interest-bearing savings accounts, money market accounts and checking accounts, obligations of the United States government, its agencies and instrumentalities; certificates of deposit that are fully insured and collateralized; repurchase agreements having a defined termination date and collateralized by U.S. Treasury obligations; and Local Government Surplus Trust Funds, as administered by the Florida State Board of Administration ("SBA"). The City invested funds throughout the year in the Florida Prime, which is not Securities and Exchange Commission ("SEC") registered, but which qualifies as a fluctuating net asset value ("NAV") pool. The City's investment in the SBA at September 30, 2017 represented less than 1% of the total investment assets of the SBA. The City of Deerfield Beach invests in the 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, 2017, the City's investment in the SBA was \$15,391,136.

In accordance with GASB Statement no. 79, *Certain External Investment Pools and Pool Participants*, the City's investments in the Florida PRIME meets the definition of a qualifying investment pool that measures, for financial reporting purposes, all of its investments at amortized cost and should disclose the presence of any limitations or restrictions on withdrawals. As of September 30, 2017, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

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.

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

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

**A. Deposits and Investments**

**2. Investments**

As of September 30, 2017, the City had the following investments:

	Pension Trust Funds	All Other Funds	Total
Investment in Florida Prime	\$ -	\$ 15,391,136	\$ 15,391,136
Investment in Florida Municipal Investment Trust	-	6,533,797	6,533,797
Money market funds	-	5,276,651	5,276,651
Other mutual funds	41,308,031	-	41,308,031
U.S. Government and agency securities	22,639,740	37,216,758	59,856,498
Domestic corporate bonds and notes	23,853,347	-	23,853,347
Domestic corporate equities	115,309,931	-	115,309,931
Total	<u>\$ 203,111,049</u>	<u>\$ 64,418,342</u>	<u>\$ 267,529,391</u>

Interest Rate Risk

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

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

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

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

(City General Investments) Investment Type	Value	Maturities (in Years)	
		Less Than 1	1-5
Florida Prime	\$ 15,391,136	\$ 15,391,136	\$ -
FL Municipal Investment Trust	6,533,797	-	6,533,797
Money market funds	5,276,651	5,276,651	-
U.S. Agencies	37,216,758	37,216,758	-
Total	<u>\$ 64,418,342</u>	<u>\$ 57,884,545</u>	<u>\$ 6,533,797</u>

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

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

**A. Deposits and Investments**

**2. Investments**

(Pension Trust Funds) Investment Type	Value	Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Money market funds	\$ 9,720,158	\$ 467,144	\$ 2,235,197	\$ 3,716,381	\$ 3,301,436
U.S. Treasuries	9,843,037	746,463	6,493,969	1,789,742	812,863
U.S. Agencies	12,796,703	275,937	1,215,826	6,955,260	4,349,680
Domestic corporate bonds and notes	23,853,347	4,215,780	9,403,110	6,911,221	3,323,236
Total	<u>\$ 56,213,245</u>	<u>\$ 5,705,324</u>	<u>\$ 19,348,102</u>	<u>\$ 19,372,604</u>	<u>\$ 11,787,215</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. 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 Florida Prime is rated by Standard and Poor's. The current rating is AAAM. Florida Municipal Investment Trust is not rated by any nationally recognized statistical rating agency.

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

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

**A. Deposits and Investments**

**2. Investments**

The following table discloses credit ratings by investment type, at September 30, 2017, as applicable:

	Quality Credit Rating	Fair Value
	<u>Moody's</u>	<u>Fair Value</u>
	Aaa	39,259,906
	Aa	1,133,478
	Aa1	1,168,972
	Aa2	1,694,717
	Aa3	604,328
	A1	1,540,561
	A2	5,180,520
	A3	2,262,314
	B1	802,863
	B2	2,482,731
	B3	592,572
	Baa	1,558,260
	Baa1	2,345,483
	Baa2	1,253,646
	Baa3	599,736
	Ba	82,411
	Ba1	255,253
	Ba2	2,906,603
	Ba3	1,109,869
	Caa1	771,938
	Caa2	39,465
	Not rated	<u>15,332,737</u>
Total credit risk securities		82,978,363
U.S. treasuries and agency securities explicitly guaranteed		<u>37,653,225</u>
Total fixed income/credit risk securities		<u>\$ 120,631,587</u>
Total fixed income/credit risk securities - City		\$ 64,418,342
Total fixed income securities - pension trust funds		<u>56,213,245</u>
Total		<u>\$ 120,631,587</u>

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 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, 2017. 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. 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

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

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

**A. Deposits and Investments**

**2. Investments**

general investments were held by the City's custodial bank and were registered in the City's name as of year-end.

**Fair Value Hierarchy**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Investments measured and reported at fair value are classified and disclosed in one of the following categories.

Level 1 - Investments traded in an active market with available quoted prices for identical assets as of the reporting date.

Level 2 - Inputs to the valuation methodology are based upon observable inputs for the assets either directly or indirectly, other than those considered Level 1 inputs, which may include quoted prices for identical assets in markets that are not considered to be active, and quoted prices of similar assets in active or inactive markets.

Level 3 - Inputs to the valuation methodology are based upon unobservable inputs.

Fire Pension

The following is a description of the valuation methodologies used for assets measured at fair value for the plan:

Common stock: Valued at the closing price reported on the New York Stock Exchange.

Government securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yield of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote, if available.

Hedge funds: Value based on the net asset value per share, without further adjustment. Net asset value is based upon the fair value of the underlying investments.

Real estate: Valued at the net asset value of shares held by the Plan at year end. The Plan has investments in private market real estate investments for which no liquid public market exists.

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

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

**A. Deposits and Investments**

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>				
Equity securities:				
Common stocks	\$ 19,620,268	\$ 19,220,955	\$ 399,313	\$ -
Master Limited Partnership REITS	4,770,674	4,770,674	-	-
Mutual funds	32,253,901	27,162,391	5,091,510	-
Total equity securities	<u>58,466,180</u>	<u>52,975,357</u>	<u>5,490,823</u>	<u>-</u>
Debt securities:				
Fixed income mutual funds	4,251,980	4,251,980	-	-
U.S. treasury securities	6,626,504	6,626,504	-	-
U.S. agency securities	6,305,974	-	6,305,974	-
Corporate bonds	15,935,403	-	15,935,403	-
Total debt securities	<u>33,119,861</u>	<u>10,878,484</u>	<u>22,241,377</u>	<u>-</u>
Total investments at fair value level	<u>91,586,041</u>	<u>63,853,841</u>	<u>27,732,200</u>	<u>-</u>
<b>Investments measured at the net asset value (NAV)</b>				
Real estate funds	10,118,804			
Hedge fund	<u>6,234,327</u>			
Total investments measured at the NAV	<u>16,353,131</u>			
Money market funds (exempt)	<u>5,766,741</u>			
Total investments	<u>\$ 113,705,913</u>			

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient, including their related unfunded commitments and redemption restrictions:

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real estate fund (1)	\$ 7,445,914	\$ -	Quarterly	90 Days
Real estate fund (2)	2,672,890	-	Quarterly	10 Days
Hedge fund (3)	<u>6,234,327</u>	<u>-</u>	Quarterly	90 Days
Total investments measured at the NAV	<u>\$ 16,353,131</u>	<u>\$ -</u>		

1. Real estate fund: The fund is an open-ended real estate investment fund investing primarily in core institutional office, retail, industrial, and multi-family properties located throughout the United States. The investment is valued at NAV and its redemptions must be received by the fund 90 days prior to quarter end.

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

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

**A. Deposits and Investments**

2. Real estate fund: The fund is an open-end diversified core real estate commingled fund that invests primarily in core institutional office, retail, industrial, and multi-family properties located throughout the United States. The investment is valued at NAV and its redemptions must be received by the fund 10 days prior to quarter end.
3. Hedge fund: The fund is a multi-strategy fund of hedge funds that aims to pursue varying strategies in order to diversify risk and reduce volatility. The fund is a diversified portfolio offering investment solutions through activist long/short equity hedge funds, event driven hedge funds and multi-strategy hedge funds. The investment is valued at NAV and holder of capital, upon at least 90 days prior written notice, may request to redeem a minimum of \$100,000 of their capital shares, as of the close of business on the last business day of each calendar year, by giving irrevocable written notice.

Police Pension

The following is a description of the valuation methodologies used for assets measured at fair value for the plan:

Debt Securities: Debt securities consist primarily of negotiable obligations of the U.S. government and U.S. government-sponsored agencies, corporations, securitized offerings backed by residential and commercial mortgages, TIPS, and foreign debt securities. These securities can be typically be valued using the close or last traded price on a specific date (quoted prices in active markets). When quoted prices are not available, fair value is determined based on valuation models that use inputs that include market observable inputs. These inputs included recent trades, yields, price quotes, cash flows, maturity, credit ratings, and other assumptions based upon the specifics of the investment's type.

Equity securities: These include domestic and international equities. Domestic securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the fiscal year. Securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the last reported bid price. International equities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at year end. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on yields currently available on comparable securities of issuers with similar credit ratings.



**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

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

**A. Deposits and Investments**

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identifiable Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>				
Equity securities:				
Common Stocks	\$ 6,520,392	\$ 6,520,392	\$ -	\$ -
Equity mutual funds	20,226,418	20,226,418	-	-
Total equity securities	26,746,810	26,746,810	-	-
Debt securities:				
U.S. treasury securities	380,508	-	380,508	-
U.S. agency securities	820,114	-	820,114	-
Fixed income mutual funds	5,468,178	5,468,178	-	-
Corporate bonds	610,637	-	610,637	-
Total debt securities	7,279,437	5,468,178	1,811,259	-
Total investments at fair value	34,026,247	32,214,988	1,811,259	-
<b>Investments measured at the net asset value (NAV)</b>				
Real estate funds	6,712,694			
Money market funds (exempt)	657,116			
Total investments	\$ 41,396,057			

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real estate fund (1)	\$ 1,406,971	\$ -	Quarterly	10 Days
Real estate (2)	5,305,723	-	Quarterly	90 days
Total investments measured at the NAV	\$ 6,712,694	\$ -		

1. Real estate fund: The fund is an open-end diversified core real estate commingled fund that invests primarily in core institutional office, retail, industrial, and multi-family properties located throughout the United States. The investment is valued at NAV and its redemptions must be received by the fund 10 days prior to quarter end.
2. Real estate fund: This fund is an open-end comingled real estate fund that invests in a pool of real estate assets that are diversified by geography and property type, with a focus of yield-driven investments and, to a lesser extent, on value-added investments. The investment is valued at NAV and redemption requests must be received by the fund 90 days prior to quarter end.

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

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

**A. Deposits and Investments**

Non-Uniformed Pension

The following is a description of the valuation methodologies used for assets measured at fair value for the plan:

Common stocks: Valued at the closing price reported on the New York Stock Exchange.

Government securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

Hedge fund: Valued based on the net asset value per share, without further adjustment. Net asset value is based upon the fair value of the underlying investment.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yield of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote, if available.

Real estate fund: Valued at the net asset value of shares held by the Plan at year end. The Plan has investment in a private market real estate investment for which no liquid public market exists.

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>				
Equity securities:				
Common stocks	\$ 30,096,941	\$ 30,096,941	\$ -	\$ -
Debt securities:				
U.S. treasury securities	2,836,025	2,604,192	231,833	-
U.S. agency securities	5,670,615	-	5,670,615	-
Corporate bonds	7,307,307	-	7,307,307	-
Total debt securities	15,813,947	2,604,192	13,209,755	-
Total investments at fair value level	45,910,888	32,701,133	13,209,755	-
<b>Investments measured at the net asset value (NAV)</b>				
Real estate fund	5,152,152			
Hedge fund	3,369,896			
Total investments measured at the NAV	8,522,048			
Money market funds (exempt)	1,333,410			
Total investments	\$ 55,766,346			

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

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

**A. Deposits and Investments**

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real estate fund (1)	\$ 5,152,152	\$ -	Quarterly	45 Days
Hedge Fund (2)	3,369,896	-	Semi-annual	95 Days
Total investments measured at the NAV	<u>\$ 8,522,048</u>	<u>\$ -</u>		

1. Real estate fund: This fund is an open-end core real estate fund with a diversified portfolio of multifamily, office, industrial and retail properties. The fund seeks to provide for the preservation of capital, stable income and modest appreciation over the mid- to long-term. The investment is valued at NAV and redemption requests must be received by the fund 45 days prior to quarter end.
2. Hedge fund: This fund aims to pursue varying strategies in order to diversify risks and reduce volatility. The fund invests with hedge funds and other portfolio managers or otherwise utilizes the services of investment advisors or other investment managers employing a variety of trading styles or strategies, including, but not limited to, direct lending, convertible arbitrage, merger or risk arbitrage and other event-driven investing, distressed and long/short credit, long/short equity, multi-strategy and other relative value strategies. The investment is valued at NAV and redemption requests must be received by the fund 95 days prior to redemption date of June 30 or December 31.

**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, 2017 were as follows:

Governmental Activities

	General	CRA	General Construction Fund	Other Governmental Funds	Total
<b>Receivables:</b>					
Accounts	\$ 16,840,679	\$ -	\$ 1,528,998	\$ 254	\$ 18,369,931
Assessments	842	-	-	-	842
Interest	57,035	5,951	-	25,641	88,627
Gross receivables	16,898,556	5,951	1,528,998	25,895	18,459,400
Less: allowance for uncollectibles	(11,330,780)	-	-	-	(11,330,780)
Net receivables	<u>\$ 5,567,776</u>	<u>\$ 5,951</u>	<u>\$ 1,528,998</u>	<u>\$ 25,895</u>	<u>\$ 7,128,620</u>

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

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

**B. Receivables and Payables**

Business-type Activities

	Water and Sewer	Solid Waste	Total
<b>Receivables:</b>			
Accounts	\$ 3,206,281	\$ 1,884,249	\$ 5,090,530
Delinquent assessments	21,443	-	21,443
Interest	346,843	-	346,843
Gross receivables	3,574,567	1,884,249	5,458,816
Less: allowance for uncollectibles	(233,701)	(76,686)	(310,387)
Net receivables	\$ 3,340,866	\$ 1,807,563	\$ 5,148,429

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	\$ 151,605
Uncollectible related to sewer charges	82,096
Uncollectible related to solid waste charges	76,687
Total uncollectible for the current fiscal year	\$ 310,388

Accounts payables at September 30, 2017 are as follows:

	Vendors	Retainage	Total Payables
<b>Governmental activities:</b>			
General fund	\$ 8,208,841	\$ -	\$ 8,208,841
CRA fund	17,422	-	17,422
General Construction Fund	4,194	-	4,194
Other governmental funds	158,634	-	158,634
	\$ 8,389,091	\$ -	\$ 8,389,091
 <b>Business-type activities:</b>			
Water and Sewer fund	\$ 653,648	\$ -	\$ 653,648
Solid Waste fund	560,968	-	560,968
	\$ 1,214,616	\$ -	\$ 1,214,616

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

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

**C. Capital Assets**

The following is a summary of capital asset activity for the year ended September 30, 2017:

<b>Governmental activities:</b>	Beginning Balance	Increases	Decreases	Total
<b>Capital assets not being depreciated:</b>				
Land	\$15,228,808	\$ 1,295,000	\$ -	\$ 16,523,808
Construction in progress	<u>16,943,091</u>	<u>2,835,261</u>	<u>4,610,662</u>	<u>15,167,691</u>
Total capital assets not being depreciated	<u>32,171,899</u>	<u>4,130,261</u>	<u>4,610,662</u>	<u>31,691,499</u>
<b>Capital assets being depreciated:</b>				
Buildings	38,715,153	34,840	-	38,749,993
Improvements other than buildings	6,072,481	4,756,979	-	10,829,460
Equipment	22,493,336	2,019,921	1,568,751	22,944,506
Infrastructure	<u>81,562,582</u>	<u>806,401</u>	<u>31,157</u>	<u>82,337,826</u>
Total capital assets being depreciated	<u>48,843,552</u>	<u>7,618,141</u>	<u>1,599,908</u>	<u>154,861,785</u>
<b>Less: accumulated depreciation for:</b>				
Buildings	13,514,596	958,349	-	14,472,945
Improvements other than buildings	2,304,772	283,106	-	2,587,878
Equipment	19,514,849	551,403	1,568,751	18,497,501
Infrastructure	<u>43,645,843</u>	<u>2,483,057</u>	<u>-</u>	<u>46,128,900</u>
Total accumulated depreciation	<u>78,980,060</u>	<u>4,275,915</u>	<u>1,568,751</u>	<u>81,687,223</u>
Total capital assets being depreciated, net	<u>69,863,492</u>	<u>3,342,226</u>	<u>31,157</u>	<u>73,174,561</u>
Governmental activities capital assets, net	<u>\$20,308,407</u>	<u>\$ 7,472,487</u>	<u>\$ 4,641,819</u>	<u>\$ 104,866,060</u>

<b>Business-type activities:</b>	Beginning Balance	Increases	Decreases	Total
<b>Capital assets not being depreciated:</b>				
Land	\$ 50,531	\$ -	\$ -	\$ 50,531
<b>Capital assets being depreciated:</b>				
Buildings	1,810,875	-	-	1,810,875
Utility plants in service	46,125,971	-	-	46,125,971
Improvements other than buildings	85,838,524	556,707	-	86,395,231
Equipment	<u>25,158,291</u>	<u>1,348,523</u>	<u>3,534,620</u>	<u>22,972,195</u>
Total capital assets being depreciated	<u>58,933,661</u>	<u>1,905,230</u>	<u>3,534,620</u>	<u>57,304,272</u>
<b>Less: accumulated depreciation for:</b>				
Buildings	1,205,058	-	-	1,205,058
Utility plants in service	20,059,574	1,427,057	-	21,486,631
Improvements other than buildings	41,092,846	2,148,716	-	43,241,562
Equipment	<u>18,948,704</u>	<u>1,025,707</u>	<u>3,534,620</u>	<u>16,439,791</u>
Total accumulated depreciation	<u>81,306,181</u>	<u>4,601,480</u>	<u>3,534,620</u>	<u>82,373,042</u>
Total capital assets being depreciated, net	<u>77,627,479</u>	<u>(2,696,250)</u>	<u>-</u>	<u>74,931,229</u>
Business-type activities capital assets, net	<u>\$77,678,011</u>	<u>\$(2,696,250)</u>	<u>\$ -</u>	<u>\$74,981,761</u>

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

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

**C. Capital Assets**

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 119,994
Public safety	606,784
Human services	72,938
Physical environment	583,000
Transportation	1,673,839
Culture and recreation	1,219,360
Total depreciation expense - governmental activities	<u>\$ 4,275,915</u>
Business-type activities:	
Water and sewer	\$ 3,768,173
Solid waste	833,307
Total depreciation expense - business-type activities	<u>\$ 4,601,480</u>

**D. Encumbrances**

Purchase orders are issued throughout the fiscal year to encumber budgets in the governmental funds. Significant encumbrances as of September 30, 2017, 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:

<b>Major funds:</b>	
General Fund	\$ 4,216,894
Community Redevelopment Agency Fund	1,141,262
General Construction Fund	626,555
Total major funds	<u>5,984,711</u>
Nonmajor governmental funds	<u>249,553</u>
Total encumbrances	<u>\$ 6,234,264</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, 2017:

<u>Project</u>	<u>Amounts Outstanding</u>
NE 3rd Avenue/48th Street Roadway Project	\$ 596,867

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

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

**F. Unearned/Unavailable Revenue**

Unearned/Unavailable revenue in the General Fund includes \$461,760 for local business taxes (formerly referred to as occupational licenses) relating to fiscal year 2018. The General Fund also includes ambulance transport fees in the amount of \$3,317,157 which are not available and are recorded as unavailable revenue; there is also an unearned revenue balance of \$1,500 for performance bond customer deposits.

The General Construction Fund had unavailable revenue of \$689,649.

The Miscellaneous Grants nonmajor special revenue fund had unavailable revenue of \$140,273.

**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, 2017 is as follows:

Due to/Due from

	CBDG Fund	Miscellaneous Grants Fund	General Construction Fund	Solid Waste Fund	Total
Receivable Fund:					
General Fund	\$ 236,552	\$ 97,557	\$ 3,717,694	\$ -	\$ 4,051,803
Water and Sewer Fund	-	-	-	3,708,000	3,708,000
Total	<u>\$ 236,552</u>	<u>\$ 97,557</u>	<u>\$ 3,717,694</u>	<u>\$ 3,708,000</u>	<u>\$ 7,759,803</u>

Interfund Transfers:

	Transfers to:		
	General	Nonmajor Governmental	Total
<b><u>Transfers from</u></b>			
General	\$ -	\$ 5,172,041	\$ 5,172,041
CRA	1,095,156	-	1,095,156
Nonmajor Governmental	672,156	70,000	742,156
Solid Waste	306,699	-	306,699
Total	<u>\$ 2,074,011</u>	<u>\$ 5,242,041</u>	<u>\$ 7,316,052</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.

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

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

**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.

The future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2017, were as follows:

Fiscal Year	Governmental Activities	Business-type Activities	Total
2018	\$ 363,593	\$ 233,158	\$ 596,751
2019	363,593	233,158	596,751
2020	363,593	233,158	596,751
2021	244,884	161,037	405,921
Total minimum lease payments	1,335,663	860,511	2,196,174
Less: amount representing interest	(38,695)	(28,814)	(67,509)
Present value of future minimum lease payments	\$ 1,296,968	\$ 831,697	\$ 2,128,665

As of September 30, 2017, the equipment held under capital leases for governmental activities and business-type activities were \$1,752,172 and \$1,123,600, respectively. Accumulated depreciation for equipment held under capital leases was \$350,434 and \$224,720 for governmental and business-type activities, respectively, as of September 30, 2017.



**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

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

**I. Long-Term Debt**

**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, \$4,093,121, have interest rates that range from 4.25% to 6.08%. For Series A, principal is due annually on April 1<sup>st</sup> and interest is payable semi-annually on April 1<sup>st</sup> and October 1<sup>st</sup> with the final maturity date being October 1, 2024.
- *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%. The principal is due annually on April 1<sup>st</sup> and interest is payable semi-annually on April 1<sup>st</sup> and October 1<sup>st</sup> with the final maturity date being October 1, 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 \$972,250 was paid. Ad valorem taxes amounted to \$36,633,074. The outstanding balance for this issue at year end amounted to \$12,085,000.
- *Covenant Bonds, Series 2006* – The original amount of this issue was \$5,965,000. The proceeds of this bond issue were used to complete the construction of the public works facility and the municipal operations complex. The interest rates on these bonds range from 4.00% to 5.00%. Principal is due annually on October 1<sup>st</sup> and interest is payable semi-annually on April 1<sup>st</sup> and October 1<sup>st</sup>, with the final maturity date being October 1, 2031. The remaining outstanding bonds of this issue total \$4,350,000 with total interest payable of \$1,576,803 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 \$394,569 were paid. Electric franchise fees amounted to \$5,094,936 for fiscal year 2017.
- *Covenant Bonds, 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 1<sup>st</sup> and interest is payable semi-annually on April 1<sup>st</sup> and October 1<sup>st</sup>, with the final maturity date being October 1, 2032. The remaining outstanding bonds of this issue total \$16,195,000 with total interest payable of \$3,480,066 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 \$1,559,969 was paid.

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

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

**I. Long-Term Debt**

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

- *Loans Payable* – The City has entered into two loan agreements with the State of Florida Department of Environmental Protection. The primary purpose of these loans is to construct water and wastewater facilities. As of September 30, 2009, the City borrowed \$8,662,208, with interest rates ranging from 2.27% to 3.57%. As of September 30, 2017, the outstanding principal amount of these loans totaled \$4,634,734. 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, 2017, the unpaid principal balances of Water Pollution Control Loan No. WW69302L and Loan No. WW693030 were \$801,212 and \$3,833,522, 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 \$528,306. Net revenues of the water and sewer system amounted to \$4,334,995 for the year ended September 30, 2017.
- *Wells Fargo Loan* - On April 9, 2015, the City issued Wells Fargo Revenue Loan in the amount of \$8,580,000. The loan matures on November 15, 2021. The loan bears interest on the outstanding principal balance at 1.63%. Payments are due annually starting November 15, 2015. The proceeds of this loan was used to refund State Revenue Loan No. DW060610, which was paid in full, and the liability for this loan was removed from the Business-type activities column in the statement of net position. As of September 30, 2017, the principal balance outstanding was \$6,250,000. The principal and interest paid during the current year totaled \$1,265,450.
- *Florida Municipal Loan Council Revenue Bonds, Series 2008A* – The original amount of this issue was \$17,028,786. The proceeds of this bond issue are to be used to construct a reverse osmosis water treatment addition to the City's west water treatment facility, as well as various other improvements to the water distribution system. The interest rate on these bonds is 4.81%. Principal is due annually on October 1<sup>st</sup> and interest is payable semiannually on April 1<sup>st</sup> and October 1<sup>st</sup>, with the final maturity date being October 1, 2028. The remaining outstanding bonds of this issue total \$12,112,720. 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 \$1,335,575.

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

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

**I. Long-Term Debt**

**3. Changes in Long-Term Liabilities:**

The following is a summary of changes in long-term liabilities for the year ended September 30, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 17,295,290	\$ -	\$ 1,117,169	\$ 16,178,121	\$ 1,104,936
Covenant bonds	21,785,000	-	1,240,000	20,545,000	1,295,000
Plus: Deferred amounts for premiums/discounts	1,314,688	-	138,956	1,175,732	-
Total bonds payable	40,394,978	-	2,496,125	37,898,853	2,399,936
Capital leases	1,665,572	-	368,604	1,296,968	345,976
Net OPEB obligation	10,803,280	3,395,723	1,322,816	12,876,187	-
Claims and judgments	6,171,056	9,165,414	8,362,525	6,973,945	1,131,000
Net pension liability	54,780,244	11,132,125	9,185,584	56,726,785	-
Compensated absences	1,359,035	1,256,948	1,071,377	1,544,606	1,059,891
Total governmental activities long-term liability	<u>\$ 115,174,165</u>	<u>\$ 24,950,210</u>	<u>\$ 22,807,031</u>	<u>\$ 117,317,344</u>	<u>\$ 4,936,803</u>
<b>Business-type activities:</b>					
Capital leases	\$ 1,376,572	\$ -	\$ 544,875	\$ 831,697	\$ 221,861
Net OPEB obligation	4,305,845	1,932,441	578,222	5,660,064	-
Net pension liability	2,993,564	1,693,748	156,765	4,530,547	-
Compensated absences	1,229,719	569,556	631,474	1,167,801	606,537
Bonds payable	12,839,803	-	727,083	12,112,720	764,591
Loans payable	12,498,150	-	1,613,416	10,884,734	1,637,761
Total business-type activities long-term liabilities	<u>\$ 35,243,653</u>	<u>\$ 4,195,745</u>	<u>\$ 4,251,835</u>	<u>\$ 35,187,562</u>	<u>\$ 3,230,750</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 liabilities.

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

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

**I. Long-Term Debt**

**4. Summary of Annual Debt Service Requirements**

The annual debt service requirements to maturity for debt outstanding as of September 30, 2017 are as follows:

Year Ending September 30	Governmental Activities Debt					
	General Obligation Bonds			Covenant Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 1,104,936	\$ 1,386,034	\$ 2,490,970	\$ 1,295,000	\$ 661,788	\$ 1,956,788
2019	1,099,238	1,391,592	2,490,830	1,335,000	618,188	1,953,188
2020	1,096,610	1,397,240	2,493,850	1,370,000	578,038	1,948,038
2021	1,092,061	1,401,089	2,493,150	1,415,000	537,838	1,952,838
2022	1,085,902	1,407,398	2,493,300	1,460,000	492,744	1,952,744
2023-2027	5,849,374	6,627,574	12,476,948	8,135,000	1,672,422	9,807,422
2028-2032	4,850,000	146,550	4,996,550	5,065,000	487,922	5,552,922
2033-2035	-	-	-	470,000	7,931	477,931
Total	<u>\$16,178,121</u>	<u>\$13,757,477</u>	<u>\$29,935,598</u>	<u>\$20,545,000</u>	<u>\$ 5,056,871</u>	<u>\$25,601,871</u>

Year Ending September 30	Business-type Activites Debt					
	Revolving Loans			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 1,637,761	\$ 192,559	\$ 1,830,320	\$ 764,591	\$ 572,121	\$ 1,336,712
2019	1,667,316	163,118	1,830,434	802,229	533,918	1,336,147
2020	1,697,084	133,138	1,830,222	841,720	495,131	1,336,851
2021	1,717,071	102,694	1,819,765	881,859	451,809	1,333,668
2022	1,767,281	71,620	1,838,901	926,566	407,715	1,334,281
2023-2027	2,398,221	144,375	2,542,596	5,362,739	1,297,733	6,660,472
2028-2032	-	-	-	2,533,016	125,352	2,658,368
Total	<u>\$10,884,734</u>	<u>\$ 807,504</u>	<u>\$11,692,238</u>	<u>\$12,112,720</u>	<u>\$ 3,883,779</u>	<u>\$15,996,499</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, 2017. 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**  
**Notes to the Financial Statements**  
**September 30, 2017**

**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, 2017:

<u>Governmental Activities</u>	Total
Community Redevelopment Agency Funds	\$ 2,719,849
Cemetery reserve endowments	1,639,438
Local option gas tax	1,674,829
Impact fees	375,631
Grant funds	1,425,664
Law Enforcement/Crime Prevention /Other Trust Funds	2,059,942
Bond construction account	4,800,560
Loan debt service accounts	2,440,501
Total governmental activities restricted assets	<u>\$ 17,136,414</u>

Business-type Activities

	Water and Sewer Fund	Solid Waste Fund	Total
Customer deposits	\$ 568,542	\$ 57,582	\$ 626,123
Bond construction accounts	709,553	-	709,553
Revolving loan covenant accounts	1,834,565	-	1,834,565
Total business-type activities restricted assets	<u>\$ 3,112,660</u>	<u>\$ 57,582</u>	<u>\$ 3,170,241</u>

**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	\$ 2,698,488
State Housing Initiative/Neighborhood Stabilization Grant Programs	1,094,275
Roadway improvements/parking system improvements	1,245,893
Senior services programs	216,886
Confiscated property seizures/code enforcement fines for crime prevention	1,332,379
Beautification and landscape projects	464,200
Parks and recreation program	638,050
Perpetual care and general reserve operations for cemeteries	1,657,456
Debt service	1,364,657
Total restricted net position - governmental activities	<u>10,712,284</u>
Restricted for debt service (Water and Sewer Fund)	1,834,565
Total restricted net position - business-type activities	<u>1,834,565</u>
Total government-wide restricted net position	<u>\$ 12,546,849</u>

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

**NOTE IV. OTHER INFORMATION**

**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, 2017, the amount of these liabilities was \$6,973,945. Changes in the reported liability since September 30, 2017 resulted from the following:

Fiscal Year	Claims Payable October 1	Current Year's Claims and Changes in Estimates	Claims Payments	Liability September 30
2017	\$ 6,171,056	\$ 9,165,414	\$ (8,362,525)	\$ 6,973,945
2016	\$ 7,473,515	\$ 10,958,550	\$ (12,261,009)	\$ 6,171,056

**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, 2017, 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.

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.

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

**NOTE IV. OTHER INFORMATION**

**E. Defined Benefit Pension Plans**

**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 Deerfield Beach Municipal Firefighters' Pension Trust Fund (the Fire Pension Plan), the City of Deerfield Beach Police Officers' Retirement Plan (the Police Pension Plan) and the City of Deerfield Beach Non-Uniformed Employees' Retirement Fund (the Non-uniformed Pension Plan) are individual plans administered for each of three employee categories: fire, police and non-uniformed personnel. Each plan is governed by its own board of trustees, which is responsible for establishing employee benefit provisions within the framework of Chapters 175 and 185 of the Florida Statutes and local ordinances. Retirement, disability and death benefits and annual cost-of-living adjustments are provided by all three plans to members and beneficiaries. New members are no longer admitted to 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 with the exception of money market funds which are reported at amortized cost. Securities traded on a national exchange are valued at the last reported sales price on the plan's fiscal year end. 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: , Pension Resource Center, 4360 Northlake Blvd., Suite 206, Palm Beach Gardens, FL 33410; (561) 624-3277. The reports for the Fire Pension Plan may also be obtained by contacting the following: Freiman Little Actuaries, LLC; 4105 Savannahs Trail; Merritt Island, FL 32953; (321) 453-6542.

The Non-uniformed Employees' Retirement Plan also issues publicly available financial reports. These reports may be obtained via written request to the following: Benefits USA, Inc., 3810 Inverrary Blvd., Suite 302, Lauderhill, Florida 33319; or by calling (800) 425-2454.

On January 13, 1990 the police officers of the City of Deerfield Beach merged with the Broward County Sheriff's Office. State law provides that these officers, who are now employees of the Broward County Sheriff's Office, could make an irrevocable election to remain in the City's pension plan. On October 1, 2012, the firefighters of the City of Deerfield Beach also merged with the Broward Sheriff's Office. Like the police officers, they were also allowed to make an irrevocable election to remain in the City's pension plan or join the Florida Retirement System.

**2. Funding Policy**

The board of trustees of each plan establishes and may amend the contribution requirements of plan members and of the City.

The Fire Pension Fund, as well as the Police Pension Fund, is partially funded by contributions from the State of Florida. The state's contribution to the pension funds consists of excise taxes collected on fire and casualty insurance premiums on policies written within the City limits. For fiscal year 2017, the state contributed \$603,646 and \$657,100 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 expenditures during the period.

Information regarding fiscal year 2017 participant data for the three pension plans is as follows:

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
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**NOTE IV. OTHER INFORMATION**

**E. Defined Benefit Pension Plans**

**2. Funding Policy**

	Fire	Police	Non-uniformed	Total
Plan membership as of actuarial valuation date	10/01/2016	10/01/2016	10/01/2016	
Inactive members or beneficiaries currently receiving benefits	118	76	139	333
Inactive members entitled to but not yet receiving benefits	0	0	1	1
Active member	84	0	3	87
	<u>202</u>	<u>76</u>	<u>143</u>	<u>421</u>

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% 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 three to 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.

**3. Net Pension Liability**

The component of net pension liability as of September 30 ,2016 (measurement date) were as follows:

	Fire	Police	Non-uniformed	Total
Total pension liability	\$ 143,439,566	\$ 54,887,329	\$ 63,160,659	\$ 261,487,554
Plan fiduciary net position	<u>(107,189,636)</u>	<u>(38,707,816)</u>	<u>(55,048,091)</u>	<u>(200,945,543)</u>
City's net pension liability	<u>\$ 36,249,930</u>	<u>\$ 16,179,513</u>	<u>\$ 8,112,568</u>	<u>\$ 60,542,011</u>
Plan fiduciary net position as a percentage of the total pension liability	74.73 %	70.52 %	87.16 %	



**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
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**NOTE IV. OTHER INFORMATION**

**E. Defined Benefit Pension Plans**

	Fire	Police	Non-uniformed
Total pension liability - beginning	\$ 136,963,565	\$ 52,186,489	\$ 60,695,984
Changes for the year:			
Service cost	2,793,233	-	66,123
Interest	10,371,874	3,359,275	4,325,572
Difference between expected and actual experience	(82,819)	223,166	612,743
Change in benefit terms	48,546	-	-
Change of assumptions	140,613	3,535,687	3,377,835
Share plan allocation	-	421,602	-
Benefit payments	(6,795,446)	(4,838,890)	(5,917,598)
Net change in total pension liability	<u>6,476,001</u>	<u>2,700,840</u>	<u>2,464,675</u>
Total pension liability - ending (a)	<u>143,439,566</u>	<u>54,887,329</u>	<u>63,160,659</u>
Plan fiduciary net position - beginning	99,661,364	37,671,100	55,328,028
Contributions - employer	5,060,592	1,908,777	1,543,620
Contributions - State of Florida	667,147	627,053	-
Contribution - employee	883,740	-	27,643
Net investment income (loss)	7,926,978	3,436,195	4,169,121
Benefit payments	(6,795,446)	(4,838,890)	(5,917,598)
Administrative expenses	(214,739)	(96,419)	(102,723)
Net change in plan fiduciary net position	<u>7,528,272</u>	<u>1,036,716</u>	<u>(279,937)</u>
Plan fiduciary net position - ending (b)	<u>107,189,636</u>	<u>38,707,816</u>	<u>55,048,091</u>
Net pension liability (a-b)	<u>\$ 36,249,930</u>	<u>\$ 16,179,513</u>	<u>\$ 8,112,568</u>

**4. Significant Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of October 1, 2015, and rolled forward to September 30, 2016, using the following actuarial assumptions.

Assumptions	Fire Pension	Police Pension	Non-Uniformed
Inflation	2.75%	N/A	4.00%
Salary increases	5% to 11%	N/A	6.00% per year
Investment rate of return	7.50%	6.50%	7.00%
Mortality	RP-2000 fully generational with scale AA	RP-2000 Generational RP-2000 table Disabled for disabled lives projection	RP-2000 Healthy Annuitant Mortality tables for males and females using Scale BB
Retirement age	N/A	N/A	Age 64 with 10 years of service service or age 55 with 25 years of service

**5. Pension Discount Rate**

The discount rate used to measure the total pension liability was 7.50%, 6.50%, and 7.00% for the Fire, Police, and Non-Uniformed Pension plans respectively. This is a single rate that reflects the long-term expected rate of return on Pension plan investments expected to be used to finance the payment of benefits, including inflation. The projection of cash flows used to determine the discount rate assumed member contributions are made at 9% of pay and City contributions will be made in

**City of Deerfield Beach, Florida**  
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**NOTE IV. OTHER INFORMATION**

**E. Defined Benefit Pension Plans**

**5. Pension Discount Rate**

an amount equal to the difference between the actuarially determined contributions and member contributions. Fiduciary net position is projected to be sufficient to make projected benefits payments, for purposes of this determination.

Sensitivity of the net pension liability to changes in the discount rate follows for each plan:

Net Pension Liability

	Fire Pension Plan		
	1% Decrease	Current Discount Rate	1% Increase
Percent	6.50%	7.50%	8.50%
Net pension liability	\$51,642,633	\$36,249,930	\$23,514,000

	Police Pension Plan		
	1% Decrease	Current Discount Rate	1% Increase
Percent	5.50%	6.50%	7.50%
Net pension liability	\$22,141,825	\$16,179,513	\$11,204,649

	Non-uniformed Pension Plan		
	1% Decrease	Current Discount Rate	1% Increase
Percent	6.00%	7.00%	8.00%
Net pension liability	\$13,603,138	\$8,112,568	\$3,392,086

**6. Investments - Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined by using a building-block method. Best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. The long-term expected rate of return on investments is the best-estimate ranges weighted by the asset allocation plus expected inflation. Best estimates of arithmetic real rates of return for each major asset class as provided by the investment monitor for the Fire, Police and non-uniformed pension plans, respectively, are shown below.

<b>Fire</b>	
	Long-Term Expected Real Rate of Return
Asset Class	
Domestic equity	7.50%
International equity	3.14%
Bonds	3.92%
Treasury inflation-protected securities	3.17%
Convertibles	6.41%
Private real estate	4.66%
Master limited partnerships	10.43%
Hedge fund	4.05%

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
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**NOTE IV. OTHER INFORMATION**

**E. Defined Benefit Pension Plans**

**6. Investments - Long-Term Expected Rate of Return**

<b>Police</b>	
Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	7.50%
Foreign equity securities	8.50%
Domestic fixed income	2.50%
Global bond	3.50%
Real estate funds	4.50%
Treasury inflation-protected securities	2.50%

<b>Non-Uniformed</b>	
Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	6.45%
International equity	5.34%
Fixed income	2.30%
Real estate funds	2.80%
Hedge fund	2.35%

**7. Asset Allocation**

The tables below indicate the fund investment policy targets, and actual asset allocations as of September 30, 2017:

<b>Fire</b>	
Asset Class	Investment Policy
Fixed income & TIPS	20-67%
International	10-25%
Large cap core	6-12%
Large cap growth	6-12%
Mid cap core	5-9%
Small cap value	3-7%
Convertibles	6-11%
Hedge fund	0-15%
Master limited partnerships	2-7%
Real estate funds	0-12%
Cash and cash equivalents	Minimal

**City of Deerfield Beach, Florida**  
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**NOTE IV. OTHER INFORMATION**

**E. Defined Benefit Pension Plans**

**7. Asset Allocation**

**Fire**

Asset Class	Actual Allocation
Fixed income & TIPS	23.90%
International	14.00%
Large cap core	8.20%
Large cap growth	4.10%
Mid cap core	7.20%
Small cap value	5.40%
Convertibles	9.50%
Hedge fund	10.20%
Master limited partnerships	3.30%
Real estate funds	11.30%
Cash and cash equivalents	2.90%

**Police**

Asset Class	Investment Policy
Domestic equity	15-45%
Foreign Equity Securities	10-20%
Fixed Income	30-40%
TIPS	0-5%
Real estate fund	0-15%
Alternative Income	0-10%

**Police**

Asset Class	Actual Allocation
Domestic equity	45.00%
Foreign Equity Securities	18.00%
Fixed Income	5.00%
TIPS	1.00%
Real estate fund	17.00%
Alternative Income	14.00%

**Non-Uniformed**

Asset Class	Investment Policy
Domestic equity	30-65%
International equity	5-15%
Fixed income	20-40%
Hedge funds	0-10%
Real estate fund	0-10%
Cash and cash equivalents	Minimal

**Non-Uniformed**

Asset Class	Actual Allocation
Domestic equity	43.00%
International equity	10.00%
Fixed income	29.00%
Hedge funds	5.00%
Real estate fund	8.00%
Cash and cash equivalents	5.00%

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
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**NOTE IV. OTHER INFORMATION**

**E. Defined Benefit Pension Plans**

**8. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension expense and deferred outflows and deferred inflows of resources related to pensions:* The net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2015. The City reported deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows (Inflows)		
	Fire	Police	Non-Uniformed
Contributions subsequent to the measurement date	\$ 5,662,208	\$ 2,823,153	\$ 1,595,214
Difference between expected and actual experience	(434,010)	-	-
Difference between expected and actual earnings on investments	5,758,940	(143,991)	1,690,201
Change in assumptions	346,907	-	-
Total deferred outflows (inflows)	<u>\$ 11,334,045</u>	<u>\$ 2,679,162</u>	<u>\$ 3,285,415</u>

The deferred outflows of resources resulting from City contributions to the pension plans subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2017. The amount reported as a deferred inflow/outflow of resources related to the pension will be recognized in pension expense over the four remaining years as follows:

Fiscal Year Ended September 30	Fire	Police	Non-Uniformed
2018	\$ 1,778,826	\$ (37,655)	\$ 498,113
2019	1,807,727	(37,656)	498,115
2020	2,150,927	126,196	784,349
2021	(65,643)	(194,876)	(90,376)
Total	<u>\$ 5,671,837</u>	<u>\$ (143,991)</u>	<u>\$ 1,690,201</u>

**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.

**City of Deerfield Beach, Florida**  
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**NOTE IV. OTHER INFORMATION**

**F. Defined Contribution Plan**

The City contributed 8% of salaries to the plan on a bi-weekly basis, for a contribution for the year ending September 30, 2017 of \$1,552,340. 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 \$764,802.

**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 No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions."

Benefit Description and Funding Policy

The City provides a single employer defined benefit post-employment 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, 2017, there were 184 retired employees receiving a monthly benefit with an additional 362 eligible for participation in the future. Benefit payments totaled \$1,901,038 for the year.

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
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**NOTE IV. OTHER INFORMATION**

**H. Other Postemployment Benefits**

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, 2017 follow:

Annual required contribution	\$ 5,339,407
Interest on plan obligation	604,365
Adjustment to ARC	<u>(615,608)</u>
Annual OPEB cost (AOC)	5,328,164
Actual contributions made	<u>(1,901,038)</u>
Increase in NOO	3,427,126
NOO - Beginning of year	<u>15,109,125</u>
NOO - End of year	<u><u>\$ 18,536,251</u></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
2015	\$ 4,666,685	\$ 2,144,414	47.5%	\$ 12,595,657
2016	4,985,886	2,472,418	49.6%	15,109,125
2017	5,328,164	1,901,038	35.7%	18,536,251

As of the October 1, 2016 valuation date, the actuarial accrued liability for benefits was \$67,544,051 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$67,544,051. The payroll for active participating employees for that period was approximately \$23,506,096 and the unfunded actuarial accrued liability as a percentage of payroll was 287.3%. 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.

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
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**NOTE IV. OTHER INFORMATION**

**H. Other Postemployment Benefits**

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

Valuation date:	October 1, 2016
Actuarial cost method:	Entry-age
Amortization method:	Level percent *, open
Remaining amortization period:	30 years
Investment rate of return/discount rate:	4.0%
Projected salary increases:	6.00%
Payroll growth assumption:	3.25%
Initial trend rate:	7.00%
Ultimate trend rate:	4.40%
* Includes inflation at :	2.60%

**I. Community Redevelopment Agency**

Pursuant to Florida Statute 163.387, listed below is a summary of the sources and amounts of deposits to, and the purpose and amounts of withdrawals from, the Community Redevelopment Agency Funds (CRA) for the fiscal year ended September 30, 2017:

	<u>Deposits</u>	<u>Withdrawals</u>
Source of deposits:		
Tax increment revenues	\$ 3,099,805	\$ -
Investment income	7,718	-
Other revenue	1,950	-
Purpose of withdrawals:		
Debt service - principal	-	760,000
Debt service - interest	-	335,156
Other contractual	-	185,716
Administratives and overhead	-	528,348
Economic development	-	238,830
Supplies	-	206,588
Total	<u>\$ 3,109,473</u>	<u>\$ 2,254,638</u>

**NOTE V. COST SHARING DEFINED BENEFIT PLANS**

Effective November 6, 2001, the City of Deerfield Beach commenced participation in the Florida Retirement System (FRS), a cost-sharing multiple employer Public Employee Retirement System (PERS). There are two defined benefit plans as part of the Florida Retirement System. The FRS is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) for eligible employees. The Health Insurance Subsidy Program (HIS) is a cost-sharing, multiple-employer defined benefit pension plan. The FRS and HIS were created by the Florida Legislature and are administered by the State of Florida.

Only Elected members of the City Commission are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature.



**City of Deerfield Beach, Florida**  
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**NOTE V. COST SHARING DEFINED BENEFIT PLANS**

The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website:

([http://www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications)).

**A. Plan Description**

**FRS Pension Plan**

The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. Only Elected Officials participate in this plan.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service (except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service). All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service (except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service). Members of the Plan may include up to 4 years of credit for military service toward creditable service.

The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

**HIS Plan**

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of the State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

**B. Benefits Provided**

**FRS Pension Plan**

Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

**NOTE V. COST SHARING DEFINED BENEFIT PLANS**

**B. Benefits Provided**

**FRS Pension Plan**

Elected Officers' Class: 3.00%

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-October 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

**HIS Plan**

For the fiscal year ended September 30, 2017 eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

**C. Contributions**

The Florida Legislature establishes contribution rates for participating employers and employees. Employees are required to contribute 3% of gross salary. Employer contribution is based on class. For the fiscal year ended September 30, 2017, the contribution rate for Elected Officers' Class for the period October 1, 2016 through June 30, 2017 and from July 1, 2017 through September 30, 2017 was 42.47% and 45.47% percent, respectively

The City's contributions for FRS totaled \$67,479 and employee contributions totaled \$3,937. for the fiscal year ended September 30, 2017.

**HIS Plan**

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2017, the HIS contribution was 1.66 percent. The City contributed 100 percent of its statutorily required contributions for the current year and preceding three years. The HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

**D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At September 30, 2017, the City reported liabilities of \$660,640 for its proportionate share of the FRS net pension liability and \$54,680 for the HIS net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The City's proportionate share of the net pension liability was based on the City's fiscal year 2017 contributions relative to the fiscal year 2016 contributions of all participating members.

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

**NOTE V. COST SHARING DEFINED BENEFIT PLANS**

**D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the fiscal year ended September 30, 2017, the City recognized pension expense of \$94,071. In addition, the City reported, in the government-wide financial statements, deferred outflows of resources and deferred inflows of resources related to both plans from the following sources:

Description	Deferred Outflows of Resources		
	FRS	HIS	Total
Differences between expected and actual experience	\$ 60,631	\$ -	\$ 60,631
Change of assumptions	222,022	7,686	229,708
Net difference between projected and actual earnings on plan investments	-	30	30
Changes in proportion and differences between City contributions and proportionate share of contributions	124,641	4,075	128,716
City contributions subsequent to measurement date	15,034	641	15,675
Total deferred outflows of resources	<u>\$ 422,328</u>	<u>\$ 12,432</u>	<u>\$ 434,760</u>

Description	Deferred Inflows of Resources		
	FRS	HIS	Total
Differences between expected and actual experience	\$ 3,660	\$ 114	\$ 3,774
Change of assumptions	-	4,728	4,728
Net difference between projected and actual earnings on plan investments	16,372	-	16,372
Changes in proportion and differences between City contributions and proportionate share of contributions	19,960	2,533	22,493
Total deferred outflows of resources	<u>\$ 39,992</u>	<u>\$ 7,375</u>	<u>\$ 47,367</u>

The deferred outflows of resources related to pensions, totaling \$15,675, resulting from City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Employer Share of Deferred Outflows/Deferred Inflows		
	FRS	HIS	Total
2018	\$ 74,547	\$ 1,065	\$ 75,612
2019	131,378	1,059	132,437
2020	83,410	1,057	84,467
2021	15,163	942	16,105
2022	45,143	439	45,582
Thereafter	17,661	(146)	17,515
Total	<u>\$ 367,302</u>	<u>\$ 4,416</u>	<u>\$ 371,718</u>

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

**NOTE V. COST SHARING DEFINED BENEFIT PLANS**

**D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**E. Actuarial Assumptions**

Actuarial assumptions for both cost-sharing defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Generational RP-2000 with Projection Scale BB Tables 7/1/08 - 6/30/13	
Mortality table	Individual entry age normal	
Experience Study	FRS	HIS
Actuarial cost method	FRS	HIS
Investment rate of return	7.10 %	3.58 %
Projected salary increases	3.25 %	3.25 %
Inflation	2.60 %	2.60 %

**F. Long-term Expected Rate of Return**

**FRS Pension Plan**

The long-term expected rate of return on the plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	3.0%	3.0%	1.8%
Fixed income	18%	4.5%	4.4%	4.2%
Global equity	53%	7.8%	6.6%	17.0%
Real estate (property)	10%	6.6%	5.9%	12.8%
Private equity	6%	11.5%	7.8%	30.0%
Strategic investments	12%	6.1%	5.6%	9.7%
	<u>100%</u>			
Assumed inflation-mean		2.6%		1.9%

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

**NOTE V. COST SHARING DEFINED BENEFIT PLANS**

**G. Discount Rate**

The discount rate used to measure the total pension liability was 7.10% for the FRS plan. The fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

The HIS program uses a pay as you go funding structure, so therefore, the depletion date is considered to be immediate and the single equivalent discount rate is equal to the municipal bond rate. The municipal bond rate of 3.58% was used to determine the total pension liability for the program. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**H. Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate**

The following table presents the sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the City's proportionate share of the net pension liability if the discount rate was 1.00% lower or 1.00% higher than the current discount rate at June 30, 2017.

	City's Proportionate Share of the Net Pension Liability		
	1% Decrease 6.10%	Current Discount Rate 7.10%	1% Increase 8.10%
FRS	\$ 1,195,719	\$ 660,640	\$ 216,402
	1% Decrease 2.58%	Current Discount Rate 3.58%	1% Increase 4.58%
HIS	\$ 62,397	\$ 54,680	\$ 48,252

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

**NOTE V. COST SHARING DEFINED BENEFIT PLANS**

**I. Pension Plan Fiduciary Net Position**

Detailed information about the fiduciary net position of both benefit plans are available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

**J. Summary of Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to all Pensions of the City**

For the year ended September 30, 2017, the City recognized pension expense of \$7,858,788. as the result of GASB No. 68. Deferred outflows and inflows of resources related to pensions are as follows.

	Non- Uniformed Pension	Police Pension	Fire Pension	FRS/HIS Pension	Total
Deferred outflows	\$ 4,219,385	\$ 3,786,369	\$ 12,779,809	\$ 434,760	\$ 21,220,323
Deferred inflows	933,970	1,107,207	1,445,765	47,367	3,534,309
Net pension liability	8,112,568	16,179,513	36,249,930	715,321	61,257,332
Pension expense	3,643,007	2,313,525	1,808,185	94,071	7,858,788

**NOTE VI. New Accounting Pronouncements Not Yet Adopted**

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017. The City is currently evaluating the implementation requirements of this statement.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. The City is currently evaluating the implementation requirement of this statement.

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting for reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidelines in this Statement. This Statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported. This Statement will also enhance the decision-usefulness of the information provided to financial statements users by requiring disclosures related to those AROs. The requirements for this Statement are effective for reporting periods beginning after June 15, 2018. The City is currently evaluating the implementation requirements of this statement.

GASB Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1)

**City of Deerfield Beach, Florida**  
**Notes to the Financial Statements**  
**September 30, 2017**

**NOTE VI. New Accounting Pronouncements Not Yet Adopted**

whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The City is currently evaluating the requirements of this statement.

GASB Statement No. 85, *OMNIBUS 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits [OPEB]). The requirements of this statement are effective for reporting periods beginning after June 15, 2017. The City is currently evaluating the requirements of this statement.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to the financial statements for debt that is defeased in substance. The requirements of this Statement are effective for the reporting periods beginning after June 15, 2017. The City is currently evaluating the requirements of this statement.

GASB Statement No. 87, *Leases*, is effective for financial statements for period beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. The City is aware of this requirement and will assess its impact to ensure timely implementation.

## **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, 2017**

	Budgeted Amounts		(Budgetary Basis)	Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
<b>Revenues:</b>				
Property taxes	\$ 36,273,898	\$ 36,273,898	\$ 36,633,074	\$ 359,176
Sales Taxes	6,558,833	6,558,833	6,374,461	(184,372)
Fire assessment fees	11,178,641	11,178,641	11,041,726	(136,915)
Franchise fees	8,009,563	8,009,563	7,648,226	(361,337)
Utility Tax	8,175,000	8,175,000	8,307,025	132,025
Licenses and permits	4,514,050	4,514,050	5,432,035	917,985
Intergovernmental	3,170,251	3,170,251	3,515,958	345,707
Charges for services	9,792,133	9,792,133	10,059,555	267,422
Fines and forfeitures	1,339,500	1,339,500	1,071,335	(268,165)
Investment earnings	38,000	38,000	194,654	156,654
Miscellaneous:				
Donations/contributions	196,000	196,000	536,465	340,465
Administrative fees	7,698,470	7,698,470	7,698,470	-
Other	301,833	301,833	490,117	188,284
Total revenues	97,246,172	97,246,172	99,003,101	1,756,929
<b>Expenditures</b>				
Departmental:				
City commission	290,364	290,364	289,503	861
City manager	5,747,405	5,747,405	5,417,806	329,599
City clerk	615,164	615,164	536,462	78,702
City attorney	436,500	436,500	452,523	(16,023)
Central services	502,250	502,250	475,157	27,093
Parks & recreation	12,935,163	12,935,163	11,518,724	1,416,439
Fire/rescue	30,253,039	30,253,039	30,069,670	183,369
Human resources	727,052	727,052	634,309	92,743
Insurance/safety	4,553,465	4,553,465	5,749,112	(1,195,647)
Financial services	1,442,206	1,442,206	1,355,374	86,832
Planning and development services	5,013,581	5,013,581	4,539,174	474,407
Information technology services	1,517,413	1,517,413	1,939,439	(422,026)
Economic development	208,799	208,799	116,608	92,191
Community development	287,322	287,322	249,414	37,908
Police	23,822,909	23,822,909	23,727,619	95,290
Fleet maintenance	816,331	816,331	869,780	(53,449)
Senior services	2,641,674	2,641,674	2,272,313	369,361
Public Affairs and Marketing	289,157	289,157	34,028	255,129
Community participation	213,026	213,026	193,026	20,000
Other - unclassified	3,932,075	3,932,075	4,893,269	(961,194)
Debt service	383,352	383,352	393,641	(10,289)
Total expenditures	96,628,247	96,628,247	95,726,951	901,296
Excess (deficiency) of revenues over (under) expenditures	617,925	617,925	3,276,150	2,658,225
<b>Other financing sources (Uses)</b>				
Capital lease	2,133,228	2,133,228	-	(2,133,228)
Transfers in	2,082,408	2,082,408	2,074,011	(8,397)
Transfers out	(4,833,561)	(4,833,561)	(5,172,041)	(338,480)
Total other financing sources (uses)	(617,925)	(617,925)	(3,098,030)	(2,480,105)
Net change in budgetary fund balances	\$ -	\$ -	\$ 178,120	\$ 178,120

## 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, 2017

	Budgeted Amounts		(Budgetary Basis) Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 3,134,935	\$ 3,134,935	\$ 3,099,805	\$ (35,130)
Interest	8,500	8,500	7,718	(782)
Total revenues	3,143,435	3,143,435	3,107,523	(35,912)
<b>Expenditures</b>				
Current:				
Economic environment	2,443,428	2,443,428	795,758	1,647,670
Public Safety	75,000	75,000	91,317	(16,317)
Culture and recreation	175,000	175,000	149,946	25,054
Capital outlay	464,851	464,851	122,461	342,390
Total expenditures	3,158,279	3,158,279	1,159,482	(1,998,797)
Excess (deficiency) of revenues over (under) expenditures	(14,844)	(14,844)	1,948,041	1,962,885
<b>Other financing sources (Uses)</b>				
Transfers out	(1,095,156)	(1,095,156)	(1,095,156)	-
Total other financing sources (uses)	(1,095,156)	(1,095,156)	(1,095,156)	-
Net change in budgetary fund balances	\$ (1,110,000)	\$ (1,110,000)	\$ 852,885	\$ 1,962,885

**City of Deerfield Beach, Florida**  
**Budgetary Comparison Schedule (Non-GAAP Budgetary Basis - Unaudited)**  
**General Fund**  
**For the Year Ended September 30, 2017**

**NOTE 1. 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 appropriations 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 appropriation 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. No supplemental appropriations were made during the fiscal year.

**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	\$ 95,225,330	\$ 107,980	\$ 95,333,310
Debt service	393,641	-	393,641
Total expenditures	\$ 95,618,971	\$ 107,980	\$ 95,726,951

\*In the above reconciliation, "net encumbrances" represents the difference between the encumbrances outstanding as of September 30, 2016 and the outstanding encumbrances as of September 30, 2017, which were paid during fiscal year 2017.

**City of Deerfield Beach, Florida**  
**Pension Trust Funds**  
**Schedule of Changes in City's Net Pension**  
**Liability and Related Ratios**  
**Fire Pension Plan**

Measurement Date, September 30,	2014	2015	2016
<b>Total pension liability</b>			
Service cost	\$ 2,859,229	\$ 2,745,537	\$ 2,793,233
Interest	9,456,530	10,038,296	10,371,874
Changes of benefit terms	172,555	106,820	48,546
Differences between expected and actual experience	846,838	(1,414,007)	(82,819)
Changes in assumption	1,795,582	-	140,613
Benefit payments, including refunds of employee contributions	(7,328,455)	(7,418,254)	(6,795,446)
Refunds of member contributions	-	(47,544)	-
Net change in total pension liability	7,802,279	4,010,848	6,476,001
Total pension liability - beginning	125,150,438	132,952,717	136,963,565
Total pension liability - ending (a)	132,952,717	136,963,565	143,439,566
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 5,051,768	\$ 5,060,592	\$ 5,727,739
Contributions - State of Florida	791,013	725,199	667,147
Contributions - employees	882,792	868,805	883,740
Net Investment Income	8,931,143	(3,188,136)	7,926,978
Benefit payments	(7,328,455)	(7,418,254)	(6,795,446)
Refund of member contributions	-	(47,544)	-
Administrative expense	(232,032)	(237,672)	(214,739)
Net change in plan fiduciary net position	8,096,229	(4,233,220)	7,528,272
Plan fiduciary net position - beginning	95,798,355	103,894,584	99,661,364
Plan fiduciary net position - ending	\$ 103,894,584	\$ 99,661,364	\$ 107,189,636
City's net pension liability - ending	\$ 29,058,133	\$ 37,302,201	\$ 36,249,930
Net position as percentage of the total pension liability	78.14 %	72.76 %	74.73 %
Covered employee payroll	\$ 9,687,400	\$ 9,628,949	\$ 9,412,235
Net pension liability as a percentage of covered employee payroll	299.96 %	387.40 %	385.14 %

*This schedule is presented as required by accounting principles generally accepted in the United States of America. However, until a full 10-year trend is compiled, information is presented for those years available.*

**City of Deerfield Beach, Florida**  
**Required Supplementary Information**  
**Fire Pension Fund**  
**Schedule of City Contributions**

Year Ended September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 5,842,802	\$ 5,842,802	\$ -	\$ 9,687,400	60.31 %
2015	5,789,581	5,789,581	-	9,628,949	60.13 %
2016	5,727,739	5,727,739	-	9,412,235	60.85 %
2017	5,662,208	5,662,208	-	9,659,471	58.62 %

Methods and assumptions used to determine rates::

Valuation date	October 1, 2016
Notes	Actuarially determined contributions are calculated as of October 1, one year prior to the end of the fiscal year in which contributions are reported.
Actuarial Cost Method	Entry age normal
Amortization Method	Level dollar, closed
Remaining Amortization Period	15 years as of October 1, 2016.
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	5% to 11%, including inflation
Investment Rate of Return	7.50% net of investment expenses, including inflation
Mortality	RP-2000 fully generational with Scale AA

*This schedule is presented as required by accounting principles generally accepted in the United States of America. However, until a full 10-year trend is compiled, information is presented for those years available.*

**City of Deerfield Beach, Florida**  
**Pension Trust Funds**  
**Schedule of Changes in City's Net Pension**  
**Liability and Related Ratios**  
**Police Pension Fund**

Measurement Date, September 30,	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Total pension liability</b>			
Interest	\$ 3,367,750	\$ 3,459,881	\$ 3,359,275
Share Plan Allocation	338,294	359,314	421,602
Differences between expected and actual experience	-	(515,319)	223,166
Changes in assumption	-	2,326,603	3,535,687
Benefit payments, including refunds	<u>(4,585,732)</u>	<u>(4,749,759)</u>	<u>(4,838,890)</u>
Net change in total pension liability	(879,688)	880,720	2,700,840
Total pension liability - Beginning	<u>52,185,457</u>	<u>51,305,769</u>	<u>52,186,489</u>
Total pension liability - Ending (a)	<u>51,305,769</u>	<u>52,186,489</u>	<u>54,887,329</u>
<b>Plan fiduciary Net Position</b>			
Contributions - employer	\$ 1,779,355	\$ 1,944,572	\$ 1,908,777
Contributions - employee	543,745	564,765	627,053
Net investment income	3,324,844	952,079	3,436,195
Benefit payments, including refunds of employee contributions	<u>(4,585,732)</u>	<u>(4,749,759)</u>	<u>(4,838,890)</u>
Administrative expense	<u>(71,170)</u>	<u>(97,436)</u>	<u>(96,419)</u>
Net change in plan fiduciary net position	991,042	(1,385,779)	1,036,716
Plan fiduciary net position - beginning	<u>38,065,837</u>	<u>39,056,879</u>	<u>37,671,100</u>
Plan fiduciary net position - ending	<u>\$ 39,056,879</u>	<u>\$ 37,671,100</u>	<u>\$ 38,707,816</u>
City's net pension liability - ending	<u>\$ 12,248,890</u>	<u>\$ 14,515,389</u>	<u>\$ 16,179,513</u>
Net position as percentage of the total pension liability	76.13 %	72.19 %	70.52 %
Covered employee payroll	N/A	N/A	N/A *

(\*) - Not applicable as this is a frozen plan with no active members.

This schedule is presented as required by accounting principles generally accepted in the United States of America. However, until a full 10-year trend is compiled, information is presented for those years available.

**City of Deerfield Beach, Florida**  
**Required Supplementary Information**  
**Police Pension Fund**  
**Schedule of City Contributions**

Year Ended September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll*	Actual Contribution as a % of Covered Payroll
2014	\$ 1,984,806	\$ 1,984,806	\$ -	N/A	N/A
2015	2,150,023	2,150,023	-	N/A	N/A
2016	2,114,228	2,114,228	-	N/A	N/A
2017	2,371,504	2,371,504	-	N/A	N/A

(\*) - Not Applicable as this is a frozen plan with no active members.

Methods and assumptions used to determine contribution rates,:

Valuation Date	October 1, 2016
Notes	Actuarially determined contributions are calculated as of October 1, which is one year prior to the end of the year in which contributions are reported.
Actuarial Cost Method	Entry age normal
Amortization Method	Level dollar, closed
Remaining Amortization Period	22 years (as of 10/01/2015 VAL)
Asset Valuation Method	Restricted to 80% - 120% of market value, obtained by smoothing three years' past differences between actual investment earnings and assumed investment return, then adding this number onto the current market value.
Inflation	N/A
Salary Increases	N/A
Investment Rate of Return	6.50% compounded annually, net of investment related expenses
Retirement Age	Age 64 with 10 years of service or age 55 with 25 years of service
Mortality	RP-2000 Table with no RP-2000 disabled table for disabled lives projection

*This schedule is presented as required by accounting principles generally accepted in the United States of America. However, until a full 10-year trend is compiled, information is presented for those years available.*

**City of Deerfield Beach, Florida**  
**Pension Trust Funds**  
**Schedule of Changes in City's Net Pension**  
**Liability and Related Ratios**  
**Non-Uniformed Pension Fund**

Measurement Date, September 30,	2014	2015	2016
<b>Total pension liability</b>			
Service cost	\$ 78,741	\$ 77,233	\$ 66,123
Interest	4,289,889	4,161,337	4,325,572
Differences between expected and actual experience	-	528,068	612,743
Changes in assumption	-	1,187,719	3,377,835
Benefit payments, including refunds of employee contributions	<u>(5,786,184)</u>	<u>(5,826,053)</u>	<u>(5,917,598)</u>
Net change in total pension liability	(1,417,554)	128,304	2,464,675
Total pension liability - beginning	<u>61,985,234</u>	<u>60,567,680</u>	<u>60,695,984</u>
Total pension liability - ending (a)	<u>60,567,680</u>	<u>60,695,984</u>	<u>63,160,659</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 1,721,000	\$ 1,713,421	\$ 1,543,620
Contributions - member	33,417	26,457	27,643
Net investment income of member contributions	5,519,418	(330,924)	4,169,121
Administrative expense	<u>(93,157)</u>	<u>(101,412)</u>	<u>(102,723)</u>
Net change in plan fiduciary net position	1,394,494	(4,518,511)	(279,937)
Plan fiduciary net position - beginning	<u>58,452,045</u>	<u>59,846,539</u>	<u>55,328,028</u>
Plan fiduciary net position - ending	<u>\$ 59,846,539</u>	<u>\$ 55,328,028</u>	<u>\$ 55,048,091</u>
City's net pension liability - ending	<u>\$ 721,141</u>	<u>\$ 5,367,956</u>	<u>\$ 8,112,568</u>
Net position as percentage of the total pension liability	97.96 %	91.16 %	87.16 %
Covered employee payroll	371,300	412,795	307,142
Net pension liability as a percentage of covered employee payroll	302.62 %	1,300.39 %	2,641.31 %

*This schedule is presented as required by accounting principles generally accepted in the United States of America. However, until a full 10-year trend is compiled, information is presented for those years available.*



**City of Deerfield Beach, Florida**  
**Required Supplementary Information**  
**Non-Uniformed Pension Fund**  
**Schedule of City Contributions**

Year Ended September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 1,721,000	\$ 1,721,000	\$ -	\$ 371,300	463.51 %
2015	1,713,421	1,713,421	-	412,795	415.08 %
2016	1,543,620	1,543,620	-	307,142	502.58 %
2017	1,595,214	1,595,214	-	315,122	506.22 %

Methods and assumptions used to determine contribution rates:

Valuation date                      October 1, 2016  
Notes                                      Actuarially determined contributions are calculated as of October 1,  
one year prior to the end of the year in which contributions are reported.

Actuarial cost method              Entry age normal  
Amortization method                Level dollar, closed  
Remaining amortization period    6 years  
Asset valuation method              4-year smoothed market  
Inflation                                2.5%  
Salary increases                        6.0% per year  
Investment rate of return            7.00%  
Retirement age                        Age 64 with 10 years of service or age 55 with 25 years of service  
Mortality                                 RP-2000 fully generational with Scale BB

*This schedule is presented as required by accounting principles generally accepted in the United States of America. However, until a full 10-year trend is compiled, information is presented for those years available.*

**City of Deerfield Beach, Florida**  
**Required Supplementary Information**  
**Schedule of Funding Progress**  
**Other Post Employment Benefits**

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 Covered Payroll
10/1/2012	\$ -	\$ 61,099,758	\$ 61,099,758	0 %	\$ 21,899,991	279 %
10/1/2014	-	63,437,144	63,437,144	0 %	21,647,531	293 %
10/1/2016	-	67,544,051	67,544,051	0 %	23,506,096	287 %

**City of Deerfield Beach, Florida**  
**Required Supplementary Information**  
**Schedule of the City's Proportionate Share of the Net Pension Liability**  
**Florida Retirement System Pension Plan**

<u>June 30th</u>	<u>2017</u>	<u>2016</u>
City's proportion of the net pension liability	0.00223 %	0.00211 %
City's proportionate share of the FRS net pension liability	\$ 660,640	\$ 533,351
City's covered employee payroll	\$ 163,001	\$ 145,925
City's proportionate share of the FRS net pension liability as a percentage of its covered employee payroll	405.30 %	365.50 %
FRS Plan fiduciary net position as a percentage of the total pension liability	83.89 %	84.88 %

**Schedule of the City's Contributions**  
**Florida Retirement System Pension Plan**

<u>September 30th</u>	<u>2017</u>	<u>2016</u>
Contractually required FRS contribution	\$ 70,230	\$ 61,648
FRS contribution in relation to the contractually required contribution	70,230	61,648
FRS contribution deficiency (excess)	\$ -	\$ -
City's covered payroll	\$ 162,463	\$ 145,929
FRS contribution as a percentage of covered employee payroll	43.23 %	42.25 %

*Note: This schedule is presented as required by accounting principles generally accepted in the United States of America. However, until a full 10-year trend is compiled, information is presented for those years available.*

**City of Deerfield Beach, Florida**  
**Required Supplementary Information**  
**Schedule of the City's Proportionate Share of the Net Pension Liability**  
**Health Insurance Subsidy Pension Plan**

<u>June 30th</u>	<u>2017</u>	<u>2016</u>
City's proportion of the net pension liability	0.002233 %	0.002112 %
City's proportionate share of the HIS net pension liability	\$ 54,680	\$ 54,911
City's covered employee payroll	\$ 163,001	\$ 145,925
City's proportionate share of the HIS net pension liability as a percentage of its covered employee payroll	33.55 %	37.63 %
HIS Plan fiduciary net position as a percentage of the total pension liability	1.64 %	0.97 %

**Schedule of the City's Contribution**  
**Health Insurance Subsidy Pension Plan**

<u>September 30th</u>	<u>2017</u>	<u>2016</u>
Contractually required FRS contribution	\$ 1,186	\$ 1,041
HIS contribution in relation to the contractually required contribution	1,186	1,041
HIS contribution deficiency (excess)	\$ -	\$ -
City's covered payroll	\$ 162,463	\$ 145,929
HIS contribution as a percentage of covered employee payroll	0.73 %	0.71 %

*Note: This schedule is presented as required by accounting principles generally accepted in the United States of America. However, until a full 10-year trend is compiled, information is presented for those years available.*

**COMBINING AND INDIVIDUAL FUND STATEMENTS  
AND SCHEDULES**

## **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.

Impact Fees Fund - to account for impact fees collected on new residential and commercial construction 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.

Nuisance Abatement Assessment Fund - to account for fees collected for abating the nuisance condition of certain properties.

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

### **DEBT SERVICE FUNDS**

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

General Obligation Debt Service Fund – to accumulate monies for payment of Series 2000A, 2006 and 2012 Florida Municipal Loan Council Revenue bonds.

## **NONMAJOR GOVERNMENTAL FUNDS**

### **CAPITAL GRANTS PROJECTS FUNDS**

Capital Grants Capital Projects Fund - 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 money 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, 2017**

	Special Revenue Funds	General Obligation Debt Service Fund	Capital Grants Projects Fund	Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 3,927,952	\$ -	\$ 10,997	\$ 424,113	\$ 4,363,062
Investments	1,075,660	2,440,501	-	1,215,325	4,731,486
<b>Receivables, net of allowances:</b>					
Accounts	-	-	-	254	254
Interest	7,878	-	-	17,763	25,641
Due from other governments	608,408	-	-	-	608,408
Total assets	<u>\$ 5,619,898</u>	<u>\$ 2,440,501</u>	<u>\$ 10,997</u>	<u>\$ 1,657,455</u>	<u>\$ 9,728,851</u>
<b>Liabilities</b>					
Accounts payable	158,634	-	-	-	158,634
Accrued payroll	31,646	-	-	-	31,646
Due to other funds	334,109	-	-	-	334,109
Total liabilities	<u>524,389</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>524,389</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	140,273	-	-	-	140,273
Total deferred inflows of resources	<u>140,273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,273</u>
<b>Fund Balances</b>					
Nonspendable	-	-	-	1,657,455	1,657,455
Restricted	5,249,382	2,440,501	10,997	-	7,700,880
Unassigned	(294,146)	-	-	-	(294,146)
Total fund balances	<u>4,955,236</u>	<u>2,440,501</u>	<u>10,997</u>	<u>1,657,455</u>	<u>9,064,189</u>
Total liabilities and fund balances	<u>\$ 5,619,898</u>	<u>\$ 2,440,501</u>	<u>\$ 10,997</u>	<u>\$ 1,657,455</u>	<u>\$ 9,728,851</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, 2017**

	Special Revenue Funds	General Obligation Debt Service Fund	Capital Grants Projects Fund	Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>					
Local option gas tax	\$ 1,416,578	\$ -	\$ -	\$ -	\$ 1,416,578
Intergovernmental	1,859,022	-	-	-	1,859,022
Charges for services	216,331	-	-	-	216,331
Fines and forfeitures	412,811	-	-	-	412,811
Impact fees	244,612	-	-	-	244,612
Investment earnings	21,110	908	-	24,855	46,873
<b>Miscellaneous</b>					
Cemetery plot sales	-	-	-	87,415	87,415
Donations/contributions	172,801	-	-	-	172,801
Administrative fees	418,095	-	-	-	418,095
Other	13,085	-	-	-	13,085
Miscellaneous	6,025	-	-	-	6,025
Total revenues	<u>4,780,470</u>	<u>908</u>	<u>-</u>	<u>112,270</u>	<u>4,893,648</u>
<b>Expenditures</b>					
<b>Current:</b>					
Economic environment	969,109	-	-	-	969,109
Public Safety	733,383	-	-	-	733,383
Human services	26,511	-	-	-	26,511
Physical environment	42,983	-	-	-	42,983
Transportation	2,130,779	-	-	-	2,130,779
Culture and recreation	120,087	-	-	-	120,087
Capital outlay	50,325	-	3,747	-	54,072
<b>Debt service:</b>					
Principal retirement	-	2,357,169	-	-	2,357,169
Interest and fiscal charges	-	2,125,748	-	-	2,125,748
Total expenditures	<u>4,073,177</u>	<u>4,482,917</u>	<u>3,747</u>	<u>-</u>	<u>8,559,841</u>
Excess (deficiency) of revenues over expenditures	<u>707,293</u>	<u>(4,482,009)</u>	<u>(3,747)</u>	<u>112,270</u>	<u>(3,666,193)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	720,366	4,521,675	-	-	5,242,041
Transfers out	(414,155)	-	-	(328,001)	(742,156)
Total other financing sources (uses)	<u>306,211</u>	<u>4,521,675</u>	<u>-</u>	<u>(328,001)</u>	<u>4,499,885</u>
Net change in fund balances	1,013,504	39,666	(3,747)	(215,731)	833,692
Fund balances- beginning	3,941,732	2,400,835	14,744	1,873,186	8,230,497
Fund balances - ending	<u>\$ 4,955,236</u>	<u>\$ 2,440,501</u>	<u>\$ 10,997</u>	<u>\$ 1,657,455</u>	<u>\$ 9,064,189</u>

**City of Deerfield Beach, Florida**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**September 30, 2017**

	Road And Bridge Tax Fund	CDBG Fund	SHIP Grant Fund	Miscellaneous Grants Fund	Parking Diviation Fund	General Trust Fund
<b>Assets</b>						
Cash and cash equivalents	\$ 319,982	\$ -	\$ 655,845	\$ 429,601	\$ 82,768	\$ 1,076,261
Investments	1,075,660	-	-	-	-	-
Receivables, net of allowances:						
Interest	7,878	-	-	-	-	-
Due from other governments	279,187	236,552	-	92,669	-	-
Total assets	<u>\$ 1,682,707</u>	<u>\$ 236,552</u>	<u>\$ 655,845</u>	<u>\$ 522,270</u>	<u>\$ 82,768</u>	<u>\$ 1,076,261</u>
<b>Liabilities</b>						
Accounts payable	\$ 94,385	\$ 14,224	\$ 7,019	\$ 34,007	\$ -	\$ 8,744
Accrued payroll	31,646	-	-	-	-	-
Due to other funds	-	236,552	-	97,557	-	-
Total liabilities	<u>126,031</u>	<u>250,776</u>	<u>7,019</u>	<u>131,564</u>	<u>-</u>	<u>8,744</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	-	92,252	-	48,021	-	-
Total deferred inflows of resources	<u>-</u>	<u>92,252</u>	<u>-</u>	<u>48,021</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>						
Restricted	1,556,676	-	648,826	530,355	82,768	1,067,517
Unassigned	-	(106,476)	-	(187,670)	-	-
Total fund balances	<u>1,556,676</u>	<u>(106,476)</u>	<u>648,826</u>	<u>342,685</u>	<u>82,768</u>	<u>1,067,517</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,682,707</u>	<u>\$ 236,552</u>	<u>\$ 655,845</u>	<u>\$ 522,270</u>	<u>\$ 82,768</u>	<u>\$ 1,076,261</u>

**City of Deerfield Beach, Florida**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**September 30, 2017**

Target Area Trust Fund	Beautification and Landscape Trust Fund	Crime Prevention Trust Fund	Impact Fees Fund	Law Enforcement Trust Fund	Nuisance Abatement Assessment Fund	Total Nonmajor Special Revenue Funds
\$ 558,826	\$ 200,126	\$ 75,170	\$ 379,813	\$ 134,879	\$ 14,681	\$ 3,927,952
-	-	-	-	-	-	1,075,660
-	-	-	-	-	-	7,878
-	-	-	-	-	-	608,408
<u>\$ 558,826</u>	<u>\$ 200,126</u>	<u>\$ 75,170</u>	<u>\$ 379,813</u>	<u>\$ 134,879</u>	<u>\$ 14,681</u>	<u>\$ 5,619,898</u>
\$ -	\$ -	\$ -	\$ -	\$ 255	\$ -	\$ 158,634
-	-	-	-	-	-	31,646
-	-	-	-	-	-	334,109
-	-	-	-	255	-	524,389
-	-	-	-	-	-	140,273
-	-	-	-	-	-	140,273
558,826	200,126	75,170	379,813	134,624	14,681	5,249,382
-	-	-	-	-	-	(294,146)
<u>558,826</u>	<u>200,126</u>	<u>75,170</u>	<u>379,813</u>	<u>134,624</u>	<u>14,681</u>	<u>4,955,236</u>
<u>\$ 558,826</u>	<u>\$ 200,126</u>	<u>\$ 75,170</u>	<u>\$ 379,813</u>	<u>\$ 134,879</u>	<u>\$ 14,681</u>	<u>\$ 5,619,898</u>

**City of Deerfield Beach, Florida**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended September 30, 2017**

	Road And Bridge Tax Fund	CDBG Fund	SHIP Grant Fund	Miscellaneous Grants Fund	Parking Diviation Fund	General Trust Fund
<b>Revenues</b>						
Local option gas tax	\$ 1,416,578	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	623,558	366,937	500,981	367,546	-	-
Charges for services	-	-	-	-	-	186,881
Fines and forfeitures	-	-	-	-	-	-
Impact fees	-	-	-	-	-	-
Investment earnings	21,110	-	-	-	-	-
Miscellaneous						
Donations/contributions	-	-	-	111,493	-	45,468
Administrative fees	418,095	-	-	-	-	-
Other	13,085	-	-	-	-	-
Miscellaneous	6,025	-	-	-	-	-
Total revenues	<u>2,498,451</u>	<u>366,937</u>	<u>500,981</u>	<u>479,039</u>	<u>-</u>	<u>232,349</u>
<b>Expenditures</b>						
Current:						
Economic environment	-	330,553	428,207	210,349	-	-
Public Safety	-	-	-	405,860	-	28,470
Human services	-	26,511	-	-	-	-
Physical environment	-	-	-	-	-	-
Transportation	2,130,779	-	-	-	-	-
Culture and recreation	-	-	-	10,355	-	109,732
Capital outlay	-	-	-	8,572	-	-
Total expenditures	<u>2,130,779</u>	<u>357,064</u>	<u>428,207</u>	<u>635,136</u>	<u>-</u>	<u>138,202</u>
Excess (deficiency) of revenues over expenditures	<u>367,672</u>	<u>9,873</u>	<u>72,774</u>	<u>(156,097)</u>	<u>-</u>	<u>94,147</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	348,993	-	-	301,373	-	70,000
Transfers out	-	(19,156)	-	-	-	-
Total other financing sources (uses)	<u>348,993</u>	<u>(19,156)</u>	<u>-</u>	<u>301,373</u>	<u>-</u>	<u>70,000</u>
Net change in fund balances	716,665	(9,283)	72,774	145,276	-	164,147
Fund balances - beginning of year	840,011	(97,193)	576,052	197,409	82,768	903,370
Fund balances - end of year	<u>\$ 1,556,676</u>	<u>\$ (106,476)</u>	<u>\$ 648,826</u>	<u>\$ 342,685</u>	<u>\$ 82,768</u>	<u>\$ 1,067,517</u>

Target Area Trust Fund	Beautification and Landscape Trust Fund	Crime Prevention Trust Fund	Impact Fees Fund	Law Enforcement Trust Fund	Nuisance Abatement Assessment Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,416,578
-	-	-	-	-	-	1,859,022
-	29,450	-	-	-	-	216,331
128,182	-	1,167	-	276,292	7,170	412,811
-	-	-	244,612	-	-	244,612
-	-	-	-	-	-	21,110
-	-	15,840	-	-	-	172,801
-	-	-	-	-	-	418,095
-	-	-	-	-	-	13,085
-	-	-	-	-	-	6,025
<u>128,182</u>	<u>29,450</u>	<u>17,007</u>	<u>244,612</u>	<u>276,292</u>	<u>7,170</u>	<u>4,780,470</u>
-	-	-	-	-	-	969,109
-	-	27,943	-	271,110	-	733,383
-	-	-	-	-	-	26,511
-	42,983	-	-	-	-	42,983
-	-	-	-	-	-	2,130,779
-	-	-	-	-	-	120,087
-	-	-	41,753	-	-	50,325
-	<u>42,983</u>	<u>27,943</u>	<u>41,753</u>	<u>271,110</u>	-	<u>4,073,177</u>
<u>128,182</u>	<u>(13,533)</u>	<u>(10,936)</u>	<u>202,859</u>	<u>5,182</u>	<u>7,170</u>	<u>707,293</u>
-	-	-	-	-	-	720,366
<u>(74,999)</u>	-	-	-	<u>(320,000)</u>	-	<u>(414,155)</u>
<u>(74,999)</u>	-	-	-	<u>(320,000)</u>	-	<u>306,211</u>
53,183	(13,533)	(10,936)	202,859	(314,818)	7,170	1,013,504
<u>505,643</u>	<u>213,659</u>	<u>86,106</u>	<u>176,954</u>	<u>449,442</u>	<u>7,511</u>	<u>3,941,732</u>
<u>\$ 558,826</u>	<u>\$ 200,126</u>	<u>\$ 75,170</u>	<u>\$ 379,813</u>	<u>\$ 134,624</u>	<u>\$ 14,681</u>	<u>\$ 4,955,236</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, 2017**

	Budgeted Amounts		(Budgetary Basis) Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Local option gas tax	\$ 1,408,644	\$ 1,408,644	\$ 1,416,578	\$ 7,934
Intergovernmental	607,348	607,348	623,558	16,210
Investment earnings	-	-	21,110	21,110
Miscellaneous:				
Administrative fees	418,095	418,095	418,095	-
Total revenues	<u>2,434,087</u>	<u>2,434,087</u>	<u>2,479,341</u>	<u>45,254</u>
<b>Expenditures</b>				
Current:				
Transportation	2,758,080	2,758,080	1,792,883	965,197
Capital outlay	90,000	90,000	-	90,000
Debt service				
Total expenditures	<u>2,848,080</u>	<u>2,848,080</u>	<u>1,792,883</u>	<u>1,055,197</u>
Excess (deficiency) of revenues over (under) expenses	<u>(413,993)</u>	<u>(413,993)</u>	<u>686,458</u>	<u>(1,009,943)</u>
Transfers in	<u>348,993</u>	<u>348,993</u>	<u>348,993</u>	<u>-</u>
Net change in budgetary fund balance	<u>\$ (65,000)</u>	<u>\$ (65,000)</u>	<u>\$ 1,035,451</u>	<u>\$ (1,009,943)</u>

**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, 2017**

	Budgeted Amounts		(Budgetary Basis) Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 621,699	\$ 621,699	\$ 366,937	\$ (254,762)
Total revenues	621,699	621,699	366,937	(254,762)
<b>Expenditures</b>				
Current:				
Economic environment	411,200	411,200	330,552	80,648
Human services	35,000	35,000	26,511	8,489
Capital outlay	162,360	162,360	-	162,360
Total expenditures	608,560	608,560	338,493	200,067
Excess (deficiency) of revenues over (under) expenses	-	-	28,444	(489,281)
<b>Other financing sources (Uses)</b>				
Transfers out	(13,139)	(13,139)	(19,156)	(6,017)
Total other financing sources (uses)	(13,139)	(13,139)	(19,156)	(6,017)
Net change in budgetary fund balances	\$ 70,000	\$ 70,000	\$ 43,740	\$ (495,298)

**City of Deerfield Beach, Florida**  
**Pension Trust Funds**  
**Combining Statement of Fiduciary Net Position**  
**September 30, 2017**

	Firefighters Pension Fund	Police Pension Fund	Non-Uniform Pension	Total Pension Trust Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 5,766,741	\$ 657,116	\$ 1,333,410	\$ 7,757,267
Investments:				
Mutual funds	20,605,111	12,180,872	8,522,048	41,308,031
U. S. government and agency securities	12,932,478	1,200,622	8,506,640	22,639,740
Corporate bonds and notes	15,935,403	610,637	7,307,307	23,853,347
Corporate equities	58,466,180	26,746,810	30,096,941	115,309,931
Total Investments	<u>107,939,172</u>	<u>40,738,941</u>	<u>54,432,936</u>	<u>203,111,049</u>
Receivables:				
Interest and dividends	123,652	12,343	129,210	265,205
Contributions receivable (state)	27,476	-	1,142	28,618
Due from brokers	80,059	-	-	80,059
Total receivables	<u>231,187</u>	<u>12,343</u>	<u>130,352</u>	<u>373,882</u>
Total assets	<u>113,937,100</u>	<u>41,408,400</u>	<u>55,896,698</u>	<u>211,242,198</u>
<b>Liabilities</b>				
Accounts payable	336,880	54,553	121,968	513,401
Total liabilities	<u>336,880</u>	<u>54,553</u>	<u>121,968</u>	<u>513,401</u>
<b>Net Position</b>				
Restricted for pension benefits	<u>\$ 113,600,220</u>	<u>\$ 41,353,847</u>	<u>\$ 55,774,730</u>	<u>\$ 210,728,797</u>



**City of Deerfield Beach, Florida**  
**Pension Trust Funds**  
**Combining Statement of Changes in Fiduciary Net Position**  
**For the Year Ended September 30, 2017**

	Firefighters Pension Fund	Police Pension Fund	Non-Uniform Pension	Total Pension Trust Funds
<b>Additions</b>				
<b>Contributions:</b>				
Employer	\$ 5,058,562	\$ 2,166,053	\$ 1,595,214	\$ 8,819,829
Plan members	898,299	-	28,361	926,660
State (from the General Fund)	603,646	657,100	-	1,260,746
Total contributions	<u>6,560,507</u>	<u>2,823,153</u>	<u>1,623,575</u>	<u>11,007,235</u>
<b>Investment earnings:</b>				
Interest	2,818,897	1,517,153	1,247,753	5,583,803
Net increase in the fair value of investments	2,071,382	3,481,911	4,042,534	15,208,249
Total investment earnings	<u>10,502,701</u>	<u>4,999,064</u>	<u>5,290,287</u>	<u>20,792,052</u>
Less investment expense	(526,935)	(256,954)	(302,001)	(1,085,890)
Net investment earnings	<u>9,975,766</u>	<u>4,742,110</u>	<u>4,988,286</u>	<u>19,706,162</u>
Miscellaneous	37,189	1,683	53,461	92,333
Total additions	<u>16,573,462</u>	<u>7,566,946</u>	<u>6,665,322</u>	<u>30,805,730</u>
<b>Deductions</b>				
Benefits paid	9,985,343	4,838,890	5,842,352	20,666,585
Administrative expenses	177,535	94,709	96,331	368,575
Total deductions	<u>10,162,878</u>	<u>4,921,369</u>	<u>5,938,683</u>	<u>21,022,930</u>
Change in net position	6,410,584	2,645,577	726,639	9,782,800
<b>Net Position Restricted for Pension Benefits:</b>				
Beginning of year	<u>107,189,636</u>	<u>38,708,271</u>	<u>55,048,091</u>	<u>200,945,998</u>
End of year	<u>\$ 113,600,220</u>	<u>\$ 41,353,847</u>	<u>\$ 55,774,730</u>	<u>\$ 210,728,797</u>

## **STATISTICAL SECTION**

# City of Deerfield Beach, Florida

For the Year Ended September 30, 2017

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# STATISTICAL SECTION (UNAUDITED)

*This is 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

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

## Revenue Capacity

*These schedules contain information to help the reader assess the City's most significant local revenue, property tax. Information about water and sewer rates is also included.*

## Debt Capacity

*These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt as well as the City's ability to issue additional debt.*

## Demographic and Economic Information

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

## Operating Information

*These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial statements relate to the services that the City provides as well as the activities that the City performs.*

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

**CITY OF DEERFIELD BEACH, FLORIDA**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 41,694,017	\$ 41,572,817	\$ 42,523,352	\$ 46,212,686	\$ 54,762,079	\$ 58,120,088	\$ 57,468,114	\$ 61,201,885	\$ 64,215,625	\$ 68,098,733
Restricted	13,071,373	17,264,796	19,803,912	18,784,355	12,470,310	10,058,524	9,663,870	7,853,503	9,614,790	10,712,284
Unrestricted	17,702,129	11,233,454	4,546,293	(1,279,034)	(4,231,887)	(4,979,499)	(615,504)	(31,131,872)	(28,967,707)	(33,718,932)
Governmental activities net position	<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>	<u>\$ 66,516,480</u>	<u>\$ 37,923,516</u>	<u>\$ 44,862,708</u>	<u>\$ 45,092,085</u>
<b>Business-type activities:</b>										
Net Investment in capital assets	44,080,196	46,197,560	47,731,493	48,174,577	48,786,203	48,869,742	50,924,663	52,525,476	56,362,887	51,774,904
Restricted	-	-	-	8,887,099	743,836	743,838	743,838	1,760,856	1,834,718	1,834,565
Unrestricted	18,368,395	18,673,997	19,889,646	15,646,387	28,999,074	32,233,021	33,335,797	31,535,603	26,713,892	29,117,078
Total business-type activities net position	<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>	<u>\$ 85,004,298</u>	<u>\$ 85,821,935</u>	<u>\$ 84,911,497</u>	<u>\$ 82,726,547</u>
<b>Primary Government</b>										
Net Investment in capital assets	\$ 85,774,213	\$ 87,770,377	\$ 90,254,845	\$ 94,387,263	\$103,548,282	\$106,989,830	\$108,392,777	\$113,727,361	\$120,578,512	\$119,873,637
Restricted	13,071,373	17,264,796	19,803,912	27,671,454	13,214,146	10,802,362	10,407,708	9,614,359	11,449,508	12,546,849
Unrestricted	36,070,524	29,907,451	24,435,939	14,367,353	24,767,187	27,253,522	32,720,293	403,731	(2,253,815)	(4,601,854)
Total primary government net position	<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>	<u>\$151,520,778</u>	<u>\$123,745,451</u>	<u>\$129,774,205</u>	<u>\$127,818,632</u>

**CITY OF DEERFIELD BEACH, FLORIDA**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities:										
General government	\$ 19,402,059	\$ 22,190,311	\$ 18,528,933	\$ 22,805,473	\$ 12,612,575	\$ 11,821,874	\$ 12,353,311	\$ 14,043,751	\$ 15,971,447	\$ 18,833,091
Economic environment	2,095,672	1,964,859	1,415,860	770,651	959,617	1,981,715	2,832,290	1,746,288	2,770,154	2,421,264
Public safety	39,946,697	41,915,667	44,400,644	45,399,408	50,047,068	52,604,329	55,555,149	56,811,183	59,621,417	65,353,492
Human services	3,007,015	2,588,723	2,722,603	2,510,309	2,140,927	2,136,865	2,159,042	2,382,915	2,836,456	2,847,032
Physical environment	5,583,768	6,164,735	5,875,926	3,092,598	4,050,701	4,978,883	3,974,644	6,311,645	4,952,451	5,780,265
Transportation	3,042,067	3,138,654	2,911,620	2,579,100	2,502,148	2,906,127	3,375,247	4,125,562	4,047,654	4,527,599
Culture and recreation	6,138,096	6,607,981	6,465,100	7,223,675	5,394,983	4,358,166	4,032,285	3,728,135	5,846,869	5,992,978
Interest on long term debt	1,911,289	1,994,441	1,970,464	1,923,219	1,878,627	3,024,834	2,807,078	1,921,214	1,895,608	1,884,325
Total governmental activities expenses	81,126,663	86,565,371	84,291,150	86,304,433	79,586,646	83,812,793	87,089,046	91,070,693	97,942,056	107,640,046
Business-type activities:										
Water and sewer	20,123,711	23,145,215	21,264,592	20,182,450	20,048,897	20,899,520	22,210,582	23,570,064	25,282,502	26,341,135
Solid waste	15,522,193	15,588,347	15,307,635	14,795,080	13,613,964	14,354,330	13,849,313	14,468,169	15,712,131	17,163,860
Total business-type activities expenses	35,645,904	38,733,562	36,572,227	34,977,530	33,662,861	35,253,850	36,059,895	38,038,233	40,994,633	43,504,995
Total primary government expenses	\$ 116,772,567	\$ 125,298,933	\$ 120,863,377	\$ 121,281,963	\$ 113,249,507	\$ 119,066,643	\$ 123,148,941	\$ 129,108,926	\$ 138,936,689	\$ 151,145,041
<b>Program revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 4,271,872	\$ 3,994,889	\$ 4,770,617	\$ 5,253,744	\$ 1,855,406	\$ 878,655	\$ 540,328	\$ 4,291,549	\$ 4,757,881	\$ 4,439,989
Public safety	14,200,414	12,951,771	13,277,004	15,899,993	15,661,078	16,737,515	20,615,778	23,802,373	21,932,165	25,350,237
Human services	619,546	508,744	488,947	23,387	327,856	12,699	29,316	10,020	50,140	56,573
Physical environment	186,153	289,262	258,722	186,497	1,191,226	185,794	286,215	355,326	189,872	183,105
Transportation	1,566,684	1,519,532	1,581,055	1,684,182	1,633,553	1,677,235	1,829,159	2,537,022	2,566,791	2,689,914
Culture and recreation	1,426,646	1,759,727	1,510,701	1,863,060	1,347,634	1,699,851	1,907,505	2,113,288	3,078,829	2,161,352
Operating grants and contributions	4,612,921	6,877,028	6,999,594	5,009,285	5,813,834	7,588,761	6,253,912	4,941,733	6,690,084	4,803,382
Capital grants and contributions	820,248	426,674	925,167	2,038,731	2,330,864	1,630,221	285,142	348,392	2,374,178	2,616,764
Total governmental activities	27,704,484	28,327,627	29,811,807	31,958,879	30,161,451	30,410,731	31,747,355	38,399,703	41,639,940	42,301,316
Business-type activities:										
Charges for services										
Water and sewer	22,667,068	25,001,144	24,675,663	24,807,442	24,250,089	24,651,018	24,754,868	25,296,809	24,908,850	25,556,346
Solid waste	15,942,312	14,507,783	14,624,135	14,925,959	14,701,713	15,441,291	14,626,474	14,748,707	15,327,755	15,832,628
Capital grants and contributions	591,520	1,333,400	12,240	292,206	27,539	111,699	45,899	64,452	-	398,300
Total business-type activities	39,200,900	40,842,327	39,312,038	40,025,607	38,979,341	40,204,008	39,427,241	40,109,968	40,236,605	41,787,274
Total primary government program revenues	\$ 66,905,384	\$ 69,169,954	\$ 69,123,845	\$ 71,984,486	\$ 69,140,792	\$ 70,614,739	\$ 71,174,596	\$ 78,509,671	\$ 81,876,545	\$ 84,088,590
Net (Expense)/Revenue										
Governmental activities	\$ (53,422,179)	\$ (58,237,744)	\$ (54,479,343)	\$ (54,345,554)	\$ (49,425,195)	\$ (53,402,062)	\$ (55,341,691)	\$ (52,670,990)	\$ (56,302,116)	\$ (65,338,730)
Business-type activities	3,554,996	2,108,765	2,739,811	5,048,077	5,316,480	4,950,158	3,367,346	2,071,735	(758,028)	(1,717,721)
Total primary government net expense	\$ (49,867,183)	\$ (56,128,979)	\$ (51,739,532)	\$ (49,297,477)	\$ (44,108,715)	\$ (48,451,904)	\$ (51,974,345)	\$ (50,599,255)	\$ (57,060,144)	\$ (67,056,451)

**CITY OF DEERFIELD BEACH, FLORIDA**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 39,040,869	\$ 36,685,924	\$ 35,093,629	\$ 34,791,821	\$ 27,073,004	\$ 28,188,611	\$ 33,750,761	\$ 35,512,381	\$ 37,603,317	\$ 39,732,879
Utility taxes	-	-	-	-	6,705,240	7,343,575	7,907,567	7,976,554	8,074,781	8,307,025
Sales taxes	4,282,151	3,832,424	3,693,667	3,890,338	4,123,936	4,394,070	4,648,145	4,875,615	5,413,109	5,062,149
Franchise taxes	12,540,651	11,908,808	9,767,204	9,429,873	8,652,572	8,959,809	8,867,645	6,832,413	7,795,465	7,648,226
Motor fuel taxes	1,369,644	1,336,986	1,271,279	1,283,545	1,289,074	1,285,882	1,318,433	1,353,883	1,491,230	1,416,578
Alcoholic beverage/mobile home license taxes	55,940	56,288	55,795	49,433	52,419	48,407	55,777	96,892	85,980	96,204
Grants and contributions not restricted to specific programs	2,947,124	1,213,534	1,174,449	1,241,144	1,072,777	1,471,496	1,622,476	1,804,085	1,868,658	1,987,520
Unrestricted investment earnings	1,505,692	719,477	160,249	77,980	39,677	64,333	56,617	85,147	207,623	279,975
Miscellaneous revenues	46,313	87,851	65,561	432,884	176,178	166,419	166,676	1,797,415	380,032	730,852
Transfers	-	-	-	(7,014)	(477,187)	-	-	270,893	321,113	306,699
<b>Total governmental activities</b>	<b>61,788,384</b>	<b>55,841,292</b>	<b>51,281,833</b>	<b>51,190,004</b>	<b>48,707,690</b>	<b>51,922,602</b>	<b>58,394,097</b>	<b>60,605,278</b>	<b>63,241,308</b>	<b>65,568,107</b>
Business-type activities:										
Unrestricted investment earnings	369,429	314,201	9,771	31,833	27,383	45,401	55,312	59,880	168,703	237,770
Miscellaneous revenues	-	-	-	-	-	-	-	(46,381)	-	-
Transfers	-	-	-	7,014	477,187	(1,678,071)	(264,961)	(270,893)	(321,113)	(306,699)
<b>Total business-type activities</b>	<b>369,429</b>	<b>314,201</b>	<b>9,771</b>	<b>38,847</b>	<b>504,570</b>	<b>(1,632,670)</b>	<b>(209,649)</b>	<b>(257,394)</b>	<b>(152,410)</b>	<b>(68,929)</b>
<b>Total primary government</b>	<b>62,157,813</b>	<b>56,155,493</b>	<b>51,291,604</b>	<b>51,228,851</b>	<b>49,212,260</b>	<b>50,289,932</b>	<b>58,184,448</b>	<b>60,347,884</b>	<b>63,088,898</b>	<b>65,499,178</b>
<b>Change in net position</b>										
Governmental activities	8,366,205	(2,396,452)	(3,197,510)	(3,155,550)	(717,505)	(1,479,460)	3,052,406	7,934,288	6,939,192	229,377
Business-type activities	3,924,425	2,422,966	2,749,582	5,086,924	5,821,050	3,317,488	3,157,697	1,814,341	(910,438)	(2,184,950)
<b>Total primary government</b>	<b>\$ 12,290,630</b>	<b>\$ 26,514</b>	<b>\$ (447,928)</b>	<b>\$ 1,931,374</b>	<b>\$ 5,103,545</b>	<b>\$ 1,838,028</b>	<b>\$ 6,210,103</b>	<b>\$ 9,748,629</b>	<b>\$ 6,028,754</b>	<b>\$ (1,955,573)</b>

**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
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
2014	33,750,761	7,907,567	5,934,513	8,867,645	1,318,433	55,777	57,834,696
2015	35,512,381	7,976,554	4,875,615	6,832,413	1,353,883	96,892	56,647,738
2016	37,603,317	8,074,781	6,393,307	7,639,677	1,491,230	85,980	61,288,292
2017	39,732,879	8,307,025	5,062,149	7,648,226	1,416,578	96,204	62,263,061



**CITY OF DEERFIELD BEACH, FLORIDA**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund</b>										
Reserved	\$ 1,512,466	\$ 1,236,143	\$ 1,603,545	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	21,960,612	18,727,759	11,681,260	-	-	-	-	-	-	-
Non-spendable	-	-	-	824,089	705,590	696,001	663,995	211,331	245,932	441,359
Assigned	-	-	-	3,885,412	4,600,367	4,193,717	4,502,471	7,028,371	7,855,937	8,057,917
Unassigned	-	-	-	4,682,040	1,711,253	2,823,003	8,781,650	11,631,572	16,512,401	16,400,894
<b>Total general fund</b>	<u>23,473,078</u>	<u>19,963,902</u>	<u>13,284,805</u>	<u>9,391,541</u>	<u>7,017,210</u>	<u>7,712,721</u>	<u>13,948,116</u>	<u>18,871,274</u>	<u>24,614,270</u>	<u>24,900,370</u>
<b>All Other Governmental Funds</b>										
Reserved	3,551,684	3,678,313	3,853,103	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	9,535,257	11,371,568	12,241,644	-	-	-	-	-	-	-
Debt service funds	282,601	285,989	288,157	-	-	-	-	-	-	-
Capital project funds	9,340,550	2,960,291	1,580,263	-	-	-	-	-	-	-
Non-spendable	-	-	-	2,190,989	1,217,499	1,229,499	1,240,498	1,251,701	1,066,318	1,657,455
Restricted	-	-	-	16,846,273	12,280,648	22,844,054	17,303,614	11,323,253	12,263,149	12,317,388
Unassigned	-	-	-	(908,678)	(245,058)	101,767	(181,733)	(231,284)	(284,862)	(294,146)
<b>Total all other governmental funds</b>	<u>\$ 22,710,092</u>	<u>\$ 18,296,161</u>	<u>\$ 17,963,167</u>	<u>\$ 18,128,584</u>	<u>\$ 13,253,089</u>	<u>\$ 24,175,320</u>	<u>\$ 18,362,379</u>	<u>\$ 12,343,670</u>	<u>\$ 13,044,605</u>	<u>\$ 13,680,697</u>

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

**CITY OF DEERFIELD BEACH, FLORIDA**  
**Changes in Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Property taxes	\$ 41,675,355	\$ 38,915,090	\$ 36,649,353	\$ 35,102,671	\$ 34,252,646	\$ 27,771,349	\$ 28,291,130	\$ 35,512,396	\$ 37,603,317	\$ 39,732,879
Sales and use taxes	4,555,929	4,713,093	3,832,424	5,036,695	5,165,731	5,432,787	5,565,280	6,221,255	6,790,747	6,374,461
Fire assessment fees	3,767,989	6,081,708	6,142,612	5,998,886	8,090,526	8,371,764	8,491,262	11,007,913	11,068,185	11,041,726
Franchise fees	12,477,400	11,645,505	12,011,964	9,921,939	9,584,608	8,704,150	8,959,809	8,447,210	7,795,465	7,648,226
Utility taxes	-	-	-	-	-	6,705,240	7,343,575	7,976,554	8,074,781	8,307,025
Local option gas tax	1,384,787	1,369,644	1,336,986	1,271,279	1,283,545	1,289,074	1,285,882	1,353,883	1,491,230	1,416,578
Local business taxes/permits	2,394,634	2,116,220	1,638,823	1,673,573	2,567,037	2,906,324	3,006,077	4,674,337	4,202,781	5,432,035
Intergovernmental	10,906,891	5,861,670	7,969,279	6,813,940	6,779,390	7,380,901	8,753,280	5,058,080	9,184,180	7,000,870
Charges for services	6,436,229	6,911,507	7,515,348	7,859,433	8,098,203	7,476,283	8,236,329	9,785,012	9,674,471	10,275,886
Fines and forfeitures	1,348,088	1,851,372	1,161,701	1,508,597	1,246,585	1,031,508	911,536	1,726,615	1,830,841	1,484,146
Impact fees	-	-	-	-	-	-	-	-	176,954	244,612
Investment earnings	2,422,453	1,531,661	724,805	160,673	78,154	39,677	64,333	85,191	207,695	279,974
Miscellaneous	5,950,033	6,728,838	4,902,049	5,439,834	5,918,709	7,651,004	6,870,128	17,030,831	9,085,943	9,424,423
<b>Total revenues</b>	<b>93,319,788</b>	<b>87,726,308</b>	<b>83,885,344</b>	<b>80,787,520</b>	<b>83,065,134</b>	<b>84,760,061</b>	<b>87,778,621</b>	<b>108,879,277</b>	<b>107,186,680</b>	<b>108,662,841</b>
<b>Expenditures</b>										
General government	19,855,801	20,081,498	20,312,385	19,943,800	16,674,774	15,483,228	15,510,007	21,977,441	18,083,088	20,379,141
Economic environment	2,095,672	1,964,001	910,203	778,651	1,250,183	2,113,478	2,964,052	1,821,340	2,770,158	2,121,390
Public safety	39,162,132	41,341,005	43,407,203	43,892,036	48,742,790	51,659,751	54,809,205	58,670,678	60,100,777	61,789,116
Human services	2,948,669	2,506,240	2,766,956	2,454,137	2,085,353	2,081,504	2,154,433	2,842,242	2,197,031	2,436,525
Physical environment	4,831,311	5,754,973	5,043,035	2,268,385	3,263,916	4,334,094	3,518,440	6,845,708	4,843,967	6,160,397
Transportation	2,100,056	2,221,345	1,999,906	1,670,907	1,574,080	1,850,040	2,292,118	2,737,514	2,812,545	2,795,435
Culture and recreation	5,282,485	5,717,699	5,609,960	6,533,568	4,600,545	3,504,151	2,997,052	3,658,093	3,975,250	4,603,199
Capital outlay	2,721,325	6,744,382	3,641,497	4,949,174	9,607,475	6,176,331	5,770,037	5,872,209	4,717,906	2,885,587
Debt service										
Principal retirement	2,560,050	2,622,732	2,532,394	2,340,272	2,285,825	2,285,825	2,606,667	2,504,085	2,520,002	2,725,773
Interest and fiscal charges	2,033,398	2,016,157	2,000,860	1,955,037	1,908,170	2,208,582	2,710,837	2,063,110	2,048,017	2,150,785
Fiscal agent fees and other fees	-	-	-	-	-	332,013	102,057	-	-	-
<b>Total expenditures</b>	<b>83,590,899</b>	<b>90,970,032</b>	<b>88,224,399</b>	<b>86,785,967</b>	<b>91,993,111</b>	<b>99,542,112</b>	<b>94,894,905</b>	<b>108,993,020</b>	<b>104,068,739</b>	<b>108,047,348</b>
Excess (deficiency) of revenue over (under) expenditures	9,728,889	(3,243,724)	(4,339,055)	(5,998,447)	(8,927,977)	(14,782,051)	(7,116,284)	(113,743)	3,117,939	615,493
<b>Other Financing Sources (Uses)</b>										
Transfers in	6,513,791	6,611,397	6,013,653	6,154,285	4,954,400	10,647,167	7,517,606	6,966,774	6,843,592	7,316,052
Transfers out	6,513,791	6,611,397	6,013,653	6,161,299	4,971,176	8,969,096	7,252,645	6,695,875	6,522,479	7,009,353
Bonds and notes issued	-	-	-	-	-	34,860,000	-	-	-	-
Premiums on bonds issued	-	-	-	-	-	1,125,416	-	-	-	-
Proceeds from refunded bonds	-	-	-	-	-	(14,282,254)	-	-	-	-
Bonds and notes issued	726,733	424,788	-	-	-	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-	-	-	-	1,752,172	-
<b>Total other financing sources (uses)</b>	<b>416,244</b>	<b>726,733</b>	<b>424,788</b>	<b>(7,014)</b>	<b>(16,776)</b>	<b>23,381,233</b>	<b>264,961</b>	<b>270,899</b>	<b>5,191,224</b>	<b>306,699</b>
<b>Net changes in fund balances</b>	<b>\$ 10,145,133</b>	<b>\$ (2,516,991)</b>	<b>\$ (3,914,267)</b>	<b>\$ (6,005,461)</b>	<b>\$ (8,944,753)</b>	<b>\$ 8,599,182</b>	<b>\$ (6,851,323)</b>	<b>\$ 157,156</b>	<b>\$ 5,191,224</b>	<b>\$ 922,192</b>
Debt services as a percentage of non-capital expenditures	5.80 %	5.60 %	5.50 %	5.40 %	5.10 %	13.20 %	5.50 %	4.40 %	4.73 %	4.83 %

**CITY OF DEERFIELD BEACH, FLORIDA**  
**General Governmental 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
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
2014	33,750,761	7,907,567	5,934,513	8,867,645	1,318,433	55,777	57,834,696
2015	35,512,396	7,976,554	4,875,615	6,832,413	1,353,883	96,892	56,647,753
2016	37,603,317	8,074,781	6,393,307	7,639,677	1,377,907	85,980	61,174,969
2017	39,732,879	8,307,025	6,374,461	7,648,226	1,416,578	96,204	63,575,373

**CITY OF DEERFIELD BEACH, FLORIDA**  
**Assessed Value and 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
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%
2014	6,282,449,796	398,719,587	1,673,533,699	5,007,635,684	6.7688	7,864,092,199	63.677%
2015	6,965,511,494	402,157,090	2,064,034,621	5,303,633,963	6.7688	8,646,548,680	61.338%
2016	7,575,534,000	428,708,115	2,347,582,606	5,656,659,509	6.6688	9,388,030,664	60.254%
2017	8,307,953,360	439,084,367	2,667,289,990	6,079,747,737	6.5007	10,239,191,304	59.377%

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**  
**Property Tax Rates – Direct and Overlapping Government**

Fiscal Year	Overlapping Rates													Total Direct & Overlapping Rates
	City of Deerfield Beach			County			School District			North Broward Hospital District	South Florida Water Management District	Florida Inland Navigation District		
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating millage	Debt Service Millage	Total School Millage				Children's Services	
2008	4.9537	0.3963	5.3500	4.8889	0.3979	5.2868	7.4770	0.1714	7.6484	0.3572	1.6255	.6240	0.0345	23.1593
2009	4.9072	0.3928	5.3000	4.8889	0.4256	5.3145	7.4170	-	7.4170	0.3754	1.7059	.6240	0.0345	20.9264
2010	5.3499	0.4401	5.7900	4.8889	0.5000	5.3889	7.4310	-	7.4310	0.4243	1.7059	.6240	0.0345	20.7713
2011	6.2482	0.5206	6.7688	5.1021	0.4509	5.5530	7.6310	-	7.6310	0.4696	1.8750	.6240	0.0345	21.3986
2012	5.1856	0.5832	5.7688	5.1860	0.3670	5.5530	7.4180	-	7.4180	0.4759	7.8750	.4363	0.0345	22.9559
2013	5.1856	0.5832	5.7688	5.2576	0.2954	5.5530	7.4560	-	7.4560	0.4902	1.8564	.4289	0.0345	27.5615
2014	6.2317	0.5371	6.7688	5.4400	0.2830	5.7230	7.4800	-	7.4800	0.4882	1.7554	.4110	0.0345	21.5878
2015	6.2745	0.4943	6.7688	5.4584	0.2646	5.7230	7.4380	-	7.4380	0.4882	1.5939	.3842	0.0345	22.6609
2016	6.1949	0.4739	6.6688	5.4741	0.2489	5.7230	7.2030	0.0710	7.2740	0.4882	1.4425	.3551	0.0320	22.4306
2017	6.0493	0.4514	6.5007	5.4474	0.2216	5.6690	6.8360	0.0703	6.9063	0.4882	1.3462	.3307	0.0320	21.9836

Source: Broward County, Florida Property Appraiser.

**CITY OF DEERFIELD BEACH, FLORIDA**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**

Tax Payer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
1. SCG Atlas Deercreek II LLC %Starwood CAP	\$ 78,219,589	1	\$ 1.37	\$ -		\$ -
2. Publix Supermarket	76,201,280	2	1.34	63,373,260	2	1.11
3. Florida Power & Light Co.	71,977,890	3	1.27	46,280,570	5	0.81
4. Deerfield Beach Hotel LLC	57,589,770	4	1.01	-		-
5. Weingarten Realty Investors %Paul Wilke	48,539,820	5	0.85	-		-
6. Quiet Waters Business Park LLC	44,578,720	6	0.78	31,759,340	9	0.56
7. Land TR City National Bank of FL, Trustee	41,105,287	7	0.72	41,143,430	7	0.72
8. EQR-Waterways LLC %Starwood CAP GRP LP	37,372,161	8	0.66	-		-
9. Florida Land Holdings LLC TR	37,004,680	9	0.65	-		-
10. Crown Diversified Ind Corp	35,451,036	10	0.62	-		-
11. City National Bank of FL Trustee	-		-	69,922,300	1	1.23
12. News & Sun Sentinel	-		-	61,113,527	3	1.07
13. CP Deerfield LLC	-		-	47,443,300	4	0.83
14. Felcor/ CSS Holdings LP	-		-	44,284,150	6	0.78
15. KTR Quorum LLC	-		-	33,990,000	8	0.60
16. City National Bank Of Florida	-		-	30,816,640	10	0.54
<b>Total</b>	<b>\$ 528,040,233</b>		<b>\$ 9.27</b>	<b>\$ 470,126,517</b>		<b>\$ 8.25</b>

\* Taxpayers were not included in the ranking for fiscal year 2007.

Source: Broward County Records, Taxes and Treasury Division

Broward County, Florida Property Appraiser

**CITY OF DEERFIELD BEACH, FLORIDA**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year Ended	Tax Roll Year	Collected within the Fiscal Year of the Levy			Delinquent Tax Collections*	Total Collections to Date	
		Taxes Levied	Amount	Percentage of Levy		Amount	Percentage of Levy
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	27,771,349	99.2	36,493	27,807,842	99.3
2013	2012	28,007,125	26,185,412	93.5	362,795	26,548,207	94.8
2014	2013	31,263,431	29,869,364	95.5	(113,030) *	29,756,334	95.2
2015	2014	33,333,975	32,924,554	98.8	(121,127) *	32,803,427	98.4
2016	2015	35,102,340	34,887,089	99.4	47,214	34,934,303	99.5
2017	2016	39,631,940	37,991,955	95.9	62,509	38,054,464	96.0

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 Ten Fiscal Years**  
**(in thousands of gallons)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Residential - Single Family	\$ 853,997	869,554	828,961	838,122	747,798	772,444	745,569	784,548	790,967	853,859
Residential - Multi-Family	1,079,640	1,056,023	1,119,125	1,095,698	1,063,976	1,123,024	1,063,107	1,084,878	1,006,073	763,095
Commercial	595,610	557,264	518,014	515,713	513,810	557,271	532,985	554,552	592,708	546,010
Irrigation	386,885	466,396	532,637	489,519	505,949	551,942	556,219	548,671	520,962	579,577
Hydrants	1,343	368	777	1,764	44	98	345	9,795	793	7,988
<b>Total</b>	<b>2,917,475</b>	<b>2,949,605</b>	<b>2,999,514</b>	<b>2,940,816</b>	<b>2,831,577</b>	<b>3,004,779</b>	<b>2,898,225</b>	<b>2,982,444</b>	<b>2,911,503</b>	<b>2,750,529</b>
Total direct rate per 1,000 gallons	\$ 2.65	2.65	2.65	2.65	2.65	2.65	2.65	2.65	2.65	2.65

*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			
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
2014	15.00	2.65	10.98	2.71
2015	15.00	2.65	10.98	2.71
2016	15.00	2.65	10.98	2.71
2017	15.00	2.65	10.98	2.71

Note: Rates are based on 3/4" meter, which is the standard household meter size.

Source: Broward County, Customer Service

**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	Population	Personal Income
	General Obligation Bonds	Covenant Bonds	Capital Leases	Water and Sewer Bonds	Capital Leases	Loans and Notes					
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	78,187	\$2,416,487,000
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	77,465	1,992,090,000
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	73,216	1,736,610,000
2011	23,797,434	13,125,000	882,697	16,019,116	1,649,043	19,167,958	74,641,248	4.00	995	75,018	1,863,871,000
2012	22,369,937	12,670,000	479,369	15,426,772	2,607,256	17,798,020	71,351,354	4.02	934	76,389	1,776,923,000
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	76,473	1,836,793,000
2014	19,797,105	24,140,000	80,981	14,938,143	1,087,825	14,196,426	74,240,480	4.06	960	77,361	1,829,286,000
2015	18,533,690	22,980,000	-	14,042,421	639,800	14,196,426	70,392,337	3.96	918	76,662	1,779,325,000
2016	17,295,290	21,785,000	1,665,572	12,839,802	1,376,527	12,498,150	67,460,341	3.77	890	77,659	1,834,539,000
2017	16,977,148	20,921,705	1,296,968	12,112,720	831,697	10,884,734	63,024,972	3.34	793	78,042	1,852,951,000

*Note: General Obligation and Covenant bonds are presented net of any related premiums, discounts and adjustments.*

**CITY OF DEERFIELD BEACH, FLORIDA**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	General Obligations Bonds	Less: Amounts Available in Debt Service Funds	<u>Total</u>	Percentage of Actual Taxable Value	<u>Per Capita</u>
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	2,112,836	2,539,617	(426,781)	0.24 %	243
2014	19,797,105	2,513,964	17,283,141	0.22 %	223
2015	18,533,690	2,534,573	15,999,117	0.19 %	209
2016	17,295,290	2,400,835	14,894,455	0.18 %	223
2017	16,977,148	2,440,501	14,536,647	0.17 %	207

*Source: City of Deerfield Beach, Financial Services Department*

**City of Deerfield Beach, Florida**  
**Direct and Overlapping Governmental Activities Debt**  
**As of September 30, 2017**

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<b>Direct Debt:</b>			
General obligation bonds	\$ 16,977,148	100.00 %	\$ 16,977,148
Covenant bonds (1)	20,921,705	100.00 %	20,921,705
Capital leases	1,296,967	100.00 %	1,296,967
Total direct debt	39,195,820		39,195,820
<b>Overlapping Debt:</b>			
School Board of Broward County, Florida:			
Certificates of participation	\$ 1,578,972,000 (3)	3.71 %	58,579,861
Capital leases	56,079,000 (3)	3.71 %	2,080,531
Broward County, Florida (2)	232,035,000 (3)	3.71 %	8,608,499
Subtotal, overlapping debt	1,867,086,000		69,268,891
Total direct debt and overlapping debt	1,906,281,820		\$ 108,464,711

- (1) \$4,350,000 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, 2017.
- (3) Debt outstanding data provided by each government unit.

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

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

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

**CITY OF DEERFIELD BEACH, FLORIDA**  
**Water and Sewer Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

Fiscal Year	Gross Revenues (A)	Expenses (B)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Escrow or Principal	Interest	Total (C)	
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
2014	24,810,180	17,417,474	7,392,706	2,081,285	1,152,032	3,233,317	2.29
2015	25,356,689	15,350,588	10,006,101	1,498,498	1,065,191	2,563,689	3.90
2016	25,077,553	15,838,252	9,239,301	2,238,878	877,272	3,116,150	2.97
2017	25,395,815	17,079,275	8,300,090	2,340,498	829,997	3,170,495	2.62

- 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 Council Revenue Bonds, Series 2006**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

Fiscal Year	Gross Revenues		Net Revenue Available for Debt Service		Debt Service Requirements			Coverage
	(A)	Expenses (B)			Escrow or Principal	Interest	Total (C)	
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	250,269	400,269	13.00
2011	5,049,066	-	5,049,066	-	155,000	244,269	399,269	13.00
2012	4,865,482	-	4,865,482	-	160,000	238,069	398,069	12.00
2013	4,717,719	-	4,717,719	-	165,000	231,669	396,669	12.00
2014	5,094,647	-	5,094,647	-	175,000	225,069	400,069	13.00
2015	5,120,791	-	5,120,791	-	180,000	218,069	398,069	13.00
2016	4,961,669	-	4,961,669	-	190,000	209,069	399,069	12.00
2017	5,094,936	-	5,094,936	-	200,000	194,569	394,569	13.00

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

**CITY OF DEERFIELD BEACH, FLORIDA**  
**Demographic and Economic Statistics**  
**Last Ten 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 %
2014	77,361	1,829,286	23,646	43.2	7,442	4.6 %
2015	76,662	1,779,325	26,210	42.1	7,961	4.6 %
2016	77,659	1,834,539	23,623	42.9	7,397	4.7 %
2017	78,042	1,852,951	23,743	43.5	7,285	3.7 %

Sources:

- (1) Bureau of Economic and Business Research (BEBR)
- (2) American Factfinder & Quickfacts Census.gov
- (3) School Board of Broward County, Florida
- (4) Florida Jobs Local Area Unemployment Statistics

\*\* Personal income data expressed in thousands

**City of Deerfield Beach, Florida**  
**Principal Employers**  
**Current Year and Nine Years Ago**

Employer	2017			2008		
	Employees	Rank	Percentage of Total Employment	Employees	Rank*	Percentage of Total Employment
Publix Corporation	1,858	1	5.35 %	1397	2	4.12 %
JM Family Enterprises	1,271	2	3.66 %	1356	3	4.00 %
Broward Health North	1,500	3	4.32 %	1941	1	5.72 %
UPS	891	4	2.57 %	497	6	1.47 %
City of Deerfield Beach	552	5	1.59 %	839	4	2.47 %
Sun-Sentinel	535	6	1.54 %	704	5	2.08 %
Target	325	9	0.94 %	-	-	- %
Republic National Distribution	356	7	1.02 %	-	-	- %
Peoples Trust	382	8	1.10 %	-	-	- %
Broward Sheriff Office	286	10	0.82 %	-	-	- %
List Insudtries	-	-	-	350	7	1.03 %
Health BenefitsDistrict	-	-	-	271	8	0.80 %
MAPEI	-	-	-	142	9	0.42 %
Double Eagle Distributing	-	-	-	135	10	0.40 %
	<u>7,956</u>	-	<u>22.91 %</u>	<u>7,632</u>	N/A*	<u>22.51 %</u>

Sources: *Employer's Human Resource Department*

*Florida Department of Economic Opportunity*



**City of Deerfield Beach, Florida**  
**Full-Time Equivalent Government Employees by Function**  
**Last Ten Fiscal Years**

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	66	66	58	62	66	64	63	73	66	60
Public safety										
Police										
Uniformed	129	129	123	126	126	126	126	127	127	130
Civilians	53	53	43	43	43	46	45	45	42	42
Fire/Rescue										
Firefighters and Officers	150	149	140	140	154	143	147	138	139	141
Bldg. inspection services	21	21	20	17	18	19	16	-	-	-
Civilians	20	20	20	20	2	2	6	5	5	2
Economic environment	-	1	1	1	1	1	1	1	1	2
Culture and recreation	84	94	86	65	64	70	66	72	75	94
Human services	41	37	40	37	38	39	40	39	40	39
Public works administration	4	4	3	1	-	-	-	-	-	-
Grounds maintenance	39	39	21	42	38	31	37	36	39	42
Parks	41	44	11	11	7	7	10	10	7	7
Water & sewer	75	74	68	65	60	58	58	60	56	69
Solid waste	67	67	60	49	53	55	54	64	75	68
Transportation										
Street maintenance	15	15	13	11	10	10	11	12	11	14

*Source: City of Deerfield Beach, Financial Services Department*

**City of Deerfield Beach, Florida**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public safety										
Police:										
Physical arrests	4,815	4,775	4,195	2,926	2,432	2,435	2,729	2,563	2,616	2,600
Parking violations	15,281	19,654	19,638	17,446	16,603	15,248	15,315	20,084	19,980	17,982
Traffic violations	22,329	21,403	17,068	15,023	17,357	11,214	17,382	17,631	17,220	15,402
Fire/Rescue:										
Number of emergency responses	19,664	-	20,395	20,473	229,146	21,005	14,606	15,217	15,458	11,642
Inspections	4,147	7,839	6,099	6,147	7,033	5,400	5,332	7,653	3,916	2,420
Fire extinguished	289	146	147	156	115	162	152	139	162	185
Transportation										
Street maintenance:										
Streets resurfacing (miles)	-	-	3	2	-	13	28	22	-	-
Potholes repaired	2,209	2,313	2,212	2,212	1,800	800	556	204	200	436
Sidewalk repaired (feet)	-	1,800	2,700	3,200	13,900	12,000	5,705	8,555	3,920	2,894
Transit services										
Total route miles	116,379	126,638	92,167	83,458	99,846	64,570	142,690	106,942	140,124	116,317
Number of trips	10,188	29,506	27,672	23,329	25,368	87,205	97,743	91,902	86,048	79,836
Physical environment										
Number of burials	128	209	118	130	84	113	122	110	112	104
Culture and recreation										
Athletic field permits issued	11	32	73	70	99	65	246	493	1,344	1,682
Number of participants in arts & education classes	27,500	32,000	11,922	12,000	3,500	13,625	5,498	5,684	6,144	2,015
Number of special event permits issued	112	97	59	70	129	121	192	88	76	81
Attendance at special events	400,000	350,000	244,750	240,000	224,000	231,995	298,530	285,500	292,000	336,644
Water										
New connections	358	27	15	32	12	8	10	10	5	32
Water main breaks	120	65	63	65	39	53	12	13	40	36
Average daily consumption (millions of gallons)	9	10	9	9	9	9	9	9	9	10
Permitted raw water withdrawal	13	14	14	14	14	14	14	14	12	17
Sewer										
Average daily sewage treatment (Thousands of gallons)	6,500	7,400	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Solid waste										
Refuse collected (tons/day)	247	189	248	196	246	251	247	276	402	260
Recyclables collected (tons/day)	33	23	27	37	25	29	33	27	49	29

## City of Deerfield Beach, Florida

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Human services										
Childcare:										
Average daily attendance	28	19	16	13	13	15	15	10	12	18
Number of meals served	29,500	24,648	27,997	18,956	15,639	20,491	15,785	18,381	18,467	15,098
Adult daycare:										
Average daily attendance	10	10	7	6	7	8	7	7	5	31
Alzheimer's daycare:										
Average daily attendance	25	24	27	23	18	25	27	24	28	139

*Source: Various City departments*

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

*\*The average daily attendance for Adult daycare and Alzheimer's daycare are higher than the previous years due to a change in the counting mechanism.*

**City of Deerfield Beach, Florida**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public safety										
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	162	162	129	126	126	126	126	130	130	130
Fire/Rescue:										
Stations	4	4	5	6	6	6	6	6	6	6
Rescue ambulances	8	8	8	8	8	6	6	6	6	6
Fire engines	6	6	6	6	6	4	4	4	4	4
Ladder/heavy squad trucks	2	2	2	2	1	1	1	1	1	1
Transportation										
Streets (miles)	146	146	146	146	146	146	146	146	146	146
Sidewalks (miles)	135	135	135	135	135	136	136	136	136	136
Streetlights (poles)	4,400	5,200	5,200	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Traffic signals	68	68	68	68	68	68	68	68	70	70
Culture and recreation										
Parks acreage	125	140	140	324	324	317	338	345	398	398
Parks	29	31	33	33	33	34	35	44	52	52
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	6	12	12	12	12	12	12	12	12	12
Community centers	3	2	3	2	2	2	2	3	3	3
Water										
Water main (miles)	230	232	232	232	232	232	232	232	234	234
Maximum daily capacity (millions of gallons)	35	35	35	35	35	35	24	24	24	24
Sewer										
Sanitary sewers (miles)	135	136	136	137	137	137	137	137	136	136
Storm sewers (miles)	37	48	48	48	48	48	48	48	48	48
Average daily treatment capacity ( <i>thousands of     gallons</i> )	7,000	7,000	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400
Solid waste										
Collection trucks	41	40	41	38	32	32	28	23	23	23

*Source: Various City departments*

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