

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CITY OF PARKLAND, FLORIDA
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2017**

Prepared By

The Finance Department

Chris Johnson, CPA, Finance Director

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INTRODUCTORY SECTION



CITY OF PARKLAND
FINANCE and ADMINISTRATIVE
SERVICES DEPARTMENT
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Parkland, Florida 33067
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www.cityofparkland.org

March 30, 2018

Honorable Mayor,
Members of the City Commission and
Residents of the City of Parkland, Florida

State law requires that every general-purpose local government publish within nine months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with auditing standards generally accepted in the United States, and government auditing standards by a firm of licensed certified public accountants. The report has been prepared by the City's Finance Department, with the assistance of the independent auditors, Caballero Fierman Llerena + Garcia, LLP. Pursuant to these requirements, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Parkland for the fiscal year ended September 30, 2017.

This report consists of management's representations concerning the finances of the City of Parkland. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial statements of the governmental activities and various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The report includes all governmental activities and funds of the City and, in accordance with generally accepted accounting principles, only those legally separate entities for which the City is financially accountable. While the Broward County Board of County Commissioners, Broward County School Board, South Florida Water Management District, Florida Inland Navigation District, Children's Services Council of Broward County, and North Broward Hospital District levy and collect taxes on property located within the corporate limits of the City, the City is not financially accountable for these entities. Therefore, financial information of these taxing authorities is not included in this report. Annual financial reports on these entities are available on request from each board, district or council.

This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The MD&A immediately follows the Independent Auditors' Report and provides a narrative introduction, overview and analysis of the basic financial statements.

Profile of the Government

The City of Parkland, Florida (the “City”) is located in northwest Broward County adjacent to the cities of Coral Springs, Coconut Creek and the Broward/Palm Beach County border. The City has been developed slowly and deliberately, reflecting the deep commitment of the residents, elected officials, management, and developers to the preservation of the pristine state of the region which includes the significant natural habitat of plants and wildlife. The population is 29,586 and the median age is 39.5. There are 9,333 dwelling units with 7,884 single family and 1,449 multifamily.

The City operates under a Commission-Manager form of government, comprised of five elected officials, the Mayor and four Commissioners. The Mayor is elected at-large and the Commissioners are elected by districts. The City Commission determines policy, adopts legislation, and approves the City’s annual budget. The City Commission appoints the City Manager who is responsible for the daily operations and insuring all ordinances and resolutions are adhered to.

The City is viewed as a prestigious, semi-rural community and is a suburban part of Fort Lauderdale’s Standard Metropolitan Statistical Area (SMSA). The City’s highly rated schools and proximity to the Sawgrass Expressway and Florida’s Turnpike, coupled with the natural beauty of the region help make the City a highly desirable residential area. Currently, a variety of residential developments are in place including single family and multi-family alternatives. Additional new residential developments are planned as the City continues to develop vacant land. There are four commercial properties totaling approximately 61 acres that have been developed: Parkland Commons, Parkland Village, The Waterways and Riverstone Shops. This added upscale commercial development will diversify the City’s economic base. Commercial development comprises only 0.8% of total land use.

Economic Conditions and Outlook

Parkland is an affluent, upscale residential community with low density housing, outstanding recreational facilities, and excellent schools. The median value of a Parkland home is approximately \$593,300. The median value is significantly higher than the median house price in Broward County of \$243,600.

Housing foreclosures are no longer an issue for Florida as a whole. Florida’s “underwater” homes have declined from a high of 50% of all residential mortgages to under 5% in the most recent data, which is slightly better than the US as whole. The final level of foreclosure filings in FY 2016-17 (55,367) fell decidedly below Florida’s annual average of 68,605. The continued improvement of the South Florida economy should help reduce the number of foreclosed properties.

The overall housing market for Florida is generally improving. In the preliminary data for the 2017 calendar year, single-family building permit activity increased by 11.7% over the prior year, which is slightly higher than the 2016 annual growth rate of 11.1%. Existing home sales volume from 2014-2017 exceeded the 2005 peak year. While the preliminary data for 2017 indicates that it did as well, the sales activity was slightly higher relative to 2016.

Population growth is the state’s primary engine of economic growth, fueling both employment and income growth. Florida’s population growth is expected to remain above 1.5% between now and the end of the decade. Most of Florida’s population growth through 2030 will be from net migration.

During 2017-2021, Florida’s economy, as measured by Real Gross State Product, is expected to expand at an average annual rate of 3.4%, and that payroll job growth will average an annual pace of 2.1%. Both remain between 0.5 and 1 percentage point greater than the pace expected for the national economy.

The Bureau of Labor Statistics releases local inflation rates every two months and the national inflation rate every month. This rate is calculated by the BLS using the Consumer Price Index. The CPI produces monthly data based upon changes in the prices paid by consumers for goods and/or services. South Florida's 2017 inflation rate has increased by 1.8% compared to 2016. The South Florida CPI increase is slightly lower than the national increase of 2.1%.

For the 4th quarter of 2017, Florida was ranked 18th in the country with personal income growth that was nearly equal to the national average of 0.7%. Parkland continues to show strong household income as the median family income for 2017 was \$128,292 compared to \$52,954 for Broward County.

For December 2017, the national unemployment rate was 4.1%. Florida's unemployment rate of 3.7% is 1.2% lower than December 2016. Miami-Dade County has an unemployment rate of 4.5%, down from 5.4% a year ago. Broward County has the lowest area unemployment rate at 3.4%, down from 4.4% a year ago. Palm Beach County's unemployment rate is 3.6%, which is down from 4.6% a year ago.

Local Economy

Taxable Values

- On July 1st the Broward County Property Appraiser's Office provided taxable values to all taxing authorities. The City had an increase of 9.5% or \$400 million in taxable value. This increase is a combination of new taxable value and current values increasing. This increase resulted in an additional \$1.4 million in ad valorem revenue. This is the 7th consecutive year that taxable values have increased. We anticipate that future years will have similar if not higher growth due to new development.
- Parkland's quality of life will continue to make Parkland a very desirable place to live. The City is one of the few cities in Broward County that will experience new growth due to new development. The "Wedge" is a 1,949 acre wedge-shaped property that was transferred from Palm Beach County to Broward County. The City has annexed 1,132 acres and development is already underway. The Wedge, once developed, will have a projected 3,115 new single family homes. This development is expected to bring in approximately \$5 million in new ad valorem revenue during the next ten years.

Financial Strategy

The City has emerged from the recent recession in an enviable position. New home construction continues and real estate values in Parkland have increased. As a result of the City's continued dedication to fiscal responsibility and effective management through persistence, cooperation and creativity, the City is financially sound. We are fiscally optimistic regarding the future. The 2018 budget is a road map of responsible growth and sustained services for our residents and businesses moving forward. This budget enables the City to continue its trajectory of growth and increasing economic stability while ensuring the character and elegance of Parkland are sustained. This budget is a clear reflection of responsible stewardship of public funds.

As mentioned, the City experienced an increase in taxable values and will continue to have growth with new development. Parkland is a growing community and we are anticipating adding over 2,000 new homes over the next 5-7 years. With this growth, change is inevitable and these changes have transformed the way Parkland operates. Growth and change, and their impact on the present and future of Parkland, are concerns of both the residents and the current administration. Parkland's Elected Officials have implemented various policies to maintain the City's existing character while dealing with the impacts from growth. This includes enacting projects that enhance City services, beautification and public safety.

Parkland continues to be in excellent financial health. City staff's ability to control expenditures the last several years in combination with conservative revenue forecasts has allowed the General Fund to accrue a healthy fund balance. With such strong financial position, the City can maintain excellent services to our residents while undertaking a steady amount of significant projects to improve our community. The City is able to pay for significant non-recurring expenditures, such as infrastructure investments and capital replacements using a "pay as we go" strategy. Additionally, the City is contributing to its infrastructure and capital replacement funds to ensure that needs of future maintenance of buildings and equipment purchases are met.

The millage rate for 2018 decreased slightly. The City is able to maintain its stabilization/operating reserve at twenty-five percent (25%) of the General Fund Operating Budget. This reserve is for unforeseen economic conditions and potential natural disasters (hurricanes). During FY 2017, the City utilized \$780,000 of this stabilization reserve to pay for Hurricane Irma debris removal costs. We anticipate that the majority of this money will be reimbursed by FEMA during FY 2018.

We have manageable debt payments, well within the debt service limitation, and will continue to fund major capital projects with the appropriate mix of low-cost debt or by utilizing cash reserves. We will continue to be financially sound with every budget that is balanced, spending within our means and being financially responsible to the citizens of Parkland.

It is anticipated that the City will remain in good financial condition throughout the next fiscal year. While not immune from the impacts of the national and state economy, Parkland is continuing to see positive signs in the local economy. The FY 2018 budget will allow the City to allocate resources to strategic projects that will achieve the City Commission's goals and priorities. Parkland is looked upon as a role model for prudent fiscal planning and sound, well-timed investments in infrastructure that make us the envy of other municipalities. The targeted investments we make today will benefit the residents, businesses and the City workforce for years to come.

Major Initiatives

The City continues to fund capital improvement projects to maintain and improve City facilities. The most notable FY 2018 capital projects are as follows:

1. Loxahatchee Road Improvements This project involves the coordination of four (4) different government agencies for the overall improvement of the six (6) mile corridor from the Everglades Conservation Area to State Road 7.
2. Library Master Plan Expansion This project involves the planning and construction of the Parkland Library expansion. This project aims to meet the increasing Library needs of a growing City population.
3. Building Department Expansion/Records Building This project involves the expansion of the existing City Hall building to accommodate additional Building Department space and the relocation of the City's records retention department.

Relevant Financial Policies

In the development and evaluation of the City's accounting and financial reporting systems, consideration is given to the adequacy and accuracy of the internal accounting controls. Because the costs of a control should not exceed the benefits to be derived, these controls are designed to provide reasonable, but not absolute, assurance that the assets of the City are safeguarded against loss from unauthorized use or disposition and that there are reliable financial records for the preparation of financial statements and for the accountability of those assets. The City has adopted comprehensive financial policies that enhance and supplement its system of internal accounting controls to safeguard the assets of the City and provides reasonable assurance of the proper recording of financial transactions. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions.

Operating Budget Policy The City maintains budgetary controls, the objective of which is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Commission. All funds are required to balance. Total anticipated revenues must equal the sum of budgeted expenditures for each fund. Current anticipated revenues must be sufficient to support current expenditures. The level of budgetary control is maintained by the City Manager at the departmental level within an individual fund. Any changes made outside the department level control must be approved by City Commission.

Stabilization/Operating Reserves Policy For Fiscal Year 2017, the City's policy is to maintain operating reserves at 25% of the General Fund operating budget, less any transfers and contingency amount. A variety of factors were considered in determining the appropriate operating reserve level. Major circumstances include economic stabilization for unforeseen economic conditions and potential natural disaster, especially hurricanes, which could affect the City. The City utilized \$780,000 of this reserve in FY 2017 to fund debris removal costs associated with Hurricane Irma. We anticipate that the majority of this money will be reimbursed by FEMA during FY 2018. The City's stabilization/operating reserves are \$6,956,500, or just under 3 months of operating expenditures.

Capital Improvement Program Policy The City adopts an annual Capital Improvement Plan that is directly linked to the City's Strategic Plan. It is the City's policy to determine the most prudent financial method for funding its Capital Improvement Program. When possible, the City shall use cash reserves to pay for capital expenditures. In fiscal year 2017, impact fee revenues were primarily used to pay for the debt service related to the Western Fire Station and Pine Trails Park. During fiscal year 2018, cash reserves and impact fee collections will be utilized to pay for all Capital Improvement Program expenditures. Additionally, for fiscal year 2018, existing cash reserves will be used to fund all fleet replacement and infrastructure replacement program expenditures.

Cash Management and Investments Policy The City follows its adopted investment policy when handling public funds. The intent of this policy is to 1) ensure the preservation of principal, 2) maintain sufficient cash flow to enable the City to meet its obligations, and 3) maximize the return on assets with acceptably low exposure to risk. The investment policy meets the requirements of Florida Statutes, Section 218.415.

All temporarily idle funds are centrally managed through the use of a pooled cash and investment account. The funds available for investment of this nature average approximately \$47 million for the year and provided interest income totaling approximately \$127,000. The City utilizes SunTrust Bank and the Florida State Board of Administration Local Government Investment Pool, which was created under Florida Statute Chapter 218, Part IV, to promote the maximization of net interest income on invested surplus funds. Investment earnings increased during 2017. Future improvements are expected as the Federal Reserve has continued to increase interest rates.

Debt Management Policy The City reviews its outstanding debt annually. The financing term of capital projects shall not exceed the average useful life of the project that is being financed. These projects shall be major projects and shall be financed only when unreserved fund balance is not available. For fiscal year 2017, the City is in compliance with its debt management policy.

Other Information

Independent Audit In accordance with Section 218.32, Florida Statutes, the City engaged the services of the firm, Caballero Fierman Llerena + Garcia, LLP, to perform the independent audit of the City's accounts and records. The independent auditors' report is included in the Financial Section.

Certificate of Achievement The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to City of Parkland, Florida, for its comprehensive annual financial report for the fiscal year ended September 30, 2016.

In order to be awarded a Certificate of Achievement, a governmental must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for twenty-seven consecutive years including the fiscal year ended September 30, 2016. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

Acknowledgments The preparation of this report would not have been possible without the efficient and dedicated services of the Finance Department. We would like to express our appreciation to all members of this department who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor and Commission for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Parkland's finances.

Respectfully submitted,

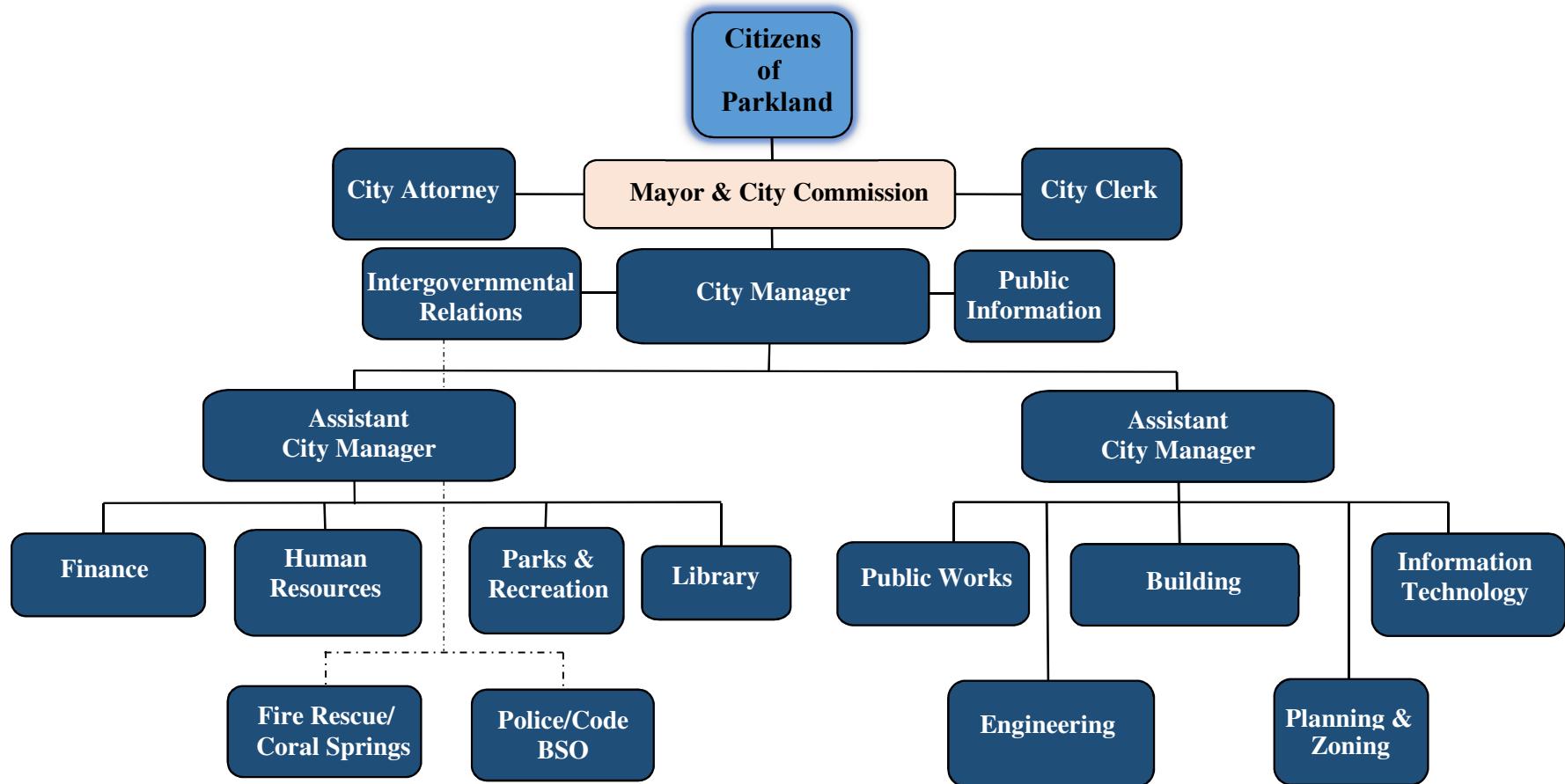


Robert Payton
City Manager

CITY OF PARKLAND, FLORIDA
LIST OF PRINCIPAL OFFICIALS
SEPTEMBER 30, 2017

| <u>Title</u> | <u>Name</u> |
|-------------------------------------|-----------------------|
| Mayor | Christine Hunschofsky |
| Vice Mayor | Stacy Kagan |
| Deputy Vice Mayor | Ken Cutler |
| Commissioner | Grace Solomon |
| Commissioner | Bob Maversohn |
| City Manager | Robert Payton |
| Assistant City Manager | Nancy Morando |
| Assistant City Manager | Sowande Johnson |
| City Attorney | Andrew Maurodis |
| City Clerk | Jennifer Johnson |
| Finance Director | Christopher Johnson |
| Public Information Officer | Todd DeAngelis |
| Intergovernmental Relations Officer | Carole Morris |
| Public Works Director | William Evans |
| Building Official | William Tracy |
| Fire Chief-CSFD | Frank Babinec |
| Interim Parks & Recreation Director | Timothy Mooney |
| Library Director | Joe Green |
| Planning & Zoning Director | Michele Mellgren |
| Police Chief-BSO | Jan Jordan |

CITY OF PARKLAND
ORGANIZATIONAL CHART
SEPTEMBER 30, 2017





Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to
**City of Parkland
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2016

A handwritten signature in black ink that reads "Jeffrey R. Emmer". The signature is fluid and cursive, with "Jeffrey" on the top line and "R. Emmer" on the bottom line.

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Commission
City of Parkland, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Parkland, Florida, (the "City") as of and for the fiscal 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 City of Parkland, Florida's Police Officers Retirement Plan, which represent 21%, 21%, and 15%, respectively, of the assets, fund balance/net position, and revenues/additions of the aggregate remaining fund information of the City of Parkland, Florida. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Parkland, Florida's Police Officers Retirement Plan, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Parkland, Florida, as of September 30, 2017, and the respective changes in financial position 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 and Budgetary Comparison Schedule and Schedule of Funding Progress – Other Post Employment Benefits on pages 3-11 and 44-48, respectively 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Parkland, Florida's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the combining and individual fund financial statements and budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Caballero Fierman Llerena + Garcia

Caballero Fierman Llerena + Garcia, LLP
Miramar, Florida
March 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

CITY OF PARKLAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

The purpose of the financial reporting, in general, is to provide the readers of the financial statements with information that will help them make decisions and draw conclusions about an entity. As management of the City of Parkland, Florida (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with the additional information provided in the transmittal letter on pages i through vi at the beginning of this report as well as the financial statements and notes to financial statements that follow.

Financial Highlights

- 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 \$97,474,150 (net position), as compared with \$90,850,867 for the previous fiscal year. Of this amount, \$28,736,525 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$6,623,283 during the current fiscal year. Capital assets increased approximately \$700,000 due to completion of construction at Pine Trails Park and at the Quigley Tennis Center. Increases in tax revenues, intergovernmental revenues and permits and fees further contributed to the increase in the City's net position by approximately \$4.9 million. Additionally, the City's long-term debt decreased approximately \$1 million due to ongoing annual debt service payments made during the current fiscal year.
- The City's governmental funds reported combined ending fund balances of \$45,639,568, an increase of \$4,843,071 in comparison with the prior fiscal year. Of this amount, approximately \$188,612 is non-spendable, \$17,536,497 is restricted, \$7,564,000 committed, \$6,313,495 is assigned and \$14,036,964 is unassigned.
- The total fair value of the City's cash and investments at September 30, 2017 was \$47,876,888, an increase of \$4,966,337 from the prior year.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$14,036,964, or 51% of total general fund expenditures.
- The City's long-term liabilities decreased by \$952,768 due to no new debt issuance and payments made on existing debt.

Overview of the Financial Statements

This annual report consists of four parts: 1) Introductory Section 2) Financial Section 3) Statistical Section and 4) Compliance Section. Within the Financial Section, there is the Independent Auditors' Report, the Management's Discussion and Analysis, the Basic Financial Statements, Required Supplementary Information and Other Financial Information.

Government-wide financial statements

The government-wide statements on pages 12 and 13 include the statement of net position and the statement of activities. They are designed to provide a broad overview of the City's financial position as a whole, similar to private sector financial statements. The statement of net position shows the total assets and deferred outflows of resources and liabilities and deferred inflows of resources for the City, with the difference reported as net position. Over time, increases or decreases in net position may be an indicator of whether the financial position of the City 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 future fiscal periods. A good example of this is uncollected taxes and earned but unused compensated absences (annual leave).

Both of the government-wide financial statements distinguish functions of the City 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, public safety, physical environment, culture and recreation, and development services.

CITY OF PARKLAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

Overview of the Financial Statements (Continued)

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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as 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 similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, the capital projects fund, and the parks & community improvements fund, which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund, capital projects fund, capital replacement fund, park & community improvements fund, government/library building fund, and public safety improvement fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14 through 17 of this report.

Proprietary fund

The City maintains one type of proprietary fund known as an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Parkland's various functions. The City uses the internal service fund to account for its vehicle and computer replacement programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City adopts an annual appropriated budget for its proprietary fund, the capital replacement fund.

The proprietary fund financial statements can be found on pages 18 through 20.

Fiduciary fund

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Fiduciary Fund represents the Police Officers' Retirement Plan and can be found on pages 21 and 22.

Notes to the financial statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 23 through 43 of this report.

CITY OF PARKLAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

Overview of the Financial Statements (Continued)

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including the budgetary comparison schedule, other post-employment benefits and Police Officers' Retirement Plan. Required supplementary information can be found on pages 44 and 47 of this report.

Combining and Individual Fund statements and schedules

Combining statements referred to earlier in connection with non-major governmental is presented immediately following the required supplementary information. They can be found on pages 48 through 49.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City of Parkland, assets exceeded liabilities by \$97,474,150 at the close of the fiscal year. The table below summarized the City's net position for the fiscal year ended September 30, 2017.

The largest portion of the City's net position (approximately 53%) reflects its net investment in capital assets (land, buildings, improvements other than buildings, machinery and equipment, vehicles, and infrastructure) less any related outstanding debt used to acquire those assets (approximately \$11.2 million). The City uses these capital assets to provide services to its residents; therefore, these assets are not available for future spending. Although the City'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.

| | Net Position | | |
|--|-----------------------------|-----------------------------|-----------------|
| | <u>2017</u> | <u>2016</u> | <u>% Change</u> |
| Current and other assets | \$ 48,771,208 | \$ 43,782,521 | 11% |
| Capital assets | <u>62,202,917</u> | <u>61,522,669</u> | 1% |
| Total assets | <u>110,974,125</u> | <u>105,305,190</u> | 5% |
| | | | |
| Other liabilities | 2,172,938 | 2,182,738 | 0% |
| Long-term liabilities | <u>11,265,368</u> | <u>12,218,136</u> | -8% |
| Total liabilities | <u>13,438,306</u> | <u>14,400,874</u> | -7% |
| | | | |
| Deferred inflows of resources (business license tax) | <u>61,669</u> | <u>53,449</u> | 15% |
| | | | |
| Net position: | | | |
| Net investment in capital assets | 51,201,128 | 48,976,994 | 5% |
| Restricted | 17,536,497 | 15,836,835 | 11% |
| Unrestricted | <u>28,736,525</u> | <u>26,037,038</u> | 10% |
| Total net position | <u>\$ 97,474,150</u> | <u>\$ 90,850,867</u> | 7% |

A portion of net position, approximately 18%, represents resources that are subject to external restrictions on how they may be used. The largest components of these resources are for park and community improvements. Restricted net position for building department expenditures can only be used to satisfy the obligations of the Building Department. Restricted net position for western fire station will be used to satisfy outstanding debt service obligations. The remaining balance of unrestricted net position of \$28,736,525 may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in net position. The same situation held true for the prior fiscal year.

CITY OF PARKLAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

Government-Wide Financial Analysis (Continued)

The largest component of current and other assets are cash and investments, which comprise approximately 98% of these assets. Cash and investments increased by \$4,996,337, from \$42,910,551, to \$47,876,888 as the City continues to experience increases in property values and tax collections. Capital assets (net) increased by \$680,248 as current year capital spending (namely completion of Pine Trails Parks and the Quigley Tennis Center) exceeded depreciation expense and current year disposals.

Approximately 16% of the total liabilities are attributable to current liabilities, up from 15% in the prior year. Net long-term liabilities, comprised of compensated absences payable and long-term debt, decreased by \$952,768 as long-term debt decreased by \$912,638 and compensated absences payable decreased by \$40,130.

Governmental activities

Governmental activities increased the City's net position by \$6,623,283, thereby accounting for the total growth in net position of the City. Key elements of the change are described below:

| | Changes in Net Position | | |
|------------------------------------|-------------------------|----------------------|-----------------|
| | <u>2017</u> | <u>2016</u> | <u>% Change</u> |
| Revenues: | | | |
| Program revenues: | | | |
| Charges for services | \$ 11,505,563 | \$ 21,174,586 | -46% |
| Operating grants and contributions | 296,265 | 301,867 | -2% |
| Capital grants and contributions | 200,000 | 200,000 | 0% |
| General revenues: | | | |
| Ad valorem taxes | 16,246,790 | 14,637,301 | 11% |
| Franchise and other taxes | 3,707,815 | 3,594,252 | 3% |
| Intergovernmental (unrestricted) | 3,473,106 | 3,205,331 | 8% |
| Interest income | 133,246 | 69,391 | 92% |
| Miscellaneous income | 367,901 | 897,233 | -59% |
| Total revenues | <u>35,930,686</u> | <u>44,079,961</u> | -18% |
| Expenses: | | | |
| General government | 4,040,265 | 3,119,581 | 30% |
| Public safety | 14,033,730 | 13,111,805 | 7% |
| Physical environment | 4,333,530 | 3,630,027 | 19% |
| Culture and recreation | 3,202,154 | 10,075,787 | -68% |
| Development services | 3,334,913 | 2,958,094 | 13% |
| Interest and other financing costs | 362,811 | 473,745 | -23% |
| Total expenses | <u>29,307,403</u> | <u>33,369,039</u> | -12% |
| Change in net position | 6,623,283 | 10,710,922 | |
| Net position at beginning of year | <u>90,850,867</u> | <u>80,139,945</u> | |
| Net position at end of year | <u>\$ 97,474,150</u> | <u>\$ 90,850,867</u> | 7% |

Property tax collections increased \$1,609,489 from fiscal year 2016. This increase is attributed to the appreciating values of homes and new construction. The City of Parkland had an increase of 11.9% in taxable values, resulting in an increase in ad valorem revenue. The City decreased the operating millage in fiscal year 2017, which had a rollback rate of \$3.8314. The fiscal year 2017 millage rate was \$3.9800 mills per \$1,000 of assessed value. This rate is well within the 10-mill maximum established by the State of Florida.

CITY OF PARKLAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the City'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's governmental funds reported combined ending fund balances of \$45,639,568, an increase of \$4,843,071. Approximately 31% of this total amount constitutes unassigned fund balance, or \$14,036,964, which is available for spending at the City's discretion. The remainder is either restricted, committed, assigned or non-spendable, indicating it is not available for new spending.

The general fund is the chief operating fund of the City. At the end of the fiscal year, unassigned fund balance of the general fund was \$14,036,964, while total fund balance was \$29,650,161. 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 approximately 51% of the total general fund expenditures, while total fund balance represents 107% of that same amount.

The fund balance of the City's general fund increased by \$2,999,345 during the current fiscal year. From an operating perspective, revenues exceeded expenditures by approximately \$7.2 million. A \$3,000,000 transfer from general fund reserves was made to the capital projects fund in order to fund capital projects with available cash and continue with pay-as-you-go financing. Key factors in the operations are listed below:

- Taxes were \$628,639 higher than anticipated due to new construction, population growth and existing home values increasing.
- License and permit revenues were higher than anticipated by \$2,501,289 due to a significant increase in new single family home construction.
- Intergovernmental revenues were \$529,223 higher than anticipated due to population increases that led to increases in half-cent sales tax, state revenue sharing and motor fuel tax collections in fiscal year 2017.
- Charges for services were \$683,833 higher than anticipated due to development review and engineering review fees associated with the new single family home construction.
- Fines and forfeitures were \$108,126 higher than anticipated due to ongoing traffic enforcement and code compliance efforts aimed at maintaining City standards.
- Significant budget savings across all operating departments resulted in approximately \$2.2 million in savings:
 - General government was 11% less than budgeted mainly due to less than anticipated City-wide legal costs, lower personnel costs and lower other governmental expenditures.
 - Development services was 18% less than budgeted due to budgeted building inspector positions that were not filled fully in fiscal year 2017.

General Fund Budgetary Highlights

Taxes were \$628,639 over budget due to new construction, population growth and existing home values increasing. Licenses and permits were over budget by \$2,501,289, or 49%, due to a significant increase in new single family home construction. As the local population continues to grow with the new housing development, intergovernmental revenues were over budget by \$529,223 due to an increase in half-cent sales tax collections, state revenue sharing proceeds, and motor fuel tax receipts. Charges for services were over budget by \$683,833, or 36% due to development review and engineering review fees associated with new development. Fines and forfeitures revenues surpassed the budgeted amount by \$108,126 due primarily to ongoing traffic enforcement and code compliance efforts aimed at maintaining City standards.

CITY OF PARKLAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

General Fund Budgetary Highlights (Continued)

General government expenditures were below budget by \$502,685, or 12% due primarily to lower than expected legal costs, lower personnel costs and lower than anticipated general government costs. Development services were \$532,559, or 18% below budget due to budgeted building inspector positions that were not filled fully in fiscal year 2017.

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Approximate Percent Variance</u> |
|-------------------------------------|-----------------------------|-----------------------------|-----------------------------|---|
| Revenues: | | | | |
| Ad Valorem taxes | \$ 16,073,216 | \$ 16,073,216 | \$ 16,246,790 | 1% |
| Franchise fees & local business tax | 398,000 | 398,000 | 491,074 | 23% |
| Utility service taxes | 2,900,000 | 2,900,000 | 3,261,991 | 12% |
| Licenses and permits | 5,058,000 | 5,058,000 | 7,559,289 | 49% |
| Intergovernmental | 2,968,760 | 2,968,760 | 3,497,983 | 18% |
| Charges for services | 1,873,879 | 1,873,879 | 2,557,712 | 36% |
| Fines and forfeitures | 240,000 | 240,000 | 348,126 | 45% |
| Interest income | 31,000 | 31,000 | 113,817 | 267% |
| Miscellaneous income | 324,195 | 324,195 | 428,945 | 32% |
| Total revenues | <u>\$ 29,867,050</u> | <u>\$ 29,867,050</u> | <u>\$ 34,505,727</u> | <u>16%</u> |
| Expenditures: | | | | |
| General government | \$ 3,357,533 | \$ 4,337,533 | \$ 3,834,848 | 12% |
| Public safety | 13,669,568 | 13,669,568 | 13,397,072 | 2% |
| Physical environment | 4,585,500 | 4,585,500 | 4,333,530 | 5% |
| Culture and recreation | 2,312,435 | 2,312,435 | 1,953,093 | 16% |
| Development services | 2,956,914 | 2,956,643 | 2,423,084 | 18% |
| Debt Service | 1,293,050 | 1,293,050 | 1,291,467 | 0% |
| Capital outlay | 101,000 | 101,271 | 75,782 | 25% |
| Total expenditures | <u>\$ 28,276,000</u> | <u>\$ 29,256,000</u> | <u>\$ 27,308,876</u> | <u>7%</u> |

Capital Projects Fund

The capital projects fund is used to account for the acquisition and construction of major capital facilities, as well as to account for financial resources to be used for the purchase of equipment and construction of major improvements to City facilities. At the end of the fiscal year, the fund balance of the capital projects fund was \$2,841,270, an increase of \$974,318 from the prior year. During fiscal year 2017, General Fund reserves of \$3,000,000 were transferred to the Capital Projects Fund to fund all existing capital projects on a pay-as-you-go basis.

The major expenditures in the capital projects fund were as follows:

- Pine Trails Park:
 - Completion of Phase IV construction
 - Playground design
- Roadway Improvements along Ranch Road

Parks and Community Improvement Fund

This special revenue fund is used to account for revenues and expenditures for capital improvements to the City parks and capital contributions to the community and City schools. At the end of the fiscal year, the fund balance of the parks & community improvement fund was \$5,965,401, a decrease of \$330,578 from the prior year. During fiscal year 2017, expenditures for the completion of the Quigley Tennis Center and scheduled debt service for Pine Trails Park exceeded revenues received.

CITY OF PARKLAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

Capital Assets and Debt Administration

The City's investment in capital assets for its governmental activities as of September 30, 2017, amounts to \$62,202,917 (net of accumulated depreciation). The investment includes land, buildings, improvements other than buildings, machinery and equipment, vehicles, construction-in-progress and infrastructure.

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

- Construction on the Quigley Tennis Center finished during the current fiscal year. A total of \$86,952 was expended in fiscal year 2017. The total cost was approximately \$3.5 million.
- The major expansion of Pine Trails Park finished during the current fiscal year and the design/build of a new playground commenced. A total of \$883,530 was expended in fiscal year 2017.
- Roadway and trail improvements of \$758,902 were spent during the fiscal year for design and construction of water mains along Ranch Road, which is majority owned City property.

Capital assets for the years ended September 30, 2017, and 2016, consisted of the following:

| | Capital Assets | | |
|-----------------------------------|---------------------|---------------------|-----------------|
| | <u>2017</u> | <u>2016</u> | <u>% Change</u> |
| Governmental activities: | | | |
| Capital assets: | | | |
| Land | \$14,548,402 | \$14,548,402 | 0% |
| Buildings | 15,780,886 | 12,073,095 | 31% |
| Improvements other than buildings | 6,020,667 | 5,979,504 | 1% |
| Machinery and equipment | 5,210,935 | 4,921,291 | 6% |
| Vehicles | 2,849,717 | 2,752,464 | 4% |
| Infrastructure | 42,291,793 | 32,330,600 | 31% |
| Construction in progress | <u>2,279,576</u> | <u>12,872,936</u> | -82% |
| Total capital assets | <u>\$88,981,976</u> | <u>\$85,478,292</u> | 4% |

Further data on the City of Parkland's capital assets can be found in Note 6 on page 33.

Debt Administration

Long-term debt

At the end of the fiscal year, the City had total long-term liabilities of \$11,265,368. The notes payable and the revenue bonds are secured solely by specific revenue sources as detailed in the notes to the financial statements.

Additional information on the City's long-term debt can be found in Note 7 on page 34. All debt is related to governmental activities.

| | Changes in Long-Term Liabilities | | | | | Due within One Year | |
|-------------------------------|----------------------------------|-------------------|-----------------------|----------------------|----------------------|---------------------------|--|
| | Balance | | Balance | | | | |
| | <u>October 1,</u> | <u>2016</u> | <u>Additions</u> | <u>Retirements</u> | <u>September 30,</u> | | |
| Governmental activity: | | | | | | | |
| Notes payable | \$ 5,444,439 | \$ - | \$ (516,198) | \$ 4,928,241 | \$ 536,227 | | |
| Loan payable | 6,225,000 | - | (404,000) | 5,821,000 | 415,000 | | |
| OPEB | 24,399 | 7,560 | - | 31,959 | - | | |
| Compensated absences payable | 524,298 | 623,398 | (663,528) | 484,168 | 7,000 | | |
| Long-term debt | <u>\$ 12,218,136</u> | <u>\$ 630,958</u> | <u>\$ (1,583,726)</u> | <u>\$ 11,265,368</u> | <u>\$ 958,227</u> | | |

CITY OF PARKLAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

Local Economy, Economic Factors and Next Year's Budget and Rates

Florida growth rates are generally returning to more typical levels and continue to show progress. Nationwide, there are three most widely used indicators of government financial health. One such economic measure is State Gross Domestic Product. Significant progress has been made since 2009 when Florida had a 5.9% decrease in State GDP. Using this measure, Florida's growth for 2015 was 3.9%, which is higher than the 2.7% growth for the United States. Florida's growth estimate for 2016 is 2.4%, which is higher than the National forecast of 1.5%. During 2017-2021, it is expected that Florida's economy will expand at an average annual rate of 3.4%, which is stronger than the forecasted pace for the national economy.

Another factor frequently used to gauge the health of an individual state is personal income growth which is primarily related to changes in salaries and wages. In the revised data, Florida finished the 2016 calendar year with 4.9% growth over 2015, which was higher than the national average of 3.6%. Real personal income growth is expected to average 4.1% during 2017-2021. Florida's average growth will exceed the national rate by 0.6% over that span. For calendar year 2016, personal income growth for Parkland residents increased as the City's Median Household Income increased from \$126,905 (2010-2014) to \$128,292 (2012-2016), a 1.1% increase.

Florida's not seasonally adjusted unemployment rate for December 2017 was 3.7%, which is 1.0% lower than the December 2016 not seasonally adjusted unemployment rate 4.7%. Florida's unemployment rate was 0.2% lower than the national rate. For December 2017, Florida had 374,000 unemployed people. Broward County reports a 3.4% unemployment rate in December 2017 which is lower than both state and national averages.

Population growth is the state's primary engine of economic growth, fueling both employment and income growth. Population growth is expected to remain above 1.5% over the next few years. In the near-term, Florida is expected to grow by 1.88% between 2017 and 2018 and average 1.70% between 2017 and 2021. Most of Florida's population growth through 2030 will be from net migration. The City of Parkland's population is expected to increase between 20-25% by 2020 with the completion of development in the annexed portions of the City.

The City of Parkland is experiencing rapid single-family home development. The number of single-family homes within the City is projected to increase approximately 20-35% through 2020. Florida's homeownership rate of 64.3% is currently the lowest recorded rate during the 32-year history of the series. In contrast, Parkland's homeownership rate is approximately 88%.

In fiscal year 2017, the City had an increase of 11.9% in taxable values. For fiscal year 2018, the City had an increase of 9.5% or \$400 million in taxable value. This increase is a combination of new taxable values and current values increasing. This increase resulted in an additional \$1.4 million in ad valorem revenue. This is the 7th consecutive year that taxable values have increased. The Operating Millage Rate is \$3.9780 for fiscal year 2018 and the roll-back rate is \$3.8453. This is a slight decrease from FY 2017's rate of \$3.9800.

According to Zillow, the median home value in Parkland is \$598,300. Parkland home values have increased 1.4% over the past year. The median price of homes currently listed in Parkland is \$722,250. The median rent price in Parkland is \$3,741, which is higher than the Miami-Fort Lauderdale Metro median of \$1,911.

An increasing tax base due to increasing real estate values and new construction has enabled the City to accumulate a healthy fund balance and take on capital improvement projects all while keeping the millage rate low. The City is able to contribute to its infrastructure and capital replacement funds and has increased the stabilization fund reserve level. These contributions help prepare the City for upcoming equipment and infrastructure needs and any unforeseen circumstances including natural disasters or a possible economic downturn. The City is preparing for the future, which includes the opportunities and challenges due to population growth. Spending is continuously analyzed in order to maximize resources, streamline and reduce costs and keep in line with the City's strategic goals.

CITY OF PARKLAND, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided herein or requests for additional financial information should be addressed to:

**City of Parkland
Finance Department
6600 University Drive
Parkland, Florida 33067**

BASIC FINANCIAL STATEMENTS

CITY OF PARKLAND, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

| | <u>ASSETS</u> | <u>Governmental Activities</u> |
|--|----------------------|--------------------------------|
| Cash and cash equivalents | \$ 40,353,226 | |
| Investments | 7,523,662 | |
| Receivables - net | | |
| Accounts | 257,909 | |
| Due from other governments | 447,799 | |
| Prepaid items | 188,612 | |
| Capital assets not being depreciated | 16,827,978 | |
| Capital assets being depreciated, net | 45,374,939 | |
| Total assets | 110,974,125 | |
| <u>LIABILITIES</u> | | |
| Accounts payable | 1,348,237 | |
| Retainage payable | 72,656 | |
| Accrued expenses | 323,460 | |
| Accrued interest | 102,613 | |
| Unearned revenue | 77,313 | |
| Deposits | 202,333 | |
| Other liabilities | 46,326 | |
| Noncurrent liabilities: | | |
| Due within one year | 958,227 | |
| Due in more than one year | 10,307,141 | |
| Total liabilities | 13,438,306 | |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | |
| Business license tax | 61,669 | |
| <u>NET POSITION</u> | | |
| Net investment in capital assets | 51,201,128 | |
| Restricted for: | | |
| Equestrian center | 9,470 | |
| Liberty park | 200 | |
| Library | 554 | |
| Country point | 4,575 | |
| Building department | 7,845,786 | |
| Waste containers | 3,817 | |
| Riverside Trail MUST grant | 5,646 | |
| Public safety building | 472,036 | |
| Western fire station | 904,170 | |
| Administrative building | 935,938 | |
| Library | 1,321,862 | |
| Park improvements | 5,965,401 | |
| Police forfeiture | 67,042 | |
| Unrestricted | 28,736,525 | |
| Total net position | \$ 97,474,150 | |

CITY OF PARKLAND, FLORIDA
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2017

| | Program Revenues | | | | Total Governmental Activities |
|----------------------------------|----------------------|---------------------------------|---|---|-------------------------------------|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | |
| <u>Functions/programs</u> | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 4,040,265 | \$ 972,295 | \$ 271,388 | \$ - | \$ (2,796,582) |
| Public safety | 14,033,730 | 8,497,121 | - | - | (5,536,609) |
| Development services | 3,334,913 | 72,940 | - | - | (3,261,973) |
| Physical environment | 4,333,530 | 906,160 | 24,877 | 200,000 | (3,202,493) |
| Culture and recreation | 3,202,154 | 1,057,047 | - | - | (2,145,107) |
| Interest on long-term debt | 362,811 | - | - | - | (362,811) |
| Total governmental activities | <u>\$ 29,307,403</u> | <u>\$ 11,505,563</u> | <u>\$ 296,265</u> | <u>\$ 200,000</u> | <u>\$ (17,305,575)</u> |
| General revenues: | | | | | |
| Ad valorem taxes | | | | | \$ 16,246,790 |
| Franchise and taxes | | | | | 445,824 |
| Utility taxes | | | | | 3,261,991 |
| Intergovernmental (unrestricted) | | | | | 3,473,106 |
| Interest income | | | | | 133,246 |
| Miscellaneous income | | | | | 367,901 |
| Total general revenues | | | | | <u>23,928,858</u> |
| Change in net position | | | | | 6,623,283 |
| Net position, Beginning | | | | | <u>90,850,867</u> |
| Net position, Ending | | | | | <u>\$ 97,474,150</u> |

See notes to basic financial statements

CITY OF PARKLAND, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

| | Major Funds | | | Total Nonmajor Funds | Total Governmental Funds |
|--|----------------------|-------------------------|--|----------------------|--------------------------|
| | <u>General</u> | <u>Capital Projects</u> | <u>Park & Community Improvements</u> | | |
| <u>ASSETS</u> | | | | | |
| Cash and cash equivalents | \$ 23,336,401 | \$ 3,029,325 | \$ 5,802,064 | \$ 7,185,790 | \$ 39,353,580 |
| Investments | 7,186,392 | 173,933 | 163,337 | - | 7,523,662 |
| Accounts receivables - net | 257,909 | - | - | - | 257,909 |
| Due from other governments | 447,799 | - | - | - | 447,799 |
| Prepaid items | 188,612 | - | - | - | 188,612 |
| Total assets | \$ 31,417,113 | \$ 3,203,258 | \$ 5,965,401 | \$ 7,185,790 | \$ 47,771,562 |
| <u>LIABILITIES</u> | | | | | |
| Accounts payable | \$ 1,055,851 | \$ 289,332 | - | \$ 3,054 | \$ 1,348,237 |
| Retainage payable | - | 72,656 | - | - | 72,656 |
| Accrued liabilities | 323,460 | - | - | - | 323,460 |
| Unearned revenue | 77,313 | - | - | - | 77,313 |
| Deposits | 202,333 | - | - | - | 202,333 |
| Other liabilities | 46,326 | - | - | - | 46,326 |
| Total liabilities | 1,705,283 | 361,988 | - | 3,054 | 2,070,325 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | | |
| Business license tax | 61,669 | - | - | - | 61,669 |
| <u>FUND BALANCES</u> | | | | | |
| Non-spendable: | | | | | |
| Prepaid items | 188,612 | - | - | - | 188,612 |
| Restricted for: | | | | | |
| Equestrian center | 9,470 | - | - | - | 9,470 |
| Liberty park | 200 | - | - | - | 200 |
| Library | 554 | - | - | - | 554 |
| Country point | 4,575 | - | - | - | 4,575 |
| Building department | 7,845,786 | - | - | - | 7,845,786 |
| Waste containers | - | 3,817 | - | - | 3,817 |
| Riverside Trail MUST grant | - | 5,646 | - | - | 5,646 |
| Public safety building | - | - | - | 472,036 | 472,036 |
| Western fire station | - | 6,250 | - | 897,920 | 904,170 |
| Administrative building | - | - | - | 935,938 | 935,938 |
| Library | - | - | - | 1,321,862 | 1,321,862 |
| Park improvements | - | - | 5,965,401 | - | 5,965,401 |
| Police forfeiture | - | - | - | 67,042 | 67,042 |
| Committed to: | | | | | |
| Stabilization agreement | 6,956,500 | - | - | - | 6,956,500 |
| Insurance deductible | 607,500 | - | - | - | 607,500 |
| Assigned to: | | | | | |
| Capital projects | - | 2,825,557 | - | 3,487,938 | 6,313,495 |
| Unassigned | 14,036,964 | - | - | - | 14,036,964 |
| Total fund balances | 29,650,161 | 2,841,270 | 5,965,401 | 7,182,736 | 45,639,568 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 31,417,113 | \$ 3,203,258 | \$ 5,965,401 | \$ 7,185,790 | \$ 47,771,562 |

See notes to basic financial statements

CITY OF PARKLAND, FLORIDA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

Fund balances - total governmental funds (Page 14) \$ 45,639,568

Amounts reported for governmental activities in the statement of net position are different as a result of:

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

| | |
|-------------------------------|---------------------|
| Governmental capital assets | 88,981,975 |
| Less accumulated depreciation | <u>(26,779,058)</u> |
| | 62,202,917 |

Internal service funds are used by management to charge the costs of fleet management and self-insurance activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities column of the statement of net position.

| | |
|--------------|---------|
| Net position | 999,646 |
|--------------|---------|

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

| | |
|--------------------------|--------------------------------------|
| OPEB Liability | (31,959) |
| Long term debt | <u>(10,749,241)</u> |
| Compensated absences | <u>(484,168)</u> |
| Accrued interest payable | <u>(102,613)</u> <u>(11,367,981)</u> |

Net position of governmental activities (Page 12) \$ 97,474,150

CITY OF PARKLAND, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

| | Major Funds | | | Total Nonmajor Funds | Total Governmental Funds |
|--|----------------------|---------------------|----------------------------------|----------------------------|--------------------------------|
| | General | Capital Projects | Park & Community Improvements | | |
| REVENUES: | | | | | |
| Ad valorem taxes | \$ 16,246,790 | \$ - | \$ - | \$ - | \$ 16,246,790 |
| Franchise taxes | 445,824 | - | - | - | 445,824 |
| Utility service taxes | 3,261,991 | - | - | - | 3,261,991 |
| Local business tax | 45,250 | - | - | - | 45,250 |
| Permit and fees | 7,559,289 | - | - | - | 7,559,289 |
| Charges for services | 2,557,712 | - | 33,100 | 896,867 | 3,487,679 |
| Intergovernmental | 3,769,371 | 200,000 | - | - | 3,969,371 |
| Fines and forfeitures | 348,126 | - | - | - | 348,126 |
| Interest | 113,817 | 2,589 | 8,274 | 7,515 | 132,195 |
| Miscellaneous | 428,945 | 4,175 | - | - | 433,120 |
| Total revenues | 34,777,115 | 206,764 | 41,374 | 904,382 | 35,929,635 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | 3,834,848 | - | - | - | 3,834,848 |
| Public safety | 13,668,460 | - | - | - | 13,668,460 |
| Physical environment | 4,333,530 | - | - | - | 4,333,530 |
| Development services | 2,423,084 | - | - | - | 2,423,084 |
| Culture and recreation | 1,953,093 | - | - | - | 1,953,093 |
| Debt service: | | | | | |
| Principal retirement | 920,198 | - | - | - | 920,198 |
| Interest | 371,269 | - | - | - | 371,269 |
| Capital outlay | 75,782 | 2,856,446 | 86,952 | 356,446 | 3,375,626 |
| Total expenditures | 27,580,264 | 2,856,446 | 86,952 | 356,446 | 30,880,108 |
| Excess (Deficiency) of revenues over expenditures | 7,196,851 | (2,649,682) | (45,578) | 547,936 | 5,049,527 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Insurance proceeds | 55,294 | - | - | - | 55,294 |
| Proceeds from sale of capital assets | 40,850 | - | - | - | 40,850 |
| Transfers in | 532,950 | 3,624,000 | - | 900,000 | 5,056,950 |
| Transfers out | (4,826,600) | - | (285,000) | (247,950) | (5,359,550) |
| Total other financing sources (uses) | (4,197,506) | 3,624,000 | (285,000) | 652,050 | (206,456) |
| Net change in fund balances | 2,999,345 | 974,318 | (330,578) | 1,199,986 | 4,843,071 |
| FUND BALANCES, beginning of year | 26,650,816 | 1,866,952 | 6,295,979 | 5,982,750 | 40,796,497 |
| FUND BALANCES, end of year | \$ 29,650,161 | \$ 2,841,270 | \$ 5,965,401 | \$ 7,182,736 | \$ 45,639,568 |

See notes to basic financial statements

CITY OF PARKLAND, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2017

Amounts reported for governmental activities in the statement of activities are different as a result of:

Net change in fund balances - total government funds (Page 17) \$ 4,843,071

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

| | |
|----------------------------------|--------------------|
| Expenditures for capital outlays | 3,540,539 |
| Less current year depreciation | <u>(3,002,822)</u> |
| | 537,717 |

The net effect of various transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net position. 142,532

The issuance of long-term debt (e.g. bonds, leases) provided current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

| | |
|--------------------------------------|---------|
| Principal payments on long term debt | 920,198 |
|--------------------------------------|---------|

Internal service funds are used by management to charge the costs of certain activities to individual funds. Net revenues of the internal service fund is reported with government activities 138,737

Some expenses reported in the statement of activities do not require current financial resources and, therefore, are not reported as expenditures in the governmental funds.

| | |
|--------------------------|--------------|
| OPEB liability | (7,560) |
| Compensated absences | 40,130 |
| Accrued interest payable | <u>8,458</u> |
| | 41,028 |

Change in net position of governmental activities (Page 14) \$ 6,623,283

CITY OF PARKLAND, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUND - INTERNAL SERVICE FUND CAPITAL REPLACEMENT FUND
SEPTEMBER 30, 2017

| <u>ASSETS</u> | |
|---------------------------|-------------------|
| Current assets: | |
| Cash and cash equivalents | \$ <u>999,646</u> |
| <u>NET POSITION</u> | |
| Net position: | |
| Unrestricted | \$ <u>999,646</u> |

CITY OF PARKLAND, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND - INTERNAL SERVICE FUND
CAPITAL REPLACEMENT FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2017

| | |
|--|-------------------|
| Non-operating revenues (expenses): | |
| Purchases - Vehicles and Machinery & equipment | \$ (164,913) |
| Interest income | <u>1,050</u> |
| Total non-operating expenses | <u>(163,863)</u> |
| Transfers in | <u>302,600</u> |
| Change in net position | 138,737 |
| Net position - Beginning | <u>860,909</u> |
| Net position - Ending | <u>\$ 999,646</u> |

CITY OF PARKLAND, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - INTERNAL SERVICE FUND CAPITAL REPLACEMENT FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2017

| | |
|---|-------------------|
| Cash flows from capital and related financing activities | |
| Purchase of capital assets | \$ (164,913) |
| Transfer from other funds | <u>302,600</u> |
| Net cash provided by capital and related financing activities | <u>137,687</u> |
| Cash flows from investing activities | |
| Interest income | 1,050 |
| Net cash provided by investing activities | <u>1,050</u> |
| Net increase in cash and cash equivalents | 138,737 |
| Cash and cash equivalents, beginning of year | <u>860,909</u> |
| Cash and cash equivalents, end of year | <u>\$ 999,646</u> |

CITY OF PARKLAND, FLORIDA
STATEMENT OF FIDUCIARY PLAN NET POSITION
POLICE OFFICERS' RETIREMENT PLAN
SEPTEMBER 30, 2017

ASSETS

Current assets:

| | |
|--|------------------|
| Cash and cash equivalents | \$ 111,188 |
| Investment in external investment pool | <u>2,122,595</u> |
| Total assets | <u>2,233,783</u> |

LIABILITIES AND NET POSITION

Liabilities:

| | |
|---------------------------------------|---------------------|
| Accounts payable and accrued expenses | <u>2,196</u> |
| Net position restricted for pensions | <u>\$ 2,231,587</u> |

CITY OF PARKLAND, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY PLAN NET POSITION
POLICE OFFICERS' RETIREMENT PLAN
FISCAL YEAR ENDED SEPTEMBER 30, 2017

ADDITIONS

| | |
|---------------------|----------------|
| Contributions | |
| Employer | \$ 62,554 |
| State of Florida | <u>271,388</u> |
| Total contributions | <u>333,942</u> |

Investment income

| | |
|---|----------------|
| Net appreciation in fair value of investments | 228,333 |
| Less investment expenses | <u>5,228</u> |
| Net investment income | <u>223,105</u> |
| Total additions | <u>557,047</u> |

DEDUCTIONS

| | |
|------------------------|----------------|
| Benefits | 154,006 |
| Other distributions | <u>202,382</u> |
| Administrative expense | <u>25,680</u> |
| Total deductions | <u>382,068</u> |

Net increase 174,979

Net position held in trust for pension benefits - Beginning 2,056,608
 Net position held in trust for pension benefits - Ending \$ 2,231,587

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF PARKLAND, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of Parkland, Florida (the City) was incorporated in 1963 under the laws of the State of Florida Chapter 166 and is a political subdivision of the State of Florida located in Broward County. The City operates under a Commission-Manager form of government, with its legislative function being vested in a five-member Commission. The City Commission is governed by the City Charter and by state and local laws and regulations. The City Commission is responsible for the establishment and adoption of policy. The City provides a full range of municipal services as authorized by its charter.

A. Financial Reporting Entity

As required by generally accepted accounting principles, these basic financial statements present the reporting entity of the City. Component units are legally separate entities for which the government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the City's combined financial statements to be misleading or incomplete. The primary government is considered financially accountable if it appoints a voting majority of an organization's governing body and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the Board. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity financial statements to be misleading or incomplete. Based upon the application of these criteria, there were no organizations which met the criteria described above.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting. The more significant of the City's accounting policies are described below:

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for the fiduciary fund. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. As of September 30, 2017, the City had no business-type activities.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, 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.

The accounts of the City are organized on the basis of funds, each of which is considered and accounted for as a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. GASB Statement No. 34 sets forth minimum criteria (percentage of assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category for the governmental and enterprise, combined or funds that management deems of public importance) for the determination of major funds. The nonmajor funds are combined and presented in a single column in the fund financial statements.

The government-wide-focus is more 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, (by category). Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

CITY OF PARKLAND, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government-wide financial statements (i.e., the Statements of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the government. Fiduciary funds are excluded from the government-wide financial statements. The effect of interfund activity has been removed from these statements. Interfund services provided, if any, are not eliminated in the process of consolidating the government-wide financial statements.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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.

The City reports the following major governmental funds:

General Fund – the General Fund is the principal operating fund of the City and is used to account for all financial transactions except those that are required to be accounted for in another fund.

Capital Projects Fund – the Capital Projects Fund is used to account for the acquisition and construction of major capital facilities as well as to account for financial resources to be used for the purchase of equipment and the construction of major improvements to City facilities.

Parks & Community Improvements Fund – This special revenue fund is used to account for revenues and expenditures for capital improvements to the City parks and capital contributions to the community and City schools.

Additionally, the City reports the following fund types:

Internal Service Fund – the Capital Replacement Fund is used to account for goods or services provided by one department to other departments of the City on a cost- reimbursement basis. The City operates one Internal Service Fund.

Fiduciary Trust Fund – the Fiduciary Trust Fund is used to account for assets held by the City as trustee for others. The Police Officers Retirement Plan, reported as a Fiduciary Trust Fund, is used to account for the activities of the City-sponsored Plan.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, generally only current assets and current liabilities are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for governmental accounting and financial reporting. The financial statements of the City follow the guidance of GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements for the government wide financial statements. Governments also have the option of following subsequent FASB pronouncements for their business-type activities and enterprise funds. The City has elected not to follow subsequent FASB guidance.

CITY OF PARKLAND, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The accrual basis of accounting is followed in the Internal Service Fund and the Pension Trust Fund. Under this method of accounting, operating revenues and additions are recognized in the accounting period in which they are earned, while expenses and deductions are recognized in the period in which they are incurred. With this measurement focus, all assets and liabilities associated with the operations of these funds are included on the statement of net position.

All governmental fund types use the modified accrual basis of accounting under which revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available). “Measurable” means the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within sixty days (60) after year end. Other taxes, intergovernmental revenues, and 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. All other revenue items such as fines and forfeitures and licenses and permits are considered to be measurable and available only when cash is received by the City.

Expenditures are generally recognized when the related fund liability is incurred except for principal and interest on long-term debt which are recognized as expenditures on the due date.

1. **Use of 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 amounts of assets, liabilities, disclosures of contingent liabilities, revenues and expenditures/expenses reported in the financial statements and accompanying notes. These estimates include assessing the collectability of receivables, the realization of pension obligations and the useful lives of capital assets. Although these estimates as well as all estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.
2. **Cash and Cash Equivalents** - Cash and cash equivalents include cash on hand, demand deposits, and highly liquid investments with a maturity of three months or less when purchased. Resources of all funds have been combined into a pooled cash and investment system for the purpose of maximizing earnings. Interest earned on pooled cash and investments is allocated monthly based upon the month end equity of fund balances of the respective funds.
3. **Investments** - All City investments are reported at fair value based on quoted prices as of the financial statement date. Interest income from pooled cash and investments is allocated on the basis of each individual fund's proportionate share of the investment pool.
4. **Accounts Receivable** - Accounts receivable of the General Fund and Capital Projects Fund consists of billed receivables for miscellaneous services. The City has not established a reserve for doubtful accounts relating to these accounts receivable because the City considers all balances to be collectable.
5. **Prepays** - Certain payments to vendors reflect costs applicable to a future accounting period and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditure/expense when consumed (i.e. the consumption method), rather than when purchased in both the governmental and proprietary funds.
6. **Capital Assets** - Capital Assets whether tangible or intangible, which include land, buildings, improvements other than buildings, machinery and equipment, vehicles, construction in progress, and infrastructure are reported in the governmental activities column in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$1,000 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, donated work of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

CITY OF PARKLAND, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. Capital Assets (Continued) - The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the asset constructed. No such costs were capitalized during 2017.

Capital assets of the City are depreciated using the straight-line method over their estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|-----------------------------------|--------------|
| Buildings | 10-50 |
| Improvements other than buildings | 5-25 |
| Machinery and equipment | 5-20 |
| Vehicles | 5-20 |
| Infrastructure | 10-50 |

7. Deferred Outflows/Inflows of Resources - In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the City does not report any item that qualifies for reporting in this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as inflows of resources (revenue) until that time.

Currently, the only item in this category is unearned revenue. The source of this unearned revenue is local business license tax collected in advance of \$61,669 reported in both the governmental funds and the government-wide statement of net position. This amount is deferred and will be recognized as an inflow of resources in the period that the amounts become available.

Net position is the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets plus deferred outflow of resources and (b) liabilities and deferred inflows of resources.

8. Unearned Revenues - Inflows that do not meet the criteria for revenue recognition, such as grants are classified as liabilities and recorded as unearned revenue in government-wide and the fund financial statements.

9. Unavailable Revenues - Unavailable revenue (deferred inflows of resources) is recorded for governmental fund receivables that are not both measurable and available. Currently, the City has no such revenues.

10. Compensated Absences - City employees are granted vacation, sick, and compensatory leave in varying amounts based on length of service. Upon separation in good standing, employees receive full reimbursement up to a maximum of 240 hours for accumulated vacation, up to 16 hours of compensatory hours, as well as reimbursement for sick hours at a rate of one hour of pay for every two hours accumulated up to a maximum of 520 hours.

Accumulated compensated absences are recorded as expenses in the government-wide financial statements when incurred. Expenditures for accumulated compensated absences have been recorded in the governmental funds only for amounts payable to employees who have terminated as of the end of the fiscal year.

CITY OF PARKLAND, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. **Long-Term Obligations** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. The long-term debt consists primarily of notes, revenue bonds, and accrued compensated absences payable. Bonds payable are reported net of applicable bond premium or discount. Debt issue costs, even if withheld from net proceeds (if material) are recognized during the period in which the bonds are issued.
12. **On-Behalf Payments** - The City receives on-behalf payments from the State of Florida to be used for Police Officers' Retirement Plan contributions. On-behalf payments to the City totaled \$271,388 for the fiscal year ended September 30, 2017. Such payments are recorded as intergovernmental revenue and public safety expenses/expenditures in the GAAP basis government-wide and general fund financial statements but are not budgeted and therefore are not included in the general fund budgetary basis financial statements.
13. **Net Position** - Net Position is classified and displayed in three components:
 - ***Net investment in capital assets***
Consists of capital assets (including restricted capital assets), net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings, as well as any retainage payable and accounts payable that are attributable to the acquisition, construction, or improvement of those assets.
 - ***Restricted net position***
Consists of net position with constraints placed on the use either by: 1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or 2) law through constitutional provisions of enabling legislation.
 - ***Unrestricted net position***
All other net position that do not meet the definition of "restricted" or "net investment in capital assets.
14. **Fund Balance** - In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.
 - ***Non-spendable***
Amounts that cannot be spent because they are either (a) not in spendable form; or (b) legally or contractually required to be maintained intact.
 - ***Restricted***
Amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.
 - ***Committed***
Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Commission through an ordinance.
 - ***Assigned***
Amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. In accordance with the City's fund balance policy, assignments can be made by formal action of the City Commission or the City Commission can delegate authority to the City Manager.
 - ***Unassigned***
Fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount.

CITY OF PARKLAND, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

15. Net Position Flow Assumption - Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which resources are considered to be applied.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the City's policy to reduce restricted amounts first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the City's policy to reduce committed amounts first, followed by assigned amounts, and then unassigned amounts.

16. Interfund Transactions - Basic types of interfund transactions include transactions for services rendered or facilities provided. These transactions are recorded as revenues in the receiving fund and expenditures in the disbursing fund. In addition, interfund transactions include transactions to transfer revenue or contributions from the fund budgeted to receive them to the fund budgeted to expend them. These transactions are recorded as operating transfers in and out. Lastly, interfund transactions include transfers to close funds.

17. Encumbrances - Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds for which an annual budget is adopted. Encumbrances outstanding at year-end are included in next the year's budget; however, the General Fund typically does not have any encumbrances outstanding at year end.

NOTE 2 – PROPERTY TAXES

The City's property tax is levied, becomes a lien on real and personal property located in the City, and is recorded as a receivable on November 1 of each year based upon the assessed value established by Broward County Property Appraiser as of the prior January 1.

The City is permitted by Florida law to levy ad-valorem taxes for real and tangible personal property taxes up to \$10 per \$1,000 of assessed value, except for special benefits and debt service obligations which may be issued with the approval of those taxpayers subject to ad-valorem taxes. The assessed value as of January 1, 2016 upon which the 2017 fiscal year levy was based, was approximately \$4.251 billion. Taxes were levied at 3.9870 per \$1,000 for the fiscal year ended September 30, 2017.

Taxes become payable on November 1st each year and are discounted 1% for each month for payment prior to the following March 1st. All unpaid taxes become delinquent on April 1st and are subject to the issuance of Tax Sale Certificates on June 1st. Tax collections for the fiscal year ended September 30, 2017 were 96% of the tax levy, net of discounted allowed.

The City's tax revenue is first paid to the Broward County Tax Collector who remits to the City funds collected following a calendar prescribed by law. The City's taxes are billed along with all other taxes due to Broward County taxing entities. The Tax Collector pays the City interest on monies held from the day of collection to the day of distribution. The City has no control over the investment program of the Tax Collector as this program is governed by Florida Statutes.

CITY OF PARKLAND, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 3 – DEPOSITS AND INVESTMENTS

City

1. Deposits - In addition to insurance provided by the Federal Depository Insurance Corporation, deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or other banking institution eligible collateral. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. The City's deposits at year end are considered insured for custodial credit risk purposes.

As of September 30, 2017, the carrying amount of the City's deposits and bank balances was \$40,353,224. The City also had cash on hand of \$745.

2. Investments - The State Board of Administration is part of the Local Governments Surplus Funds Trust Fund and is governed by Chapter 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of the Local Governments Surplus Funds Trust Fund. Additionally, the Office of the Auditor General performs the operational audit of the activities and investments of the State Board of Administration. The Local Government Surplus Funds Trust Fund is not a registrant with the Securities and Exchange Commission (SEC); however, the board has adopted operating procedures consistent with the requirements for a 2a-7 fund.

The State Board of Administration administers the Florida PRIME, which is the Local Government Surplus Funds Trust Fund Investment Pool and consists of all money market appropriate assets.

At September 30, 2017, Florida PRIME was assigned an "AAAm" principal stability fund rating by Standard and Poor's. Florida PRIME is considered a SEC 2a7-like fund, thus, the account balances should be considered its fair value.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the City's investment 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, maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

The weighted average days to maturity (WAM) of Florida PRIME at September 30, 2017, was 51 days. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of Florida PRIME to interest rate changes. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average like (WAL) of Florida PRIME at September 30, 2017, is 80 days

As of September 30, 2017, the City of Parkland had \$7,523,664 invested in Florida PRIME. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

3. Credit Risk - The City has an investment policy that emphasizes the safety of principal while maintaining adequate liquidity to meet its needs. Investments are limited to the highest ratings by two of the nationally recognized statistical rating organizations (NRSRO) – (Standard & Poor's and Moody's Investment Services). As of September 30, 2017, Florida PRIME was rated AAAm by Standard and Poor's Ratings Services.
4. Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

CITY OF PARKLAND, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Pension Fund

1. Investment Authorization - The Police Officers Retirement Plan's investment policy is determined by the Board of Trustees. The policy identified by the Board is preserving the purchasing power of the Plan's assets to earn an above average real rate of return (after inflation) over the long-term while minimizing, to a reasonable extent, the short-term volatility of results. The Plan is authorized to invest in repurchase agreements; direct obligations of the United States Treasury including bills, notes, bonds and various forms of Treasury zero-coupon securities; authorized investments purchased by or through the State Board of Administration or the Office of the State Treasurer; commercial paper issued in the United States by any corporation; banker's acceptances issued within the U.S.; nonnegotiable Certificates of Deposit issued by Florida Qualified Public Depositories as identified by the State Treasurer's office and/or negotiable certificates of deposit issued in U.S. dollars by institutions; obligations of the agencies or instrumentalities of the federal government; money market mutual master trust funds; mortgage obligations guaranteed by the United States government and sponsored agencies or instrumentalities; corporate fixed income securities issued by any corporation in the United States; asset-backed securities issued in the United States; securities of state, municipal and county governments or their public agencies; commingled governmental investment trusts, no-load investment master trust funds, or no-load mutual master trust funds in which all securities held by the trusts or master trust funds are authorized investments; guaranteed investment contracts with insurance companies; investment agreements with other financial institutions; equity assets, including common stock, preferred stock and interest bearing obligations having an option to convert into common stock; Florida Municipal Investment Trust (FMIvT) Portfolios; and any other investment permitted by law. At September 30, 2017, the Plan's investments were as follows:

| | <u>Fair Value</u> |
|--------------------------------------|---------------------|
| Local Government Investment Pool: | |
| Florida Municipal Pension Trust Fund | \$ 2,122,595 |
| Total investments | <u>\$ 2,122,595</u> |

The Florida Municipal Investment Trust (Municipal Trust) was created under the laws of the State of Florida to provide eligible units of local government with an investment vehicle to pool their surplus funds and to reinvest such funds in one or more investment portfolios under the directions and daily supervision of an investment advisor. The Florida League of Cities serves as the administrator, investment manager and secretary-treasurer of the Trust.

All assets of the Plan are invested with the Florida Municipal Pension Trust Fund (FMPTF). The FMPTF was established in 1993 under the laws of the State of Florida to provide eligible units of local government with an investment vehicle to pool their surplus funds. All Plan assets with the FMPTF are included in the trust's Master Trust Fund and are administered by the Florida League of Cities, Inc. The Master Trust Agreement provides that the Master Trustees have the exclusive authority and discretion to manage and control the assets of the Master Trust Fund according to the provisions of the FMPTF Investment Policy, amended and restated as of June 4, 2015. The fund is stated at fair value and investments earnings are allocated to the participants in the fund based on their equity in this pooled investment account as provided by the FMPTF.

The Plan is invested in the 50/50 Allocation Portfolio with the following balances:

| | <u>Fair Value</u> | <u>Percent</u> |
|--|---------------------|----------------|
| Broad Market High Quality Bond Fund | \$ 417,377 | 19.66% |
| Core Plus Fixed Income Fund | 629,413 | 29.65% |
| High Quality Growth Portfolio | 118,294 | 5.57% |
| Large Cap Diversified Value Portfolio | 129,454 | 6.10% |
| Russell 1000 Enhanced Index Portfolio | 493,263 | 23.24% |
| Diversified Small Cap Equity Portfolio | 174,093 | 8.20% |
| International Blend Portfolio | 160,701 | 7.57% |
| | <u>\$ 2,122,595</u> | <u>100%</u> |

Shares of the portfolios are neither insured nor guaranteed by any U.S. Government Agency, including the FDIC. At September 30, 2017, the Broad Market High Quality Bond Fund was rated AAf/S4 by Fitch Rating and had a weighted average maturity of 6.10 years.

CITY OF PARKLAND, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Pension Fund (Continued)

2. **Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. The investment policy of the Plan limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.
3. **Custodial Risk** - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The Plan has no formal policy for custodial risk. The local government investment pool is not evidenced by securities that exist in physical or book entry form.
4. **Credit Risk** - For investments, credit risk is generally 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. Investment ratings by investment type are included in the preceding summary of investments.
5. **Concentration of Credit Risk** - Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The investment policy of the Plan contains limits on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages.

NOTE 4 - FAIR VALUE MEASUREMENTS

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table summarizes the Plan's investments within the fair value hierarchy at September 30, 2017:

| Investment Type | Fair Value Measurements at Reporting date | | | |
|--|---|--|---|--|
| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| | | | | |
| Broad Market High Quality Bond Fund | \$ 417,377 | \$ - | \$ 417,377 | \$ - |
| Core Plus Fixed Income Fund | 629,413 | - | - | 629,413 |
| High Quality Growth Portfolio | 118,294 | - | 118,294 | - |
| Large Cap Diversified Value Portfolio | 129,454 | - | 129,454 | - |
| Russell 1000 Enhanced Index Portfolio | 493,263 | - | 493,263 | - |
| Diversified Small Cap Equity Portfolio | 174,093 | - | 174,093 | - |
| International Equity Portfolio | 160,701 | - | 160,701 | - |
| Total Fair Value | \$ 2,122,595 | \$ - | \$ 1,493,182 | \$ 629,413 |

Broad Market High Quality Bond Fund – This fund invests mainly in US government and agency securities, asset-backed securities and corporate bonds and notes. The underlying securities have observable level 1 quoted pricing inputs or observable level 2 significant other observable pricing inputs. Most of the security prices are obtained from a pricing service, Interactive Data Corporation. While the underlying asset values are based on quoted prices or market-corroborated inputs, the net asset value of the portfolio is not publicly quoted.

CITY OF PARKLAND, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

Core Plus Fixed Income Fund – This fund invests in two underlying funds, the Franklin Templeton Global Multi-Sector Plus Fund, LP and the Pioneer Institutional Multi-Sector Fixed Income Portfolio, LLC. Shares of these funds are not publicly quoted. These underlying funds invest in a variety of financial instruments, including equity investments, asset-backed securities, debt securities, swaps, forward exchange contracts, credit-linked notes, escrow accounts, litigation trusts for both U.S. and foreign companies and governments.

High Quality Growth Portfolio – This portfolio invests mainly in domestic stocks. The majority of the underlying securities have observable level 1 quoted pricing inputs. Most of the security prices were obtained from a pricing service, Interactive Data Corporation. While the underlying asset values are based on quoted market prices, the net asset value of the portfolio is not publicly quoted.

Large Cap Diversified Value Portfolio – This portfolio invests mainly in domestic stocks. The majority of the underlying securities have observable level 1 quoted pricing inputs. Most of the security prices were obtained from a pricing service, Interactive Data Corporation. While the underlying asset values are based on quoted market prices, the net asset value of the portfolio is not publicly quoted.

Russell 1000 Enhanced Index Portfolio – This portfolio invests in a single underlying fund, the Intech U.S. Broad Enhanced Plus Fund, LLC (Intech Fund), shares of which are not publicly quoted. The Intech Fund invests mainly in domestic stocks, all of which have observable level 1 quoted pricing inputs. The value of the portfolio's shares of the Intech Fund investment are determined based on the net asset value provided by the Intech Fund, which was calculated in accordance with generally accepted accounting principles.

Diversified Small to Mid-Cap Equity Portfolio – This portfolio invests mainly in domestic stocks. The majority of the underlying securities have observable level 1 quoted pricing inputs. Most of the security prices were obtained from a pricing service, Interactive Data Corporation. While the underlying asset values are based on quoted market prices, the net asset value of the portfolio is not publicly quoted.

International Equity Portfolio – This portfolio invests in a single underlying fund, the Investec International Dynamic Equity Fund, LLC (Investec Fund), shares of which are not publicly quoted. The Investec Fund invests in stocks sold on U.S. and international exchanges, all of which have observable level 1 quoted pricing inputs. The value of the portfolio's shares of the Intech Fund investment are determined based on the net asset value provided by the Investec Fund, which was calculated in accordance with generally accepted accounting principles.

NOTE 5 – INTERFUND TRANSACTIONS

Interfund transfers for the year ended September 30, 2017, were as follows:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|------------------------------------|----------------------------|----------------------------|
| General Fund | \$ 532,950 | \$ 4,826,600 |
| Capital Projects Fund | 3,624,000 | - |
| Park & Community Improvements Fund | - | 285,000 |
| Non-major governmental Funds | 900,000 | 247,950 |
| Capital Replacement Fund | 302,600 | - |
| Totals | <u>\$ 5,359,550</u> | <u>\$ 5,359,550</u> |

Impact fees previously collected were transferred to the General Fund to make debt service payments on the loan payable referenced in the long-term liabilities footnote. Transfers out of the General Fund were made to formally set aside General Fund reserves for the City's capital replacement and infrastructure replacement programs and to use General Fund reserves for capital project funding.

CITY OF PARKLAND, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2017, was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|-----------------------------|-------------------------------|-----------------------------|
| Governmental Activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 14,548,402 | \$ - | \$ - | \$ 14,548,402 |
| Construction in Progress | 12,872,936 | 3,290,183 | (13,883,543) | 2,279,576 |
| Total capital assets, not being depreciated | <u>27,421,338</u> | <u>3,290,183</u> | <u>(13,883,543)</u> | <u>16,827,978</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 12,073,095 | 3,707,791 | - | 15,780,886 |
| Infrastructure | 32,330,600 | 9,961,193 | - | 42,291,793 |
| Machinery and equipment | 4,921,291 | 382,790 | (93,146) | 5,210,935 |
| Vehicles | 2,752,464 | 184,640 | (87,387) | 2,849,717 |
| Improvements other than buildings | 5,979,504 | 41,163 | - | 6,020,667 |
| Total capital assets, being depreciated | <u>58,056,954</u> | <u>14,277,577</u> | <u>(180,533)</u> | <u>72,153,998</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 2,774,692 | 360,157 | - | 3,134,849 |
| Infrastructure | 12,948,535 | 1,312,869 | - | 14,261,404 |
| Machinery and equipment | 3,811,200 | 572,059 | (91,999) | 4,291,260 |
| Vehicles | 1,866,315 | 158,512 | (87,387) | 1,937,440 |
| Improvements other than buildings | 2,554,881 | 599,225 | - | 3,154,106 |
| Total accumulated depreciation | <u>23,955,623</u> | <u>3,002,822</u> | <u>(179,386)</u> | <u>26,779,059</u> |
| Total capital assets, being depreciated, net | <u>34,101,331</u> | <u>11,274,755</u> | <u>(1,147)</u> | <u>45,374,939</u> |
| Governmental activities, capital assets, net | <u><u>\$ 61,522,669</u></u> | <u><u>\$ 14,564,938</u></u> | <u><u>\$ (13,884,690)</u></u> | <u><u>\$ 62,202,917</u></u> |

Provision for depreciation was charged to functions/programs of the government as follows:

| | |
|--|----------------------------|
| General government | \$ 335,827 |
| Public safety | 382,614 |
| Physical environment | 971,052 |
| Culture and recreation | 1,313,329 |
| Total depreciation expense - governmental activities | <u><u>\$ 3,002,822</u></u> |

CITY OF PARKLAND, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 7 – LONG-TERM LIABILITIES

The following is a summary of the changes in long-term liabilities of the City's governmental activities for the fiscal year ended September 30, 2017:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|----------------------|-------------------|-----------------------|----------------------|------------------------|
| Note payable | \$ 5,444,439 | \$ - | \$ (516,198) | \$ 4,928,241 | \$ 536,227 |
| Loan payable | 6,225,000 | (404,000) | (404,000) | 5,821,000 | 415,000 |
| OPEB | 24,399 | 7,560 | - | 31,959 | - |
| Compensated absences | <u>524,298</u> | <u>623,398</u> | <u>(663,528)</u> | <u>484,168</u> | <u>7,000</u> |
| Governmental activity long-term liabilities | <u>\$ 12,218,136</u> | <u>\$ 630,958</u> | <u>\$ (1,583,726)</u> | <u>\$ 11,265,368</u> | <u>\$ 958,227</u> |

Compensated absences, other postemployment benefit obligations, and net pension obligation are typically liquidated in the General Fund.

Note Payable - In September 2005, the City issued a promissory note in the amount of \$10,000,000 to provide funds to refinance existing debt and to finance recreational facility improvements. This note requires quarterly payments of principal and interest of approximately \$179,850. The interest rate of the note is 3.82%. Payment of this note is secured by a pledge of the City's half cent sales tax, franchise, and utility tax revenues. Principal and interest paid for the current fiscal year was \$719,425 and the pledged half-cent sales taxes, franchise taxes, and utility taxes totaled \$4,619,690 for the year. At September 30, 2017, principal and interest to maturity in 2025 to be paid from pledged future revenues totaled \$5,755,740.

Future debt service requirements to amortize the Note Payable are as follows:

| Fiscal Year | | Principal | Interest | Total |
|-------------|---------------------|-------------------|---------------------|-------|
| Ending | | \$ | \$ | \$ |
| 2018 | \$ 536,227 | \$ 183,198 | \$ 719,425 | |
| 2019 | 557,299 | 162,126 | 719,425 | |
| 2020 | 578,819 | 140,606 | 719,425 | |
| 2021 | 601,944 | 117,480 | 719,425 | |
| 2022 | 625,599 | 93,826 | 719,425 | |
| 2023-2025 | <u>2,028,353</u> | <u>130,188</u> | <u>2,158,541</u> | |
| | <u>\$ 4,928,241</u> | <u>\$ 827,424</u> | <u>\$ 5,755,664</u> | |

Loan Payable - On October 7, 2013, the City entered into a 15-year loan agreement totaling \$7,000,000, with a fixed interest rate of 2.79%. The loan proceeds were used to construct capital improvements consisting of a fire station, improvements to Pine Trails Park, and such other capital projects as shall be approved by the City. This loan requires semi-annual interest payments as well as one annual principal payment, which will equal approximately \$575,000. The loan matures in October 2028.

Payment for the loan is from a pledge of all non-ad valorem tax revenues. Principal and interest paid for the current fiscal year was \$572,042 and pledged non-ad valorem tax revenues totaled \$19,780,039 for the year. At September 30, 2017, principal and interest to maturity in 2028 to be paid from pledged future revenues totaled \$6,848,488.

Future debt service requirements to amortize the loan are as follows:

| Fiscal Year | | Principal | Interest | Total |
|-------------|---------------------|---------------------|---------------------|-------|
| Ending | | \$ | \$ | \$ |
| 2018 | \$ 415,000 | \$ 156,617 | \$ 571,617 | |
| 2019 | 427,000 | 144,871 | 571,871 | |
| 2020 | 439,000 | 132,790 | 571,790 | |
| 2021 | 451,000 | 120,375 | 571,375 | |
| 2022 | 463,000 | 107,624 | 570,624 | |
| 2023-2027 | <u>2,518,000</u> | <u>334,075</u> | <u>2,852,075</u> | |
| 2028-2029 | <u>1,108,000</u> | <u>31,136</u> | <u>1,139,136</u> | |
| | <u>\$ 5,821,000</u> | <u>\$ 1,027,488</u> | <u>\$ 6,848,488</u> | |

CITY OF PARKLAND, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 8 – SPECIAL ASSESSMENTS

Fire Assessments - In 2005, the City instituted a fire assessment in order to assist the City in paying for the fire contract. Starting in 2006, the assessments were on the tax roll with Broward County. During the fiscal year ended September 30, 2017, the City collected approximately \$2,240,455 of fire assessments.

Solid Waste Assessments - The annual assessment for Solid Waste and Recyclable Materials management, collection and disposal services, facilities, and programs was levied on City properties for fiscal year commencing October 1, 2010 and future fiscal years. This levy is part of a franchise agreement and all fees collected are processed through the City. During fiscal year ended September 30, 2017, the City collected approximately \$403,600 in franchise revenue.

NOTE 9 – DEFINED CONTRIBUTION PENSION PLAN

On February 22, 1989, the City Commission passed Ordinance No. 89-1 authorizing and establishing the first ICMA 401(a), a money purchase plan, which is a defined contribution pension plan. On March 1, 2000, the City Commission adopted two additional ICMA 401(a) plans for middle management and the City Manager. Ordinance 2000-04 authorized and adopted those Plans. Historically, the City Commission authorized amendments to contributions through the budget-adopting ordinance. In the case of the City Manager, contributions would be determined through contractual arrangements, which would be adopted by resolution of the City Commission.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments of those contributions. Substantially all permanent, full-time employees participate in this Plan.

City contributions and related earnings are 20% vested after one year of service and the remaining City contributions vest at 20% each year until fully vested after five years. Contributions made by an employee vest immediately. Employees must complete ICMA forms within 90 days of termination to elect the method by which they will receive their distribution of funds held in trust. In case of a death, the beneficiaries must complete forms for the distribution of funds held in trust. Upon death or retirement due to disability, the employee is immediately vested at 100%.

The total payroll for all employees and payroll for employees covered by the Plan for the current year were \$5,931,197 and \$3,748,732 respectively. During the year, the City was required to contribute 10% of each eligible general employee's gross earnings and 10% of management employee's gross earnings with a mandatory employee contribution of 8%. The City is also required to contribute 10% of the City Manager's salary. The City's contribution to the plan as of September 30, 2017, was \$381,595 which is 100% of the required contribution. Total forfeitures of \$55,776 were processed for the defined contribution plan during 2017.

NOTE 10 – DEFINED BENEFIT PENSION PLAN

Plan Description - The Police Officers Retirement Plan is a single-employer defined benefit pension plan created by the City in accordance with Florida Statutes, Chapter 185. The City established the Plan pursuant to City Ordinance Number 2004-09 (as amended) in February 2004. The Plan is administered by a board of trustees, which covers all police officers employed by the City or as a Broward County Deputy Sheriff who elected membership at the Plan adoption date.

Plan members with at least 10 years of credited service and age 55, or Plan members with at least 20 years of credited service, regardless of age, are eligible for normal retirement benefits. Plan members with at least 10 years of credited service and age 50 are eligible for early retirement benefits. In the case of early retirement, the participant's benefit is reduced by 3% for each year by which the participant's early retirement age precedes the normal retirement age. A participant becomes fully vested upon attainment of 10 years of credited service. Pursuant to City Ordinance Number 2011-11, the sole remaining member of the Plan was permitted to retire without any penalty for early retirement based on existing credited service as of June 15, 2011.

CITY OF PARKLAND, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 10 – DEFINED BENEFIT PENSION PLAN

Plan Description (Continued) - The monthly retirement benefit is equal to the number of years of credited service multiplied by 3% of average monthly earnings. Average monthly earnings are determined based on earnings during the highest consecutive 5 years out of the 10 years immediately preceding the determination. Earnings include total cash remuneration, but limit overtime to 300 hours per year and exclude payments for extra duty or special detail work performed on behalf of a second party. At September 30, 2017, the Plan had three participants receiving service retirement benefits and one participant receiving disability retirement benefits. There were no actively employed participants.

Net Pension Liability - Management has evaluated the Net Pension Liability and has concluded that it is immaterial to the financial statements. Therefore, the Net Pension Liability and related disclosures have been excluded from these financial statements.

Funding Policy - Funding for the Plan consists of contributions from members, the City of Parkland, the Broward Sheriff's Office, and the State of Florida. Plan members are required to contribute 5% of their annual covered compensation. The City is required to contribute an amount determined by the Plan's actuaries at least once every three years. Additionally, the State of Florida makes contributions from locally authorized insurance premium surcharges. During the year ending September 30, 2017, the State of Florida contributed \$271,388 to the Plan.

The City's external auditors did not audit the financial statements of the Police Officers Retirement Plan, the fiduciary fund of the City. Other auditors were engaged, who audited the stand-alone financial report. Copies of the report can be obtained from the pension board by calling the Police Pension Administrator at 954-720-8910.

Actuarial Methods and Significant Assumptions - Actuarial methods and significant actuarial assumptions used to determine the annual required contributions for the two most recent actuarial valuations are presented below:

| | | |
|-----------------------------------|----------------------|----------------------|
| Valuation date | October 1, 2015 | October 1, 2016 |
| Actuarial cost method | Entry age normal | Entry age normal |
| Amortization method | Level dollar, closed | Level dollar, closed |
| Remaining amortization period | 5 years | 5 years |
| Asset valuation method | Market value | Market value |
| Actuarial assumptions: | | |
| Investment rate of return | 7.00% | 7.00% |
| Projected salary increases | N/A | N/A |
| Cost-of-living adjustments (COLA) | 2.00% | 2.00% |

NOTE 11 – DEFERRED COMPENSATION PLAN

The City also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The Plan is available to all full-time employees and permits them to defer a portion of their salary until future years. Such deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

Under the provisions of IRC Section 457, the City modified its Plan documents and transferred all Plan assets to custodial accounts. In the opinion of City Management, this custodial account structure removes any presumption of fiduciary responsibility. Because City Management has little administrative involvement with the Plan and does not perform any investing functions for the Plan, the Plan assets are not included in the City's financial statements.

CITY OF PARKLAND, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS

Plan Description - The City provides a single employer defined benefit health care plan to all of its employees. The plan allows its employees and their beneficiaries to continue to obtain health and dental benefits upon retirement. The normal retirement age for City employees is age 62. The benefits of the plan are in accordance with Florida Statutes, which are the legal authority for the plan. The plan has no assets and does not issue a separate financial report.

Retirees of the City pay an amount equal to the actual premium for health insurance charged by the carrier, but there is an implied subsidy in the healthcare insurance premium for retirees because the premium charged for these retirees is the same as the premium charged for active employees, who are younger than retirees on average. This implied subsidy constitutes other postemployment benefits (OPEB) as defined by GASB Pronouncements.

Funding Policy - The City does not directly make a contribution to the plan on behalf of retirees. Retirees and their beneficiaries pay the same group rates as are charged to the City for active employees by its healthcare provider. However, the City's actuaries in their actuarial valuation, calculate an offset to the cost of these benefits as an Employer Contribution, based upon an implicit rate subsidy. This offset equals the total age-adjusted costs paid by the City or its active employees for coverage of the retirees and their dependents for the year net of the retiree's own payments for the year. The Plan has never had any employees that continued to obtain health and dental benefits upon retirement.

Annual OPEB Cost and Net OPEB Obligation - The City's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC). The City has elected to calculate the ARC and related information using the alternative method permitted under GASB pronouncements for employers with plans that have fewer than 100 total members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The annual OPEB cost and the net OPEB obligation for the City for the current year and the related information are as follows:

Required contribution rates:

| Employer | Pay-as-you-go |
|--|---------------|
| Plan members | N/A |
| Annual Required Contribution (ARC) | \$ 8,123 |
| Interest on Net Unfunded OPEB Obligation | 854 |
| Adjustment to Annual Required Contribution | (1,417) |
| Annual OPEB cost | 7,560 |
| Contributions made | - |
| Increase in net OPEB obligation | 7,560 |
| Net OPEB obligation, Beginning of year | 24,399 |
| Net OPEB obligation, End of year | \$ 31,959 |

The Plan has never had any employees that continued to receive health and dental benefits upon retirement. The City has never (1) made payments of benefits directly to or on behalf of a retiree or beneficiary, (2) made premium payments to an insurer, or (3) irrevocably transferred assets to a trust, or equivalent arrangement, in which Plan assets are dedicated to providing benefits to retirees and beneficiaries in accordance with the terms of the Plan and are legally protected from creditors of the employer or plan administrator. Consequently, the City has never made a contribution in relation to the annual required contribution.

CITY OF PARKLAND, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Trend Information

| History of Net OPEB Obligation | | | |
|--------------------------------|------------------------|------------------------------------|---------------------------|
| Fiscal Year | Percentage of | | |
| | Annual OPEB Cost | Annual OPEB Cost Contributed | Net OPEB Obligation |
| 9/30/2014 | \$ 1,974 | 0.00% | \$ 20,492 |
| 9/30/2015 | 1,976 | 0.00% | 22,468 |
| 9/30/2016 | 1,931 | 0.00% | 24,399 |
| 9/30/2017 | 7,560 | 0.00% | 31,959 |

Funded Status and Funding Progress - The funded status of the plan as of most recent actuarial valuation date was as follows:

| | |
|---|--------------|
| Actuarial valuation date | 9/30/2017 |
| Actuarial accrued liability | \$ 6,686 |
| Actuarial value of plan assets | \$ - |
| Unfunded actuarial accrued liability (UAAL) | \$ 6,686 |
| Funded ratio | - |
| Covered payroll | \$ 5,931,198 |
| UAAL as a percentage of covered payroll | 0.11% |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are comparable with past expectations and new estimates are made about the future. The schedule of funding progress presented as required supplementary information following the notes to the financial statements, will present multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Because the fiscal year ended September 30, 2010, was the year of implementation of GASB 45, and the City elected to apply the statement prospectively, only two actuarial valuation dates are presented in the schedule at this time. The City has not contributed assets to the plan at this time and has updates performed during the years between valuations.

Actuarial Methods and Assumptions - Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant methods and assumptions as of the latest actuarial valuation:

| | |
|-------------------------------|--------------------------|
| Actuarial valuation date | 9/30/2017 |
| Actuarial cost method | Entry Age |
| Amortization method | Level Percent of Payroll |
| Remaining Amortization period | Amortization 20 years |
| Actuarial value of Assets | \$0 |
| Actual assumptions: | |
| Discount rate | 3.5% |
| Investment return | 3.5% |
| Age adjustment factor | 2.017 |
| Payroll growth rate | 2.0% |

CITY OF PARKLAND, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Litigation - Various suits and claims arising in the ordinary course of operations are pending against the City. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of legal counsel, the City has sufficient insurance coverage to cover any claims and/or liabilities, which may arise from such action. The effect of such losses would not materially affect the financial position of the City or the results of its operations.

Grants - Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. In the opinion of management, future disallowances of grant expenditures, if any, would not have a material adverse effect on the City's financial condition.

Police Services Agreement - The City previously entered into an agreement with the Broward Sheriff's Office (BSO) to provide professional law enforcement services through September 30, 2009, with an option to renew for an additional five years through September 30, 2014, which the City exercised. This agreement was extended for another year to September 30, 2015, renewable for one five year term to September 30, 2019 which the City and BSO agreed to. Under this agreement BSO provides all necessary labor, supervision, equipment, vehicles, communication facilities, and supplies necessary for the purpose of performing the services. In accordance with the agreement, the City provides a police facility, major improvements and repairs for which are the City's responsibility.

BSO pays for all utility costs including, but not limited to, telephone, electric, and water services. For the year ended September 30, 2017, the City had expenditures of approximately \$7,297,775 relating to this agreement.

Emergency Medical and Fire Protection Services - Effective October 1, 2010, the City entered into a new interlocal agreement with the City of Coral Springs to provide emergency medical and fire protection services through September 30, 2015. The agreement was extended to September 30, 2020 and except for the expiration of the agreement, the agreement may only be terminated for cause by either part. Under the terms of the agreement, Parkland shall provide spacing and housing for all necessary services and is responsible for major repairs as well as utility costs. The City of Coral Springs is responsible for maintaining the aforementioned facilities.

Baseline costs are \$5,432,808 for the fiscal year ended September 30, 2015, and annual increases will be determined based on the same percentage as the increases in the Coral Springs' Fire Fund personnel cost, benefit costs, and operating expenses, subject to certain limits. For the year ended September 30, 2017, the City paid costs of approximately \$5,707,000 relating to this agreement.

Encumbrances - Appropriations in governmental fund types are encumbered upon issuance of purchase orders for goods and/or services. Even though encumbered appropriations lapse at the end of the fiscal year, unfilled purchase orders of the current year are carried forward, and the following year's appropriations are likewise encumbered. At September 30, 2017, the City had encumbrances of \$1,012,349 in the Capital Projects Fund, Park and Community Improvements Fund and the Infrastructure replacement Fund which is primarily made up of construction commitments for the Pine Trails Park construction, Quigley Tennis Center design and construction, Ranches water main construction, and traffic signal installation.

NOTE 14 – 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; and natural disasters for which the City carries commercial insurance. The City is also covered by Florida Statutes under the Doctrine of Sovereign Immunity which effectively limits the amount of liability of municipalities to individual claims of \$200,000 and \$300,000 for all claims relating to the same accident. During the year ended September 30, 2017, the City had coverage for property and automobile insurance up to a maximum of \$1,000,000 per occurrence. The City has not significantly reduced insurance coverage from coverage in the prior year. There were no settled claims which exceeded insurance coverage during the past four fiscal years.

CITY OF PARKLAND, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 15 – STABILIZATION AGREEMENT

Many governments have formal arrangements to maintain amounts for budget or revenue stabilization, working capital needs, contingencies, or emergencies. The City has adopted a stabilization agreement that provides for an operating reserve of 20% of the General Fund operating budget less transfers and contingency. As of September 30, 2017, the General Fund reported fund balance committed to the stabilization agreement in the amount of \$6,956,500.

NOTE 16 – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

A brief description of new accounting pronouncements that might have a significant impact on the City's financial statements is presented below.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for 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 is effective for the fiscal year ending September 30, 2018. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. This Statement is effective for the fiscal year ending September 30, 2018. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

In March 2016, the GASB issued Statement No. 82, *Pension Issues- An amendment of GASB Statements No. 67, No. 68, And No.73*. 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 67 and 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.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial 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 guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of

CITY OF PARKLAND, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 16 – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (Continued)

GASB issues Statement No. 83 (cont'd.).

contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. 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 also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. This Statement is effective for the fiscal year ending September 30, 2019. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) 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. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. This Statement is effective for the fiscal year ending September 30, 2020. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

In March 2017, the GASB issued 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 postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation.
- Reporting amounts previously reported as goodwill and “negative” goodwill.
- Classifying real estate held by insurance entities.
- Measuring certain money market investments and participating interest earning investment contracts at amortized cost.

CITY OF PARKLAND, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 16 – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (Continued)

- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus.
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements.
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB.
- Classifying employer-paid member contributions for OPEB.
- Simplifying certain aspects of the alternative measurement method for OPEB.
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The requirements of this Statement will enhance consistency in the application of accounting and financial reporting requirements. Consistent reporting will improve the usefulness of information for users of state and local government financial statements. This Statement is effective for the fiscal year ending September 30, 2018. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

In May 2017, the GASB issued 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—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 financial statements for debt that is defeased in substance. Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*, requires that debt be considered defeased in substance when the debtor irrevocably places cash or other monetary assets acquired with refunding debt proceeds in a trust to be used solely for satisfying scheduled payments of both principal and interest of the defeased debt. The trust also is required to meet certain conditions for the transaction to qualify as an in-substance defeasance. This Statement establishes essentially the same requirements for when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish the debt. However, in financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified gain or loss in the period of the defeasance. Governments that defease debt using only existing resources should provide a general description of the transaction in the notes to financial statements in the period of the defeasance. In all periods following an in-substance defeasance of debt using only existing resources, the amount of that debt that remains outstanding at period-end should be disclosed.

For governments that extinguish debt, whether through a legal extinguishment or through an in-substance defeasance, this Statement requires that any remaining prepaid insurance related to the extinguished debt be included in the net carrying amount of that debt for the purpose of calculating the difference between the reacquisition price and the net carrying amount of the debt.

One of the criteria for determining an in-substance defeasance is that the trust hold only monetary assets that are essentially risk-free. If the substitution of essentially risk-free monetary assets with monetary assets that are not essentially risk-free is not prohibited, governments should disclose that fact in the period in which the debt is defeased in substance. In subsequent periods, governments should disclose the amount of debt defeased in substance that remains outstanding for which that risk of substitution exists.

The requirements of this Statement will increase consistency in accounting and financial reporting for debt extinguishments by establishing uniform guidance for derecognizing debt that is defeased in substance, regardless of how cash and other monetary assets placed in an irrevocable trust for the purpose of extinguishing that debt were acquired. The requirements of this Statement also will enhance consistency in financial reporting of prepaid insurance related to debt that has been extinguished. In addition, this Statement will enhance the decision-usefulness of information in notes to financial statements regarding debt that has been defeased in substance. This Statement is effective for the fiscal year ending September 30, 2018. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

CITY OF PARKLAND, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 16 – RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (Continued)

In June 2017, the GASB issued Statement No. 87, *Leases*. 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 the 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 an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. This Statement is effective for the fiscal year ending September 30, 2021. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF PARKLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2017

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|----------------------------------|----------------------|----------------------|----------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Taxes | | | | |
| Ad valorem taxes | \$ 16,073,216 | \$ 16,073,216 | \$ 16,246,790 | \$ 173,574 |
| Franchise taxes | 360,000 | 360,000 | 445,824 | 85,824 |
| Utility service taxes | 2,900,000 | 2,900,000 | 3,261,991 | 361,991 |
| Local business tax | 38,000 | 38,000 | 45,250 | 7,250 |
| Total taxes | <u>19,371,216</u> | <u>19,371,216</u> | <u>19,999,855</u> | <u>628,639</u> |
| Permits and fees | | | | |
| Building permits | 2,698,500 | 2,698,500 | 4,636,519 | 1,938,019 |
| Other permits and fees | 154,500 | 154,500 | 682,315 | 527,815 |
| Fire assessments | <u>2,205,000</u> | <u>2,205,000</u> | <u>2,240,455</u> | <u>35,455</u> |
| Total permits and fees | <u>5,058,000</u> | <u>5,058,000</u> | <u>7,559,289</u> | <u>2,501,289</u> |
| Intergovernmental revenues | | | | |
| Half cent sales tax | 1,675,000 | 1,675,000 | 1,874,226 | 199,226 |
| State revenue sharing | 575,000 | 575,000 | 788,898 | 213,898 |
| Motor fuel tax | 430,000 | 430,000 | 520,791 | 90,791 |
| Alcoholic beverage license | 2,500 | 2,500 | 7,525 | 5,025 |
| Grants | 32,500 | 32,500 | 24,877 | (7,623) |
| Local shared revenues | <u>253,760</u> | <u>253,760</u> | <u>281,666</u> | <u>27,906</u> |
| Total intergovernmental revenues | <u>2,968,760</u> | <u>2,968,760</u> | <u>3,497,983</u> | <u>529,223</u> |
| Charges for services | | | | |
| Ambulance transport fees | 300,000 | 300,000 | 225,980 | (74,020) |
| Summer camp fees | 540,000 | 540,000 | 532,212 | (7,788) |
| Other charges for services | <u>1,033,879</u> | <u>1,033,879</u> | <u>1,799,520</u> | <u>765,641</u> |
| Total charges for services | <u>1,873,879</u> | <u>1,873,879</u> | <u>2,557,712</u> | <u>683,833</u> |
| Fines and forfeitures | | | | |
| Court fines | 150,000 | 150,000 | 203,552 | 53,552 |
| Violations of local ordinances | <u>90,000</u> | <u>90,000</u> | <u>144,574</u> | <u>54,574</u> |
| Total fines and forfeitures | <u>240,000</u> | <u>240,000</u> | <u>348,126</u> | <u>108,126</u> |
| Miscellaneous revenues | | | | |
| Interest income | 31,000 | 31,000 | 113,817 | 82,817 |
| Rents | 153,195 | 153,195 | 186,331 | 33,136 |
| Contributions | 61,000 | 61,000 | 78,295 | 17,295 |
| Other income | <u>110,000</u> | <u>110,000</u> | <u>164,319</u> | <u>54,319</u> |
| Total miscellaneous revenues | <u>355,195</u> | <u>355,195</u> | <u>542,762</u> | <u>187,567</u> |
| Total revenues | <u>\$ 29,867,050</u> | <u>\$ 29,867,050</u> | <u>\$ 34,505,727</u> | <u>\$ 4,638,677</u> |

CITY OF PARKLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 2017

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|----------------------|---|
| | Original | Final | Actual | |
| Expenditures: | | | | |
| General government | | | | |
| City Commission | \$ 257,719 | \$ 257,719 | \$ 246,605 | \$ 11,114 |
| City Manager | 715,884 | 884,506 | 832,671 | 51,835 |
| Finance | 605,007 | 658,007 | 651,016 | 6,991 |
| Legal services | 297,200 | 297,200 | 212,993 | 84,207 |
| City Clerk | 264,675 | 264,675 | 254,843 | 9,832 |
| Personnel | 382,210 | 382,210 | 252,496 | 129,714 |
| Computer support | 431,438 | 431,438 | 420,416 | 11,022 |
| Other general | 403,400 | 1,161,778 | 963,808 | 197,970 |
| Total general government | <u>3,357,533</u> | <u>4,337,533</u> | <u>3,834,848</u> | <u>502,685</u> |
| Public safety | | | | |
| Police/crossings guards | 7,622,968 | 7,622,968 | 7,523,298 | 99,670 |
| Fire rescue | 6,028,480 | 6,028,480 | 5,860,997 | 167,483 |
| Code enforcement | 18,120 | 18,120 | 12,777 | 5,343 |
| Total public safety | <u>13,669,568</u> | <u>13,669,568</u> | <u>13,397,072</u> | <u>272,496</u> |
| Physical environment | | | | |
| Public works | <u>4,585,500</u> | <u>4,585,500</u> | <u>4,333,530</u> | <u>251,970</u> |
| Development services | | | | |
| Building | 2,399,246 | 2,395,475 | 2,003,272 | 392,203 |
| Planning and zoning | 80,349 | 80,349 | 80,019 | 330 |
| Environmental services | 477,319 | 480,819 | 339,793 | 141,026 |
| Total development services | <u>2,956,914</u> | <u>2,956,643</u> | <u>2,423,084</u> | <u>533,559</u> |
| Culture and recreation | | | | |
| Parks and recreation | 1,812,175 | 1,812,175 | 1,477,152 | 335,023 |
| Library | 500,260 | 500,260 | 475,941 | 24,319 |
| Total culture and recreation | <u>2,312,435</u> | <u>2,312,435</u> | <u>1,953,093</u> | <u>359,342</u> |
| Debt Service | | | | |
| Principal | 920,000 | 920,000 | 920,198 | (198) |
| Interest and fiscal charges | 373,050 | 373,050 | 371,269 | 1,781 |
| Total debt service | <u>1,293,050</u> | <u>1,293,050</u> | <u>1,291,467</u> | <u>1,583</u> |
| Capital outlay | <u>101,000</u> | <u>101,271</u> | <u>75,782</u> | <u>25,489</u> |
| Total expenditures | <u>28,276,000</u> | <u>29,256,000</u> | <u>27,308,876</u> | <u>1,947,124</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,591,050</u> | <u>611,050</u> | <u>7,196,851</u> | <u>6,585,801</u> |
| Other financing sources | | | | |
| Insurance proceeds | - | - | 55,294 | 55,294 |
| Proceeds from sale of capital assets | - | - | 40,850 | 40,850 |
| Contingency | (200,000) | - | - | - |
| Transfers in | 532,950 | 532,950 | 532,950 | - |
| Transfers out | (1,824,000) | (4,824,000) | (4,826,600) | (2,600) |
| Total other financing sources (uses) | <u>(1,491,050)</u> | <u>(4,291,050)</u> | <u>(4,197,506)</u> | <u>93,544</u> |
| Revenue over (under) expenditures and other financing sources (uses) | <u>100,000</u> | <u>(3,680,000)</u> | <u>2,999,345</u> | <u>6,679,345</u> |
| Fund Balance appropriated | <u>(100,000)</u> | <u>3,680,000</u> | <u>-</u> | <u>(3,680,000)</u> |
| Net change in fund balance | <u>-</u> | <u>-</u> | <u>2,999,345</u> | <u>2,999,345</u> |
| Fund balance, beginning of year | | | <u>26,650,816</u> | |
| Fund balance, end of year | | | <u>\$ 29,650,161</u> | |

CITY OF PARKLAND, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - PARK & COMMUNITY IMPROVEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget |
|--|-------------------------|--------------------|---------------------|-------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | Positive (Negative) |
| Revenues: | | | | |
| Charges for services | \$ - | \$ - | \$ 33,100 | \$ 33,100 |
| Interest | - - | - - | 8,274 | 8,274 |
| Total revenues | <u>- -</u> | <u>- -</u> | <u>41,374</u> | <u>41,374</u> |
| Expenditures: | | | | |
| Capital outlay | - - | 1,000,000 | 86,952 | 913,048 |
| Intergovernmental | - - | - - | - - | - - |
| Total expenditures | <u>- -</u> | <u>1,000,000</u> | <u>86,952</u> | <u>913,048</u> |
| Excess of revenues under expenditures | <u>- -</u> | <u>(1,000,000)</u> | <u>(45,578)</u> | <u>(871,674)</u> |
| Other financing sources | | | | |
| Use of Fund Balance | 285,000 | 1,285,000 | - - | (1,285,000) |
| Transfers out | (285,000) | (285,000) | (285,000) | - - |
| Total other financing sources | <u>- -</u> | <u>1,000,000</u> | <u>(285,000)</u> | <u>(1,285,000)</u> |
| Net change in fund balance | <u>- -</u> | <u>- -</u> | <u>(330,578)</u> | <u>(2,156,674)</u> |
| Fund balances, Beginning | | | <u>6,295,979</u> | |
| Fund balances, Ending | | | <u>\$ 5,965,401</u> | |

CITY OF PARKLAND, FLORIDA
NOTES TO BUDGETARY COMPARISON SCHEDULE
SEPTEMBER 30, 2017

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

Budgets and Budgetary Data - The City adopts an annual operating budget, which is employed as a management control device, for the General Fund, Capital Projects Fund and the Park and Community Improvements Fund. These budgets, as adopted or amended during the year by the City Commission, are prepared on a modified-accrual basis, excluding on-behalf payments from the State for Police Officers pension. During the year, all legal requirements with regard to budget adoption were met.

Process of Adoption

1. On or about August 1, the City Manager submits a proposed operating budget for the coming fiscal year to the City Commission.
2. During August, the City Commission holds workshops, which are open to the public, to review the proposed budget and determine the tentative budget.
3. During September, two public hearings are held for the purpose of presenting to and receiving input from citizens on the tentative budget and the proposed millage rate. At the second hearing, the annual budget is adopted, and the taxes are levied.

Period of Appropriation - Unless encumbered by a purchase order, budgeted appropriations lapse at the end of each fiscal year. For budgetary control purposes, encumbrances are rolled over and adjusted to next year's budget.

Supplemental Appropriations - If during the fiscal year revenues in excess of the original budgeted amounts become available, the City Commission may make supplemental appropriations.

Level of Control - The adoption of the budget by the City Commission constitutes the legal appropriation of the amounts specified therein as expenditures from the appropriate governmental fund. The amount of the appropriation cannot be exceeded unless the City Commission has approved a supplemental appropriation. Budgetary control of expenditures is maintained at the departmental level. A departmental budget cannot be exceeded without the approval, by motion, of the City Commission at a public meeting. 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.

NOTE 2 – BUDGET RECONCILIATION

Budget Reconciliation - The General Fund budget excludes on-behalf payments from the State for Police Officers pension. As a result the General Fund revenues and expenditures reported in the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual differ from the revenues and expenditures reported on the GAAP basis. The differences are reconciled as follows:

| <u>General Fund</u> | <u>Revenues</u> | <u>Expenditures</u> |
|---|-----------------------------|-----------------------------|
| Budgetary Basis | \$ 34,505,727 | \$ 27,311,485 |
| On-behalf payments for pension benefits | <u>271,388</u> | <u>271,388</u> |
| GAAP Basis | <u><u>\$ 34,777,115</u></u> | <u><u>\$ 27,582,873</u></u> |

CITY OF PARKLAND, FLORIDA
SCHEDULES OF FUNDING PROGRESS – OTHER POST EMPLOYMENT BENEFITS
SEPTEMBER 30, 2017

| Actuarial Valuation | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | | Unfunded | Funded Ratio (a/b) | Covered Payroll (c) | UAAL As % of Covered Payroll (b-a)/c |
|------------------------|------------------------------------|---|-------------------------|-------------------------------|--------------------------|---------------------------|---|
| | | Date <u>(a)</u> | Entry Age <u>(b)</u> | AAL (UAAL) <u>(b-a)</u> | | | |
| 9/30/2010 | \$ - | \$ 23,091 | \$ 23,091 | | 0.00% | \$ 3,632,459 | 0.64% |
| 9/30/2013 | \$ - | \$ 12,853 | \$ 12,853 | | 0.00% | \$ 5,000,145 | 0.26% |
| 9/30/2017 | \$ - | \$ 6,686 | \$ 6,686 | | 0.00% | \$ 5,931,198 | 0.11% |

The schedule of funding progress presented above will present multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Because the fiscal year ended September 30, 2010, was the year of implementation of GASB 45, and the City elected to apply the statement prospectively, three actuarial valuation dates are presented in the schedule at this time. In future years, required trend data will be presented. The City has not contributed assets to the plan at this time and obtains annual updates between valuation dates.

COMBINING FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUND

Infrastructure Replacement Fund - This fund is used to fund future capital expenditures as they relate to City facilities.

SPECIAL REVENUE FUNDS

Government Library Building Fund - This fund is used to account for the revenue and expenditure for the collection of impact fees for government buildings and the library.

Public Safety Improvement Fund - This fund is used to account for the revenue and expenditure for the collection of fire and police impact fees.

Law Enforcement Fund - This fund is used to account for revenues derived from the enforcement from the Florida Contraband Act. Expenditures are restricted to the purchase of law enforcement equipment.

Pine Tree Road Fund - This fund is used to account for the City's use of reserves that will be used to fund road construction.

CITY OF PARKLAND, FLORIDA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

| | Capital Project Fund | Special Revenue Funds | | | | | Total Nonmajor Governmental Funds |
|-------------------------------------|-------------------------|-------------------------------|-----------------------------------|---------------------------------|---------------------|---------------------|--|
| | | Infrastructure Improvement | Government Library Building | Public Safety Improvement | Law Enforcement | Pine Tree Road | |
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 2,489,906 | \$ 2,257,800 | \$ 1,369,956 | \$ 67,042 | \$ 1,001,086 | \$ 7,185,790 | |
| Total assets | <u>\$ 2,489,906</u> | <u>\$ 2,257,800</u> | <u>\$ 1,369,956</u> | <u>\$ 67,042</u> | <u>\$ 1,001,086</u> | <u>\$ 7,185,790</u> | |
| LIABILITIES | | | | | | | |
| Accounts payable | \$ 3,054 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,054 |
| Total liabilities | <u>\$ 3,054</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,054</u> |
| FUND BALANCES | | | | | | | |
| Restricted | | | | | | | |
| Public safety building | \$ - | \$ - | \$ 472,036 | \$ - | \$ - | \$ - | \$ 472,036 |
| Western fire station | - | - | 897,920 | - | - | - | 897,920 |
| Administrative building | - | 935,938 | | - | - | - | 935,938 |
| Library | - | 1,321,862 | | - | - | - | 1,321,862 |
| Police forfeiture | - | - | - | 67,042 | | | 67,042 |
| Assigned | | | | | | | |
| Capital projects | 2,486,852 | - | - | - | 1,001,086 | | 3,487,938 |
| Total fund balances | <u>\$ 2,486,852</u> | <u>\$ 2,257,800</u> | <u>\$ 1,369,956</u> | <u>\$ 67,042</u> | <u>\$ 1,001,086</u> | <u>\$ 7,182,736</u> | |
| Total liabilities and fund balances | <u>\$ 2,489,906</u> | <u>\$ 2,257,800</u> | <u>\$ 1,369,956</u> | <u>\$ 67,042</u> | <u>\$ 1,001,086</u> | <u>\$ 7,185,790</u> | |

CITY OF PARKLAND, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2017

| | Capital Project Fund | Special Revenue Funds | | | | | Total Nonmajor Governmental Funds |
|---|-------------------------|--------------------------------------|---|---|---------------------------|--------------------------|--|
| | | Infrastructure <u>Improvement</u> | Government <u>Library Building</u> | Public <u>Safety Improvement</u> | Law <u>Enforcement</u> | Pine Tree <u>Road</u> | |
| | | | | | | | |
| Revenues: | | | | | | | |
| Impact Fees | \$ - | \$ 500,446 | \$ 363,726 | \$ 32,695 | \$ - | \$ 896,867 | |
| Interest income | 2,557 | 2,331 | 1,480 | 61 | 1,086 | 7,515 | |
| Total revenues | <u>2,557</u> | <u>502,777</u> | <u>365,206</u> | <u>32,756</u> | <u>1,086</u> | <u>904,382</u> | |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| Capital outlay | 254,680 | 101,766 | - | - | - | 356,446 | |
| Total expenditures | <u>254,680</u> | <u>101,766</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>356,446</u> | |
| Excess (Deficiency) of revenues over expenditures | <u>(252,123)</u> | <u>401,011</u> | <u>365,206</u> | <u>32,756</u> | <u>1,086</u> | <u>547,936</u> | |
| Other financing sources (uses) : | | | | | | | |
| Transfers in | 900,000 | - | - | - | - | 900,000 | |
| Transfers out | - | (11,400) | (236,550) | - | - | (247,950) | |
| Total other financing sources (uses) | <u>900,000</u> | <u>(11,400)</u> | <u>(236,550)</u> | <u>-</u> | <u>-</u> | <u>652,050</u> | |
| Net change in fund balance | 647,877 | 389,611 | 128,656 | 32,756 | 1,086 | 1,199,986 | |
| Fund balances, Beginning | <u>1,838,975</u> | <u>1,868,189</u> | <u>1,241,300</u> | <u>34,286</u> | <u>1,000,000</u> | <u>5,982,750</u> | |
| Fund balances, Ending | <u>\$ 2,486,852</u> | <u>\$ 2,257,800</u> | <u>\$ 1,369,956</u> | <u>\$ 67,042</u> | <u>\$ 1,001,086</u> | <u>\$ 7,182,736</u> | |

CITY OF PARKLAND, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - CAPITAL PROJECTS FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|-------------------------|---------------------|-----------------------|-----------------------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Positive (Negative)</u> |
| Revenues: | | | | |
| Intergovernmental | \$ - | \$ - | \$ 200,000 | \$ 200,000 |
| Interest | 4,000 | 4,000 | 2,589 | (1,411) |
| Miscellaneous income | 5,000 | 5,000 | 4,175 | (825) |
| Total revenues | <u>9,000</u> | <u>9,000</u> | <u>206,764</u> | <u>197,764</u> |
| Expenditures: | | | | |
| Capital outlay | 6,469,900 | 10,321,415 | 2,856,446 | 7,464,969 |
| Total expenditures | <u>6,469,900</u> | <u>10,321,415</u> | <u>2,856,446</u> | <u>7,464,969</u> |
| Excess of revenues under expenditures | <u>(6,460,900)</u> | <u>(10,312,415)</u> | <u>(2,649,682)</u> | <u>7,662,733</u> |
| Other financing sources | | | | |
| Reserve for future capital projects | - | (3,000,000) | - | 3,000,000 |
| Transfers in | 624,000 | 624,000 | 3,624,000 | 3,000,000 |
| Total other financing sources | <u>624,000</u> | <u>(2,376,000)</u> | <u>3,624,000</u> | <u>6,000,000</u> |
| Revenues over(under) expenditures and other financing sources(uses) | (5,836,900) | (12,688,415) | 974,318 | 13,662,733 |
| Fund Balance appropriated | <u>5,836,900</u> | <u>12,688,415</u> | <u>-</u> | <u>(12,688,415)</u> |
| Net change in fund balance | <u>-</u> | <u>-</u> | <u>974,318</u> | <u>13,662,733</u> |
| Fund balances, Beginning | | | <u>1,866,952</u> | |
| Fund balances, Ending | | | <u>\$ 2,841,270</u> | |

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Parkland's comprehensive annual financial report presents detailed unaudited information as a context for understanding what the information in the financial statement, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

| | <u>Page</u> |
|--|-------------|
| Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. These schedules include:</i> | 52-55 |
| Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i> | 56-59 |
| Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i> | 60-62 |
| Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i> | 63-64 |
| Operating Information <i>These schedules contain service and infrastructure data to help understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i> | 65-67 |

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

CITY OF PARKLAND, FLORIDA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

| | Fiscal Year | | | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 30,933,834 | \$ 34,951,724 | \$ 34,606,524 | \$ 34,295,287 | \$ 36,118,346 | \$ 36,676,563 | \$ 31,478,364 | \$ 41,552,038 | \$ 48,976,994 | \$ 51,201,128 |
| Restricted: | | | | | | | | | | |
| Park Improvement | 516,453 | 519,402 | 177,423 | 177,998 | 182,362 | 1,285,805 | 1,243,055 | 5,266,106 | 6,295,980 | 5,965,401 |
| Law enforcement | 5,421 | 5,573 | 22,204 | 25,632 | 26,943 | 36,657 | 32,239 | 33,208 | 34,286 | 67,042 |
| Capital projects | 50,000 | 50,000 | 287,596 | 711,944 | 1,881,886 | 3,432,366 | 6,574,539 | 8,000,934 | 9,506,569 | 11,504,054 |
| Unrestricted | <u>14,790,700</u> | <u>13,034,682</u> | <u>16,313,585</u> | <u>18,444,892</u> | <u>18,345,576</u> | <u>21,221,272</u> | <u>30,621,031</u> | <u>25,287,659</u> | <u>26,037,038</u> | <u>28,736,525</u> |
| Total governmental activities net position | <u>\$ 46,296,408</u> | <u>\$ 48,561,381</u> | <u>\$ 51,407,332</u> | <u>\$ 53,655,753</u> | <u>\$ 56,555,113</u> | <u>\$ 62,652,663</u> | <u>\$ 69,949,228</u> | <u>\$ 80,139,945</u> | <u>\$ 90,850,867</u> | <u>\$ 97,474,150</u> |

The City has no business-type activities.

CITY OF PARKLAND, FLORIDA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

| | Fiscal Year | | | | | | | | | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|------------------------------|-------------------------------|-------------------------------|
| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
| Expenses: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 1,911,316 | \$ 2,211,045 | \$ 2,141,547 | \$ 2,216,074 | \$ 2,128,059 | \$ 2,423,958 | \$ 3,154,084 | \$ 2,821,337 | \$ 3,119,581 | \$ 4,040,265 |
| Public safety | 8,359,670 | 9,007,437 | 9,853,919 | 10,276,680 | 10,693,529 | 10,910,156 | 11,663,587 | 12,230,519 | 13,111,805 | 14,033,730 |
| Physical environment | 3,353,445 | 3,886,648 | 3,738,358 | 3,677,816 | 3,440,729 | 4,054,575 | 3,264,799 | 3,212,767 | 3,630,027 | 4,333,530 |
| Culture and recreation | 3,549,448 | 3,010,988 | 2,797,480 | 2,852,652 | 3,088,740 | 2,750,940 | 2,832,387 | 4,714,246 | 10,075,787 | 3,202,154 |
| Development services (1) | 1,916,518 | 1,305,912 | 1,158,007 | 1,113,484 | 1,217,932 | 1,297,404 | 3,429,707 | 3,063,435 | 2,958,094 | 3,334,913 |
| Interest expense and other financing costs | 464,255 | 440,030 | 424,712 | 404,442 | 385,701 | 363,632 | 580,248 | 516,288 | 473,745 | 362,811 |
| Total governmental activities | <u>19,554,652</u> | <u>19,862,060</u> | <u>20,114,023</u> | <u>20,541,148</u> | <u>20,954,690</u> | <u>21,800,665</u> | <u>24,924,812</u> | <u>26,558,592</u> | <u>33,369,039</u> | <u>29,307,403</u> |
| Program revenues: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | 797,830 | 165,755 | 194,958 | 208,681 | 285,636 | 571,066 | 1,027,458 | 871,283 | 789,136 | 972,295 |
| Public safety | 2,040,386 | 2,658,876 | 3,841,174 | 4,384,739 | 5,479,703 | 7,095,095 | 8,818,702 | 7,754,663 | 7,455,482 | 8,497,121 |
| Physical environment | 207,071 | 107,814 | 106,128 | 82,806 | 460,788 | 831,893 | 953,500 | 666,003 | 885,796 | 906,160 |
| Culture and recreation | 622,101 | 651,868 | 720,571 | 630,167 | 590,292 | 1,817,767 | 1,898,225 | 6,829,076 | 11,948,052 | 1,057,047 |
| Development Services | - | 51,277 | 327,103 | 106,375 | 127,275 | 122,272 | 89,310 | 95,918 | 96,120 | 72,940 |
| Operating grants and contributions | - | 13,652 | 22,996 | 112,051 | 70,644 | 120,986 | 262,946 | 281,578 | 301,867 | 296,265 |
| Capital grants and contributions | 1,100,000 | 948,796 | 160,092 | 795,036 | 80,905 | 22,951 | 325,567 | 121,854 | 200,000 | 200,000 |
| Total governmental activities program revenues | <u>4,767,388</u> | <u>4,598,038</u> | <u>5,373,022</u> | <u>6,319,855</u> | <u>7,095,243</u> | <u>10,582,030</u> | <u>13,375,708</u> | <u>16,620,375</u> | <u>21,676,453</u> | <u>12,001,828</u> |
| Net expense/revenue: | | | | | | | | | | |
| Governmental activities | <u>(14,787,264)</u> | <u>(15,264,022)</u> | <u>(14,741,001)</u> | <u>(14,221,293)</u> | <u>(13,859,447)</u> | <u>(11,218,635)</u> | <u>(11,549,104)</u> | <u>(9,938,217)</u> | <u>(11,692,586)</u> | <u>(17,305,575)</u> |
| Total governmental activities net expense | <u><u>\$ (14,787,264)</u></u> | <u><u>\$ (15,264,022)</u></u> | <u><u>\$ (14,741,001)</u></u> | <u><u>\$ (14,221,293)</u></u> | <u><u>\$ (13,859,447)</u></u> | <u><u>\$ (11,218,635)</u></u> | <u><u>\$ (11,549,104)</u></u> | <u><u>\$ (9,938,217)</u></u> | <u><u>\$ (11,692,586)</u></u> | <u><u>\$ (17,305,575)</u></u> |
| General revenues and other changes in net position: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Ad valorem taxes | \$ 12,438,089 | \$ 12,373,712 | \$ 11,825,554 | \$ 10,916,305 | \$ 11,274,022 | \$ 11,519,275 | \$ 12,224,931 | \$ 12,928,495 | \$ 14,637,301 | \$ 16,246,790 |
| Franchise taxes | 250,427 | 285,559 | 263,796 | 347,935 | 344,222 | 336,151 | 346,923 | 370,408 | 405,797 | 445,824 |
| Utility service taxes | 2,589,312 | 2,778,104 | 2,848,999 | 2,757,831 | 2,762,394 | 2,885,688 | 3,010,550 | 3,120,422 | 3,188,455 | 3,261,991 |
| Intergovernmental (Unrestricted) | 2,191,407 | 2,078,602 | 2,348,410 | 2,081,753 | 2,129,297 | 2,393,759 | 2,806,658 | 3,054,018 | 3,205,331 | 3,473,106 |
| Interest income | 447,862 | 100,123 | 55,543 | 44,689 | 38,386 | 32,361 | 34,928 | 37,565 | 69,391 | 133,246 |
| Net increase/(decrease) in the fair value of investments | (119,658) | 129,671 | 44,649 | 71,559 | 32,669 | - | - | - | - | - |
| Miscellaneous | 470,557 | 302,363 | 114,979 | 276,552 | 138,927 | 116,282 | 421,679 | 618,026 | 897,233 | 367,901 |
| Total governmental activities general revenues | <u>18,387,654</u> | <u>17,798,805</u> | <u>17,586,952</u> | <u>16,469,714</u> | <u>16,758,807</u> | <u>17,316,185</u> | <u>18,845,669</u> | <u>20,128,934</u> | <u>22,403,508</u> | <u>23,928,858</u> |
| Change in net position | | | | | | | | | | |
| Governmental activities | <u>3,600,390</u> | <u>2,534,783</u> | <u>2,845,951</u> | <u>2,248,421</u> | <u>2,899,360</u> | <u>6,097,550</u> | <u>7,296,565</u> | <u>10,190,717</u> | <u>10,710,922</u> | <u>6,623,283</u> |
| Total primary government | <u><u>\$ 3,600,390</u></u> | <u><u>\$ 2,534,783</u></u> | <u><u>\$ 2,845,951</u></u> | <u><u>\$ 2,248,421</u></u> | <u><u>\$ 2,899,360</u></u> | <u><u>\$ 6,097,550</u></u> | <u><u>\$ 7,296,565</u></u> | <u><u>\$ 10,190,717</u></u> | <u><u>\$ 10,710,922</u></u> | <u><u>\$ 6,623,283</u></u> |

(1) 2008 was the initial year this activity has been reported separately

CITY OF PARKLAND, FLORIDA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

| | Fiscal Year | | | | | | | | | |
|--------------------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| General Fund: | | | | | | | | | | |
| Nonspendable: | | | | | | | | | | |
| Assessments Receivable | \$ 7,563 | \$ 7,563 | \$ 7,197 | \$ 6,296 | \$ 6,296 | \$ 5,495 | \$ 5,495 | \$ - | \$ - | \$ - |
| Interest Receivable | 11,812 | 13,084 | 12,967 | 13,012 | 12,719 | 12,056 | 12,295 | - | - | - |
| Prepays | 149,993 | 44,706 | 14,848 | 47,203 | 55,584 | 25,069 | 126,197 | 125,699 | 148,997 | 188,612 |
| SBA - Fund B | - | 37,803 | 37,650 | 32,008 | 277,434 | 151,589 | - | - | - | - |
| Restricted for: | | | | | | | | | | |
| Equestrian Center | 9,470 | 9,470 | 9,470 | 9,470 | 9,470 | 9,470 | 9,470 | 9,470 | 9,470 | 9,470 |
| Liberty Park | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 | 200 |
| Library | 554 | 554 | 554 | 554 | 554 | 554 | 554 | 554 | 554 | 554 |
| Country Point | 4,575 | 4,575 | 4,575 | 4,575 | 4,575 | 4,575 | 4,575 | 4,575 | 4,575 | 4,575 |
| Building Department | - | - | 57,973 | 433,615 | 1,314,789 | 2,077,406 | 4,379,523 | 5,242,507 | 6,366,570 | 7,845,786 |
| Committed to: | | | | | | | | | | |
| Stabilization Agreement | 3,900,000 | 3,776,000 | 4,112,000 | 4,160,010 | 4,540,000 | 4,914,761 | 5,112,499 | 6,737,500 | 7,144,000 | 6,956,500 |
| Insurance Deductible | - | - | - | - | - | - | 607,500 | 607,500 | 607,500 | 607,500 |
| Capital Replacement Fund | - | - | - | - | 300,000 | - | - | - | - | - |
| Infrastructure Replacement Fund | - | - | - | - | 300,000 | - | - | - | - | - |
| Assigned: | | | | | | | | | | |
| Subsequent year's budget | 9,291 | - | 1,002,300 | 522,350 | 408,101 | 235,883 | - | - | - | - |
| Unassigned | <u>2,127,926</u> | <u>4,522,184</u> | <u>7,166,521</u> | <u>10,160,028</u> | <u>11,419,404</u> | <u>13,555,680</u> | <u>18,746,644</u> | <u>15,407,021</u> | <u>12,368,950</u> | <u>14,036,964</u> |
| Total General Fund | <u><u>\$ 6,221,384</u></u> | <u><u>\$ 8,416,139</u></u> | <u><u>\$ 12,426,255</u></u> | <u><u>\$ 15,389,321</u></u> | <u><u>\$ 18,649,126</u></u> | <u><u>\$ 20,992,738</u></u> | <u><u>\$ 29,004,952</u></u> | <u><u>\$ 28,135,026</u></u> | <u><u>\$ 26,650,816</u></u> | <u><u>\$ 29,650,161</u></u> |
| All other governmental funds: | | | | | | | | | | |
| Nonspendable: | | | | | | | | | | |
| Prepays | \$ 75,150 | \$ 150 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| SBA - Fund B | - | 279,742 | 278,612 | 236,853 | - | - | - | - | - | - |
| Restricted for: | | | | | | | | | | |
| M.U.S.T. grant | - | 5,646 | 5,646 | 5,646 | 5,646 | 5,646 | 5,646 | 5,646 | 5,646 | 5,646 |
| Impact Fees | - | - | 34,066 | 34,066 | 100,887 | 443,411 | 1,026,404 | 1,484,427 | 1,868,189 | 2,257,800 |
| Public Safety | - | - | 6,295 | 14,436 | 44,862 | 119,800 | 216,409 | 309,436 | 372,580 | 472,036 |
| Western Fire Station | - | - | 165,000 | 205,565 | 397,086 | 767,487 | 927,941 | 940,302 | 874,968 | 904,170 |
| Waste containers | - | - | 3,817 | 3,817 | 3,817 | 3,817 | 3,817 | 3,817 | 3,817 | 3,817 |
| Park improvements | 516,453 | 519,402 | 177,423 | 177,998 | 182,362 | 1,285,805 | 1,243,055 | 5,266,106 | 6,295,980 | 5,965,401 |
| Law enforcement | 5,421 | 5,573 | 22,204 | 25,632 | 26,943 | 36,657 | 32,239 | 33,208 | 34,286 | 67,042 |
| Assigned to: | | | | | | | | | | |
| Subsequent year's budget | - | 779,550 | - | - | - | - | - | - | - | - |
| Capital projects | <u>8,037,246</u> | <u>2,910,113</u> | <u>2,993,587</u> | <u>2,459,364</u> | <u>424,146</u> | <u>1,684,008</u> | <u>5,815,212</u> | <u>2,346,397</u> | <u>4,690,214</u> | <u>6,313,495</u> |
| Total all other governmental funds | <u><u>\$ 8,634,270</u></u> | <u><u>\$ 4,500,176</u></u> | <u><u>\$ 3,686,650</u></u> | <u><u>\$ 3,163,377</u></u> | <u><u>\$ 1,185,749</u></u> | <u><u>\$ 4,346,631</u></u> | <u><u>\$ 9,270,723</u></u> | <u><u>\$ 10,389,339</u></u> | <u><u>\$ 14,145,680</u></u> | <u><u>\$ 15,989,407</u></u> |

CITY OF PARKLAND, FLORIDA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|----------------------|-------------------|---------------------|---------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Revenues: | | | | | | | | | | |
| Ad valorem taxes | \$ 12,438,089 | \$ 12,373,712 | \$ 11,825,554 | \$ 10,916,305 | \$ 11,274,022 | \$ 11,519,275 | \$ 12,224,931 | \$ 12,928,495 | \$ 14,637,301 | \$ 16,246,790 |
| Franchise fees | 250,427 | 285,559 | 263,796 | 347,935 | 344,222 | 336,151 | 346,923 | 370,408 | 405,797 | 445,824 |
| Utility service taxes | 2,589,312 | 2,778,103 | 2,848,999 | 2,757,831 | 2,762,394 | 2,885,688 | 3,010,550 | 3,120,422 | 3,188,455 | 3,261,991 |
| Licenses and permits | 1,332,888 | 1,068,792 | 1,919,614 | 3,562,201 | 4,445,864 | 5,875,205 | 7,661,933 | 6,545,376 | 6,284,905 | 7,604,539 |
| Intergovernmental revenues | 3,291,407 | 3,157,365 | 2,458,202 | 2,715,327 | 2,452,615 | 2,653,163 | 3,161,394 | 3,202,974 | 3,707,198 | 3,969,371 |
| Charges for services | 2,126,423 | 2,112,303 | 2,339,854 | 1,191,657 | 1,895,663 | 4,035,466 | 4,782,814 | 8,981,019 | 14,278,572 | 3,487,679 |
| Fines and forfeitures | 208,077 | 326,891 | 541,026 | 412,480 | 421,259 | 320,512 | 275,590 | 619,068 | 536,382 | 348,126 |
| Interest income | 436,700 | 98,739 | 53,676 | 43,989 | 37,860 | 31,840 | 34,262 | 36,984 | 68,936 | 132,195 |
| Unrealized gain (loss) on investments | - | (119,658) | 129,671 | 44,649 | 71,559 | 32,669 | - | - | - | - |
| Miscellaneous revenues | 458,104 | 377,708 | 453,902 | 703,036 | 344,666 | 476,628 | 510,776 | 943,982 | 971,960 | 433,120 |
| Contributions | - | - | 88,796 | - | - | - | - | - | - | - |
| Total revenues | <u>23,131,427</u> | <u>22,459,514</u> | <u>22,923,090</u> | <u>22,695,410</u> | <u>24,050,124</u> | <u>28,166,597</u> | <u>32,009,173</u> | <u>36,748,728</u> | <u>44,079,506</u> | <u>35,929,635</u> |
| Expenditures: | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 1,903,659 | 1,984,573 | 1,846,739 | 1,948,035 | 1,861,771 | 2,125,871 | 2,310,565 | 2,515,002 | 2,700,900 | 3,834,848 |
| Public safety | 8,411,435 | 9,049,174 | 9,618,082 | 10,048,868 | 10,624,950 | 10,879,120 | 11,471,581 | 11,996,487 | 12,800,102 | 13,668,460 |
| Physical environment | 3,167,453 | 3,502,666 | 2,950,630 | 2,913,972 | 2,669,135 | 3,227,308 | 3,205,260 | 3,204,609 | 3,630,027 | 4,333,530 |
| Development services | 1,864,018 | 1,310,006 | 1,083,778 | 1,105,335 | 1,240,803 | 1,272,056 | 1,660,370 | 2,193,531 | 2,090,599 | 2,423,084 |
| Culture and recreation | 2,261,617 | 2,105,967 | 1,883,553 | 1,930,453 | 2,021,496 | 1,650,700 | 1,705,994 | 1,860,107 | 2,121,556 | 1,953,093 |
| Contingency | 41,651 | - | - | - | - | - | - | - | - | - |
| Capital outlay | 6,403,305 | 5,567,662 | 1,445,646 | 1,421,478 | 3,489,675 | 2,284,321 | 3,719,696 | 10,984,222 | 8,067,210 | 3,375,626 |
| Contribution to other government | - | - | - | - | - | - | 875,000 | 1,780,000 | 6,974,000 | - |
| Debt service: | | | | | | | | | | |
| Principal retirement | 468,737 | 484,084 | 498,930 | 519,429 | 539,654 | 562,544 | 579,800 | 984,851 | 2,668,931 | 920,198 |
| Interest and fiscal charges | 464,562 | 448,007 | 429,609 | 410,853 | 391,910 | 370,109 | 450,562 | 516,288 | 521,396 | 371,269 |
| Total expenditures | <u>24,986,437</u> | <u>24,452,139</u> | <u>19,756,967</u> | <u>20,298,423</u> | <u>22,839,394</u> | <u>22,372,029</u> | <u>25,978,828</u> | <u>36,035,097</u> | <u>41,574,721</u> | <u>30,880,108</u> |
| Excess of revenues over (under) expenditures | <u>(1,855,010)</u> | <u>(1,992,625)</u> | <u>3,166,123</u> | <u>2,396,987</u> | <u>1,210,730</u> | <u>5,794,568</u> | <u>6,030,345</u> | <u>713,631</u> | <u>2,504,785</u> | <u>5,049,527</u> |
| Other financing sources(uses): | | | | | | | | | | |
| Insurance proceeds | 7,452 | 71,556 | 17,701 | 42,556 | 65,083 | 6,801 | 211,538 | 35,059 | 44,682 | 55,294 |
| Proceeds from sale of capital assets | 5,000 | 31,611 | 12,766 | 250 | 6,364 | 3,125 | 2,023 | - | 25,264 | 40,850 |
| Issuance of debt | - | - | - | - | - | - | 6,995,000 | - | - | - |
| Transfers in | 2,070,000 | - | - | - | 1,000,000 | 3,334,066 | 832,950 | 7,332,950 | 7,332,950 | 5,056,950 |
| Transfers out | (2,470,000) | - | - | - | (1,000,000) | (3,634,066) | (1,135,550) | (7,832,950) | (7,635,550) | (5,359,550) |
| Total other financing sources (uses) | <u>(387,548)</u> | <u>103,167</u> | <u>30,467</u> | <u>42,806</u> | <u>71,447</u> | <u>(290,074)</u> | <u>6,905,961</u> | <u>(464,941)</u> | <u>(232,654)</u> | <u>(206,456)</u> |
| Net change in fund balances | <u>\$ (2,242,558)</u> | <u>\$ (1,889,458)</u> | <u>\$ 3,196,590</u> | <u>\$ 2,439,793</u> | <u>\$ 1,282,177</u> | <u>\$ 5,504,494</u> | <u>\$ 12,936,306</u> | <u>\$ 248,690</u> | <u>\$ 2,272,131</u> | <u>\$ 4,843,071</u> |
| Debt service as a percentage of noncapital expenditures | 4.89% | 4.94% | 5.05% | 4.92% | 4.79% | 4.64% | 4.60% | 6.16% | 9.56% | 4.72% |

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

| <u>Year</u> | Residential <u>Property</u> | Commercial <u>Property</u> | Industrial <u>Property</u> | Personal and Other <u>Property</u> | Taxable Assessed <u>Value</u> | Direct Tax <u>Rate</u> | Estimated Actual <u>Value</u> | Estimated Actual Value as a % of Net <u>Value</u> |
|-------------|--------------------------------|-------------------------------|-------------------------------|--|-------------------------------------|------------------------------|-------------------------------------|---|
| 2008 | 3,522,487,900 | 105,611,700 | 783,190 | 84,751,000 | 3,713,633,790 | 3.4083 | 3,713,633,790 | 100% |
| 2009 | 2,870,245,470 | 108,619,490 | 783,190 | 83,282,440 | 3,062,930,590 | 4.0198 | 3,062,930,590 | 100% |
| 2010 | 2,673,746,589 | 100,750,541 | 648,703 | 58,665,496 | 2,833,811,329 | 4.0198 | 2,833,811,329 | 100% |
| 2011 | 2,712,847,310 | 93,077,570 | 632,170 | 88,049,200 | 2,894,606,250 | 4.0198 | 2,894,606,250 | 100% |
| 2012 | 2,802,659,230 | 84,591,400 | 1,717,300 | 85,538,200 | 2,974,506,130 | 4.0198 | 2,974,506,130 | 100% |
| 2013 | 2,980,927,570 | 88,277,670 | 1,838,200 | 81,893,360 | 3,152,936,800 | 3.9999 | 3,152,936,800 | 100% |
| 2014 | 3,197,700,040 | 84,723,850 | 4,531,580 | 89,456,420 | 3,376,411,890 | 3.9900 | 3,376,411,890 | 100% |
| 2015 | 3,554,975,760 | 81,721,890 | 822,600 | 134,282,580 | 3,771,802,830 | 3.9890 | 3,771,802,830 | 100% |
| 2016 | 4,005,372,640 | 87,516,560 | 1,329,260 | 114,495,170 | 4,208,713,630 | 3.9870 | 4,208,713,630 | 100% |
| 2017 | 4,382,456,800 | 90,253,710 | 1,242,900 | 110,046,170 | 4,583,999,580 | 3.9800 | 4,583,999,580 | 100% |

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

| <u>Year</u> | <u>Overlapping Rates</u> | | | | | | | | |
|-------------|---------------------------------|---------------------------|--|---|--|---|--|--------------|--|
| | <u>City Direct Rate</u> | <u>Broward County</u> | <u>Broward School District</u> | <u>Children's Service Council of Broward County</u> | <u>South Florida Water Manage- ment District</u> | <u>Florida Inland Navigation District</u> | <u>North Broward Hospital District</u> | <u>Total</u> | |
| | | | | | | | | | |
| 2008 | 3.9500 | 5.2868 | 7.6484 | 0.3572 | 0.6240 | 0.0345 | 1.6255 | 19.5264 | |
| 2009 | 3.4083 | 5.3145 | 7.4170 | 0.3754 | 0.6240 | 0.0345 | 1.7059 | 18.8796 | |
| 2010 | 4.0198 | 5.3889 | 7.4310 | 0.4243 | 0.6240 | 0.0345 | 1.7059 | 19.6284 | |
| 2011 | 4.0198 | 5.5530 | 7.6310 | 0.4696 | 0.6240 | 0.0345 | 1.8750 | 20.2069 | |
| 2012 | 4.0198 | 5.5530 | 7.4180 | 0.4789 | 0.4363 | 0.0345 | 1.8750 | 19.8155 | |
| 2013 | 3.9999 | 5.5530 | 7.4560 | 0.4902 | 0.4289 | 0.0345 | 1.8564 | 19.8189 | |
| 2014 | 3.9900 | 5.7230 | 7.4800 | 0.4882 | 0.4110 | 0.0345 | 1.7554 | 19.8821 | |
| 2015 | 3.9890 | 5.7230 | 7.4380 | 0.4882 | 0.3842 | 0.0345 | 1.5939 | 19.6508 | |
| 2016 | 3.9870 | 5.7230 | 7.2740 | 0.4882 | 0.3551 | 0.0320 | 1.4425 | 19.3018 | |
| 2017 | 3.9800 | 5.6690 | 6.9063 | 0.4882 | 0.3307 | 0.0320 | 1.3462 | 18.7524 | |

Note: All rates are per \$1,000 of assessed taxable value.

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

| <u>Taxpayer</u> | Fiscal Year | | | | | |
|---------------------------------------|-------------------------------------|---------------------|--------------------------------------|------------------------------|-------------------------------------|----------------------|
| | 2017 | | Percentage of Total Taxable Assessed | | 2008 | |
| | Taxable Assessed <u>Value</u> | Rank | Taxable Assessed <u>Value</u> | Rank | Taxable Assessed <u>Value</u> | Rank |
| Bell Fund Winners Cir APT | \$ 65,637,367 | 1 | 1.85% | | | |
| 5999 University Drive LLC | \$ 57,198,700 | 2 | 1.61% | | | |
| MiraLago West Lennar LLC | 48,859,628 | 3 | 1.37% | | | |
| New Market Properties LLC | 19,157,160 | 4 | 0.54% | | | |
| Florida Power & Light Co. | 18,899,030 | 5 | 0.53% | | | |
| Hovsite III at Parkland LLC | 17,196,900 | 6 | 0.48% | | | |
| Toll FL V, LLC | 13,647,670 | 7 | 0.38% | | | |
| Riverstone Plaza LLC | 11,880,000 | 8 | 0.33% | | | |
| Standard Pacific of Florida | 10,420,130 | 9 | 0.29% | | | |
| Lucky Star Holdings | 9,686,780 | 10 | 0.27% | | | |
| WCI Communities | | | | 234,581,810 | 1 | 8.13% |
| Sunrise AG Parkland Commons, LLC | | | | 42,475,000 | 2 | 1.47% |
| Winners Circle Realty Holding Company | | | | 34,888,000 | 3 | 1.21% |
| Simon & Douglas Development, LLC | | | | 22,207,690 | 4 | 0.77% |
| WRI HR Parkland | | | | 19,208,550 | 5 | 0.67% |
| Barclay Millennium, LLC | | | | 16,060,000 | 6 | 0.56% |
| Parkland Reserve LLC | | | | 13,124,350 | 7 | 0.46% |
| Heron Bay Community Assoc. | | | | 13,124,350 | 7 | 0.46% |
| Landmark Custom Homes | | | | 7,752,450 | 8 | 0.27% |
| MPG Parkland Ltd. | | | | 7,451,440 | 9 | 0.26% |
| Parkland TC LLC | | | | 7,326,290 | 10 | 0.25% |
| Total | <u><u>\$ 272,583,365</u></u> | <u><u>7.67%</u></u> | | <u><u>\$ 418,199,930</u></u> | | <u><u>14.50%</u></u> |

Source: Broward County Property Appraiser's Office

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

| Fiscal Year | Collected Within the Fiscal Year of the Levy | | | Collections in Subsequent Years | | | Total Collections to Date | |
|----------------|---|---------------|-------------------------------|--|---------------|-------------------------------|---------------------------|--|
| | Taxes <u>Levied</u> | <u>Amount</u> | <u>Percentage of Levy</u> | <u>Years</u> | <u>Amount</u> | <u>Percentage of Levy</u> | | |
| 2008 | 12,791,727 | 12,370,872 | 96.71% | 67,217 | 12,438,089 | 97.24% | | |
| 2009 | 15,037,082 | 12,351,054 | 82.14% | 22,658 | 12,373,712 | 82.29% | | |
| 2010 | 12,425,411 | 11,823,250 | 95.15% | 2,529 | 11,825,779 | 95.17% | | |
| 2011 | 11,343,950 | 10,540,193 | 92.91% | 376,112 | 10,916,305 | 96.23% | | |
| 2012 | 11,741,741 | 10,994,504 | 93.64% | 279,519 | 11,274,023 | 96.02% | | |
| 2013 | 12,002,786 | 11,265,089 | 93.85% | 254,187 | 11,519,275 | 95.97% | | |
| 2014 | 12,712,539 | 12,224,931 | 96.16% | 312,047 | 12,536,978 | 98.62% | | |
| 2015 | 13,560,959 | 12,928,495 | 95.34% | 220,210 | 13,148,705 | 96.96% | | |
| 2016 | 15,182,579 | 14,637,301 | 96.41% | 314,144 | 14,951,445 | 98.48% | | |
| 2017 | 16,900,257 | 16,246,791 | 96.13% | 270,398 | 16,517,189 | 97.73% | | |

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

| Fiscal <u>Year</u> | Government Activities | | | Percentage of | |
|-----------------------|-------------------------|-------------------------|----------------------------|---------------------------|----------------------|
| | Notes <u>Payable</u> | Revenue <u>Bonds</u> | Total <u>Government</u> | Personal <u>Income</u> | Per <u>Capita</u> |
| 2008 | 8,927,663 | 2,517,373 | 11,445,036 | 1.1794% | 480.17 |
| 2009 | 8,548,579 | 2,475,000 | 11,023,579 | 1.1359% | 459.76 |
| 2010 | 8,154,648 | 2,370,000 | 10,524,648 | 0.9790% | 442.31 |
| 2011 | 7,745,218 | 2,260,000 | 10,005,218 | 0.8844% | 417.55 |
| 2012 | 7,320,564 | 2,145,000 | 9,465,564 | 0.8038% | 388.08 |
| 2013 | 6,878,021 | 2,025,000 | 8,903,021 | 0.7789% | 357.95 |
| 2014 | 13,418,389 | 1,905,000 | 15,323,389 | 1.3165% | 599.13 |
| 2015 | 12,558,370 | 1,804,926 | 14,363,296 | 1.1008% | 546.69 |
| 2016 | 11,669,439 | - | 11,669,439 | 0.8122% | 414.87 |
| 2017 | 10,749,316 | - | 10,749,316 | 0.6686% | 363.32 |

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Population data provided by the City of Parkland Planning Department.

CITY OF PARKLAND, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2017

| <u>Jurisdiction</u> | <u>Net Debt Outstanding</u> | <u>Percentage Applicable to Parkland</u> | <u>Amount Applicable to Parkland</u> |
|-----------------------------------|-----------------------------|--|--------------------------------------|
| Overlapping debt: | | | |
| Broward County | \$ 217,640,000 | (1) | 2.50% |
| Broward District Schools | <u>1,731,331,000</u> | (2) | <u>2.50%</u> |
| Subtotal overlapping debt | 1,948,971,000 | | 48,707,672 |
| Direct debt: | | | |
| City of Parkland | <u>10,749,316</u> | 100% | <u>10,749,316</u> |
| Subtotal direct debt | <u>10,749,316</u> | | <u>10,749,316</u> |
| Total direct and overlapping debt | <u>\$ 1,959,720,316</u> | | <u>\$ 59,456,988</u> |

Notes:

The Broward County Property Appraiser's Office provided total assessed taxable values to provide a basis for the ratio on assessed taxable values.

(1) Source: Budget Office, Broward County, Florida
 (2) Source: School Board, Broward County, Florida

CITY OF PARKLAND, FLORIDA
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS

| Fiscal Year | Note Payable | | | | |
|----------------|--------------------|--------------------|---------------|----------|----------|
| | Half-Cent Sales | Utility Service | Debt Service | | Coverage |
| | Tax | Tax | Principal | Interest | |
| 2008 | 996,965 | 1,046,526 | 468,818 | 461,946 | 2.20 |
| 2009 | 724,666 | 862,402 | 484,084 | 448,007 | 1.70 |
| 2010 | 1,201,499 | 1,658,933 | 498,930 | 429,610 | 3.08 |
| 2011 | 1,255,344 | 1,644,623 | 519,430 | 410,852 | 3.12 |
| 2012 | 1,318,974 | 1,671,899 | 539,654 | 391,909 | 3.21 |
| 2013 | 1,428,297 | 1,774,608 | 562,544 | 370,109 | 3.43 |
| 2014 | 1,534,077 | 1,963,836 | 579,800 | 450,562 | 3.39 |
| 2015 | 1,647,166 | 2,069,606 | 984,851 | 516,288 | 2.48 |
| 2016 | 1,739,181 | 2,193,455 | 2,668,931 (1) | 514,395 | 1.24 |
| 2017 | 1,874,226 | 2,299,642 | 920,198 | 371,269 | 3.23 |

Note: (1) The City paid off its Florida Municipal Loan Council obligation in FY 2016

CITY OF PARKLAND, FLORIDA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

| Calendar Year | Population (3) | Personal Income (Thousands of Dollars) | Per Capita Personal Income (1) | Median Age (1) | Unemployment Rate (5) |
|------------------|----------------|---|---|-------------------|--------------------------|
| 2008 | 23,435 | 970,437 | (2) 41,409 | 35.5 | 2.9% |
| 2009 | 23,647 | (4) 970,437 | (2) 41,409 | 39.6 | 10.9% |
| 2010 | 23,795 | 1,075,094 | 45,191 | 38.6 | 9.7% |
| 2011 | 23,962 | 1,131,247 | 47,214 | 38.4 | 8.6% |
| 2012 | 24,391 | 1,177,671 | 48,285 | 40.0 | 6.7% |
| 2013 | 24,872 | 1,142,975 | 45,958 | 38.8 | 5.3% |
| 2014 | 25,576 | 1,163,972 | 45,521 | 39.0 | 4.7% |
| 2015 | 26,273 | 1,304,857 | 49,671 | 38.4 | 4.8% |
| 2016 | 28,128 | 1,436,768 | 51,076 | 39.5 | 4.5% |
| 2017 | 29,586 | 1,607,832 | 54,337 | 40.7 | 3.2% |

Source:

- (1) U.S. Census Bureau - American Fact Finder
- (2) Information is unchanged from prior year. No updated information available.
- (3) Planning & Zoning - Bureau of Economic and Business Research
- (4) U.S. Department of Labor - Metropolitan Area - December 2009
- (5) State of Florida - LAUS

CITY OF PARKLAND, FLORIDA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

| <u>Employer</u> | 2017 | | | 2008 | | |
|------------------------------|------------------|-------------|---|------------------|-------------|---|
| | <u>Employees</u> | <u>Rank</u> | Percentage of Total City Employment | <u>Employees</u> | <u>Rank</u> | Percentage of Total City Employment |
| Broward County Public School | 699 | 1 | * | 626 | 1 | * |
| Aston Gardens | 190 | 2 | * | 185 | 3 | * |
| City of Parkland | 138 | 3 | * | 141 | 4 | * |
| BJ's Wholesale Club | 125 | 4 | * | 135 | 2 | * |
| Publix Supermarket | 115 | 5 | * | 105 | 5 | * |
| Total | <u>1,267</u> | | = | <u>1,192</u> | | = |

* Percentage of total City employment information not available.

CITY OF PARKLAND, FLORIDA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

| Function/Program: | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|--------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General government: | | | | | | | | | | |
| Mayor and Commission | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| City Manager | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 3.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| City Clerk | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 1.0 | 2.0 | 2.0 | 2.0 |
| Finance | 5.0 | 4.5 | 4.5 | 4.5 | 5.5 | 5.0 | 5.0 | 5.0 | 5.0 | 6.0 |
| Human Resources | 1.5 | 1.5 | - | - | 2.0 | 2.0 | 2.0 | 2.5 | 3.0 | 5.5 |
| Planning | 1.5 | 2.0 | 2.0 | 2.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Engineering | 1.0 | 1.0 | - | - | 1.5 | 3.0 | 4.0 | 4.0 | 3.0 | 4.0 |
| Information technology | - | 1.0 | 1.0 | 1.0 | 2.0 | 2.0 | 2.0 | 3.0 | 3.0 | 3.0 |
| Public safety*: | | | | | | | | | | |
| Police protection | 34.5 | 35.5 | 35.5 | 36.5 | 36.5 | 38.5 | 38.5 | 40.0 | 41.0 | 43.0 |
| Fire rescue and EMS | 33.0 | 33.0 | 33.0 | 33.0 | 33.0 | 33.0 | 33.0 | 33.0 | 33.0 | 33.0 |
| Protective inspections | 20.0 | 5.4 | 6.4 | 6.5 | 6.5 | 10.0 | 13.5 | 19.5 | 18.5 | 15.5 |
| Crossing Guards | 16.0 | 8.7 | 5.9 | 7.5 | 7.5 | 7.0 | 7.0 | 10.0 | 9.0 | 9.0 |
| Physical environment: | | | | | | | | | | |
| Code Enforcement | - | - | - | - | - | - | - | - | - | - |
| Environmental Resources | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | - | - | - | - |
| Public Works | 31.0 | 30.0 | 30.0 | 31.5 | 40.5 | 38.0 | 40.0 | 42.5 | 48.0 | 49.0 |
| Culture and recreations: | | | | | | | | | | |
| Parks and recreation | 19.5 | 18.8 | 18.4 | 17.0 | 10.0 | 5.5 | 5.0 | 5.0 | 6.0 | 11.0 |
| Library | 7.0 | 6.8 | 5.7 | 6.0 | 6.5 | 6.5 | 6.0 | 6.0 | 6.0 | 6.0 |
| Total | <u>181.0</u> | <u>159.2</u> | <u>153.4</u> | <u>156.5</u> | <u>163.5</u> | <u>162.5</u> | <u>168.0</u> | <u>183.5</u> | <u>188.5</u> | <u>198.0</u> |

* Police, Fire and EMS is provided through contract

CITY OF PARKLAND, FLORIDA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Function/Program: | | | | | | | | | | |
| General government: | | | | | | | | | | |
| Building permits issued | 2,850 | 2,291 | 3,578 | 3,088 | 3,980 | 4,997 | 12,627 | 12,890 | 11,756 | 11,991 |
| Building inspections conducted | 15,950 | 10,345 | 16,980 | 12,273 | 17,545 | 24,764 | 43,277 | 55,204 | 45,725 | 45,301 |
| Business licenses issued | 340 | 340 | 343 | 326 | 362 | 409 | 299 | 429 | 388 | 443 |
| Residential certificates of occupancy | 85 | 51 | 120 | 85 | 138 | 259 | 380 | 634 | 584 | 464 |
| Police: | | | | | | | | | | |
| Physical arrests | 211 | 217 | 332 | 653 | 402 | 173 | 163 | 140 | 137 | 104 |
| Parking violations | 148 | 166 | 136 | 58 | 72 | 111 | 47 | 22 | 37 | 8 |
| Traffic violations | 4,474 | 4,349 | 4,616 | 5,122 | 6,781 | 6,339 | 6,720 | 5,595 | 11,748 | 6,961 |
| Calls for service | 16,339 | 10,046 | 8,322 | 9,376 | 9,287 | 8,378 | 9,460 | 15,378 | 17,723 | 21,201 |
| Fire: | | | | | | | | | | |
| Emergency response | 937 | 983 | 1,058 | 1,134 | 1,127 | 1,146 | 1,119 | 1,227 | 1,190 | 1,111 |
| Fire calls | 28 | 32 | 35 | 40 | 24 | 25 | 38 | 33 | 27 | 18 |
| Response time < 8 min. | N/A | 84.4% | 86.8% | 87.6% | 90.0% | 91.3% | 93.0% | 92.5% | 92.6% | 94.1% |
| Other public works: | | | | | | | | | | |
| Street resurfacing (in miles) | 0.88 | 1.75 | - | - | 1.00 | 1.00 | - | - | - | - |
| Potholes repaired | 1,846 | 1,044 | 961 | 660 | 1,064 | 1,007 | 1,140 | 523 | 741 | 550 |
| Engineering permits issued | 35 | 34 | 32 | 52 | 34 | 40 | 50 | 40 | 48 | 52 |
| Inspections performed | 628 | 172 | 292 | 306 | 459 | 362 | 3,200 | 4,467 | 4,159 | 5,427 |
| Parks and recreation: | | | | | | | | | | |
| Pavilion reservations | 330 | 357 | 283 | 246 | 266 | 188 | 184 | 280 | 224 | 258 |
| Special events held | 45 | 47 | 56 | 60 | 61 | 60 | 69 | 56 | 50 | 49 |
| Camp participants | 971 | 1,105 | 834 | 911 | 916 | 867 | 1,024 | 1,032 | 993 | 1,191 |
| Library: | | | | | | | | | | |
| Number of books owned | 39,982 | 41,950 | 41,487 | 41,756 | 41,823 | 39,681 | 38,419 | 40,100 | 43,479 | 45,682 |
| Number of programs offered | 420 | 423 | 483 | 487 | 476 | 532 | 381 | 595 | 571 | 650 |
| Number of books checked out | 75,027 | 79,257 | 89,939 | 88,382 | 86,678 | 88,223 | 100,925 | 107,739 | 114,660 | 125,007 |
| City Clerk: | | | | | | | | | | |
| Research documents | 211 | 232 | 136 | 112 | 107 | 132 | 72 | 86 | 102 | 110 |
| Certification of notarization | 267 | 59 | 157 | 178 | 177 | 260 | 162 | 76 | 71 | 144 |
| Resolutions and ordinances | 180 | 163 | 134 | 143 | 148 | 176 | 170 | 193 | 147 | 127 |
| Passport services | 1,139 | 715 | 536 | 536 | 611 | 409 | 499 | 473 | 723 | 107 |
| Finance: | | | | | | | | | | |
| Checks/direct deposits issued | 5,385 | 4,929 | 5,109 | 5,017 | 4,789 | 5,290 | 5,399 | 5,593 | 6,054 | 6,108 |
| Purchase orders issued | 384 | 251 | 250 | 222 | 266 | 250 | 176 | 194 | 233 | 180 |
| Computer support | 780 | 893 | 769 | 1,132 | 1,042 | 1,357 | 1,379 | 1,449 | 1,187 | 1,314 |
| Planning and zoning: | | | | | | | | | | |
| Number of planning petitions processed | 94 | 33 | 50 | 51 | 79 | 68 | 45 | 59 | 65 | 47 |

CITY OF PARKLAND, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

| Function/Program: | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Fire Stations | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| Other public works: | | | | | | | | | | |
| Streets (miles) * | 18.05 | 18.05 | 18.05 | 18.05 | 18.05 | 18.05 | 18.05 | 18.05 | 18.05 | 18.05 |
| Street lights | 328 | 328 | 328 | 328 | 328 | 328 | 328 | 385 | 385 | 385 |
| Traffic signals | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 6 |
| Parks and recreation: | | | | | | | | | | |
| Acreage | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 |
| Playgrounds | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Community centers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Soccer/football fields | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 15 | 15 | 15 |
| Basketball courts | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 9 | 9 |
| Tennis courts | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 19 | 19 |
| Baseball/softball fields | 10 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 18 | 18 |
| Dog park | - | - | - | - | 1 | 1 | 1 | 1 | 1 | 1 |

* Street mileage is only streets maintained by the Public Works Department and does not include sections of University Drive and Trails End Road

COMPLIANCE SECTION

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING
AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members of the City Commission
City of Parkland, Florida

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Parkland, Florida, (the 'City') as of and for the fiscal year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 30, 2018. Our report includes a reference to other auditors who audited the financial statements of the City's Police Officers' Retirement Plan, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Caballero Fierman Llerena + Garcia

Caballero Fierman Llerena + Garcia, LLP
Miramar, Florida
March 30, 2018



MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Honorable Mayor and Members of the City Commission
City of Parkland, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Parkland, Florida (the "City") as of and for the fiscal year ended September 30, 2017 and have issued our report thereon dated March 30, 2018. Our report includes a reference to other auditors. Other auditors audited the financial statements of the City's Police Officers' Retirement Plan.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting requirement

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on examination conducted in accordance with *AICPA professional standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 30, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The City was incorporated on July 10, 1963 under Chapter 166 of the Florida Statutes. The city has no component units.

Financial Condition and management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. This assessment was performed as of year end.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our Management Letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and members of the City Commission and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Caballero Fierman Llerena + Garcia

Caballero Fierman Llerena + Garcia, LLP
Miramar, Florida
March 30, 2018



INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415 FLORIDA STATUTES

Honorable Mayor and Members of the City Commission
City of Parkland, Florida

We have examined the City of Parkland, Florida, (the "City") compliance with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2016 to September 30, 2017. Management of the City is responsible for the City of Parkland's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements. In our opinion, the City complied, in all material respects, with the requirements of Section 218.415 Florida Statutes during the period of October 1, 2016 to September 30, 2017.

This report is intended solely for the information and use of management, the Mayor, the City Commission, others within the City and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

Caballero Fierman Llerena + Garcia

Caballero Fierman Llerena + Garcia, LLP
Miramar, Florida
March 30, 2018