

COMPREHENSIVE ANNUAL **FINANCIAL REPORT**

CITY OF
DEERFIELD BEACH



Deerfield Beach
Florida

2019

Fiscal Year Ended
September 30, 2019



CITY OF DEERFIELD BEACH, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Prepared by the Department of Financial Services

City of Deerfield Beach, Florida

Comprehensive Annual Financial Report
For the Year Ended September 30, 2019

TABLE OF CONTENTS

	PAGE
INTRODUCTORY SECTION (Unaudited)	
Letter of Transmittal.....	i
Certificate of Achievement for Excellence in Financial Reporting.....	v
Organizational Chart.....	vi
List of Elected and Appointed Officials.....	vii
FINANCIAL SECTION	
Independent Auditors' Report.....	1
Management's Discussion and Analysis (Required Supplementary Information).....	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	17
Statement of Activities.....	18
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	21
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	24
Statement of Net Position - Proprietary Funds.....	25
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds.....	27
Statement of Cash Flows.....	28
Statement of Fiduciary Net Position - Fiduciary Funds.....	30
Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....	31
Notes to the Financial Statements	32
Required Supplementary Information (Unaudited):	
General Fund Budgetary Comparison Schedule.....	82
Community Redevelopment Agency Fund Budgetary Comparison Schedule.....	83
Notes to Budgetary Schedules.....	84
Schedule of Changes in City's Net Position, Liability, and Related Ratios - Fire Pension Fund.....	85
Schedule of City Contributions - Fire Pension Fund.....	86
Schedule of Changes in Net Pension Liability and Related Ratios - Police Pension Fund.....	87
Schedule of City Contributions - Police Pension Fund.....	88
Schedule of Changes in City's Net Pension Liability and Related Ratios - Non-Uniformed Pension Fund.....	89
Schedule of City Contributions - Non-Uniformed Pension Fund.....	90
Schedules of City's Proportionate Share of the Net Pension Liability and Contribution- FRS.....	91
Schedules of City's Proportionate Share of the Net Pension Liability and Contribution - HIS.....	92
Schedule of Changes in City's Total OPEB Liability and Related Ratios.....	93
Combining and Individual Fund Statements and Schedules:	
Nonmajor Governmental Funds.....	94
Combining Balance Sheet - Nonmajor Governmental Funds.....	96

City of Deerfield Beach, Florida

Comprehensive Annual Financial Report
For the Year Ended September 30, 2019

TABLE OF CONTENTS

	PAGE
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds.....	97
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	98
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	100
Budget and Actual - Road and Bridge Tax Fund.....	102
Budget and Actual - Community Development Block Grant Fund.....	103
Fiduciary Funds:	
Combining Statement of Fiduciary Net Position - Pension Trust Funds.....	104
Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds.....	105
 STATISTICAL SECTION (Unaudited)	
Financial Trends:	
Net Position by Component.....	109
Changes in Net Position.....	110
Governmental Activities Tax Revenues by Source.....	112
Fund Balances of Governmental Funds.....	113
Changes in Fund Balances of Governmental Funds.....	114
Revenue Capacity:	
General Governmental Tax Revenues by Source.....	115
Assessed Value and Estimated Actual Value of Taxable Property.....	116
Direct and Overlapping Property Tax Rates.....	117
Principal Property Taxpayers.....	118
Property Tax Levies and Collections.....	119
Water Sold by Type of Customer.....	120
Water and Sewer Rates.....	121
Debt Capacity:	
Ratios of Outstanding Debt by Type.....	122
Ratios of General Bonded Debt Outstanding.....	123
Direct and Overlapping Governmental Activities Debt.....	124
Water and Sewer Pledged-Revenue Coverage.....	125
Non-Ad Valorem Revenue Anti-Dilution Test.....	126
Demographic and Economic Information:	
Demographic and Economic Statistics.....	127
Principal Employers	128
Operating Information:	
Full-Time Equivalent City Government Employees by Function.....	129
Operating Indicators by Function.....	130
Capital Asset Statistics by Function.....	131
 OTHER REPORTS	
Compliance Reports.....	132



May 27, 2020

Citizens of Deerfield Beach
Honorable Mayor and Members of the City Commission

It is our pleasure to submit to you the Comprehensive Annual Financial Report of the City of Deerfield Beach, Florida for the fiscal year ended September 30, 2019.

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

This report consists of management's representations concerning the finances of the City. Consequently, the responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed to safeguard City assets from loss, theft or misappropriation and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. The cost of an internal control should not exceed the benefits to be derived; therefore, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. We believe that the data as presented is accurate in all material aspects; that it fairly presents the City's financial position and the results of operations and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activities are included.

Marcum LLP, a firm of licensed certified public accountants, audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Deerfield Beach for the fiscal year ended September 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions that the City of Deerfield Beach's financial statements for the fiscal year ended September 30, 2019, are fairly presented in conformity with GAAP. The independent auditors' report is included in the financial section of this report.

In addition to meeting the requirements set forth above, the independent audit was also designed to meet the special needs of federal and state grantor agencies as provided for in the Federal Single Audit Act, Office of Management and Budget (OMB) Uniform Guidance and Florida Single Audit Act in accordance with Chapter 10.550, Rules of the Auditor General. These standards require the independent auditor to report not only on the fair presentation of the basic financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal

and state awards. These reports are available in the City of Deerfield Beach's separately issued Compliance Reports.

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

Profile of the City of Deerfield Beach

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

The City of Deerfield Beach provides a broad range of municipal services. These services include public safety, sanitation, water and sewer, recreational and cultural activities, public improvements, planning, zoning, highways and streets and general administrative services. It does not provide primary or secondary education or health care, as these are the responsibility of the Broward County School District and Broward Health North, respectively. Both entities are independent special districts that are not part of the City of Deerfield Beach. As such, financial data for them or for any other government has not been included in the financial statements in this report.

Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Community Redevelopment Agency (CRA) is reported as a special revenue fund of the primary government.

For financial planning and control, the City prepares and adopts an annual operating budget in accordance with Florida Statute Chapter 166.241. The legally adopted budget is at the departmental level for current expenditures with separate appropriations established for debt service, interfund transfers, intergovernmental expenditures and miscellaneous fiscal transactions. Budgetary control is internally administered at a more restrictive level. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and the CRA Fund, this comparison is presented on pages 85 and 86, respectively, as part of the required supplementary information. For governmental funds, other than the General and CRA funds, with appropriated annual budgets, this comparison is presented in the combining and individual fund statements and schedules.

Factors Affecting Economic Condition

Local Economy

Home to over 80,000 residents, Deerfield Beach is located on the east coast of Florida in Broward County. The City is primarily a residential community and offers commercial development such as shopping facilities, office buildings, restaurants, tourist lodgings and light industry.

The City continues to make some noticeable economic progress since the recession. Major revenue sources of the City, such as property, sales and utility taxes as well as building permit revenue, which were impacted severely during the recession, are now showing some signs of continued growth. Property tax revenue has increased by over 58% since Fiscal Year 2012. Likewise, retail sales have increased by over 62% from calendar year 2012 to calendar year 2018, the most recent period for which this data was available.

In addition, the year-over-year increase in the median sales price of single-family homes in the Broward County metropolitan region has increased by approximately 5.5% to \$374,250 from 2019. Likewise, according to the University of Florida Consumer Sentiment Index, overall consumer

sentiment for February 2019 increased slightly by 3.9 points to 97.3 from the previous month. The increased consumer sentiment among Floridians “comes mostly from consumers’ future expectations about the national economy in the medium- and long-run,” according to the University of Florida’s Survey Research Center.

The unemployment rate within the Fort Lauderdale-Pompano Beach-Deerfield Beach Metropolitan Statistical Area (MSA) decreased during the fiscal year. As of September 30, 2019, the MSA’s unemployment rate was that of 2.9%, which represents a decrease from the previous year’s rate of 3.1%. The City’s unemployment rate also decreased from 3.7% to 3.2%, as of the end of the fiscal year.

Long-Term Financial Planning

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

The City has taken steps to prepare estimates of its future budgetary needs. During the upcoming fiscal year, the City will employ a multi-year financial planning approach, similar to the City’s multi-year Capital Improvement Plan (CIP), which will enable staff to better determine if activities being undertaken are sustainable in the long run. The City’s CIP document is updated and adopted on an annual basis. The CIP prioritizes major capital projects and identifies revenue sources available to finance the improvements. For fiscal years 2020 – 2024, the City Commission adopted a CIP budget in excess of \$85.4 million.

Major Initiatives

For the Fiscal Year 2020, the City has several initiatives and staffing reorganizations that are in alignment with the strategic priority of providing the same or enhanced quality of services to our citizens and business owners:

- Upgrades to the public safety radio communication system for P-25 compliancy that will enhance communication with inter and intra agency first responders.
- Increased cyber-security for the protection of the City’s network and customer information.
- Completion of a stormwater master plan that will identify and prioritize stormwater and drainage projects throughout the City to reduce neighborhood flooding.
- The addition of a new Saturday service bus route for the Express 1-BCT Route 728.
- Replacement of the Constitution Park Playground.
- The addition of a contractual administrative assistant in the Code Compliance Division to increase the quality of customer service and response time.
- The installation of estate fencing along the FEC railroad tracks (Dixie Highway) to enhance safety and aesthetics of the Dixie Business Residential District.
- Implementation of an advanced metering system (AMI) to gain efficiencies in the water meter reading process and provide customers with real-time information related to their water consumption.
- Implementation of the Energy Performance Contract to further the City’s goal toward sustainability by building infrastructure initiatives using smart and energy efficient technologies.

In addition, several major budgetary and financial policy changes have been made for the FY2020 cycle including creation of a Building Fund and Debt Service Fund. Building funds are regulated by the state and are restricted to deferring the costs of inspection and enforcement of the provisions of the Building Code. Segregating these funds from the General Fund provides additional transparency to the Building Department’s revenues and expenditures. The establishment of a Debt Service Fund separately accounts for the principal and interest of general obligation and non-ad valorem debt that is

issued by the City. We will continue to evaluate and revise our policies and organization to enhance transparency, efficiency, while maintaining compliancy with all Federal, State, and Local requirements.

Finally, on March 11, 2020 the World Health Organization declared the COVID-19 outbreak a global pandemic. The outbreak in the United States has caused business disruption through mandated and voluntary closings of business across the country for non-essential services. As of the date of this report, the City of Deerfield Beach remains open for essential services, subject to modified procedures as determined by the State of Florida, Broward County and CDC guidelines. The extent of the impact to our financials and cash flows are uncertain and will largely depend on when the virus subsides, and the economy is back in full swing. However, we are estimating revenue shortfalls and taking proactive steps to monitor all current expenditures and strategizing in the development of the FY2021 budget.

Awards and Acknowledgements

The City of Deerfield Beach's Public Affairs and Marketing Department was recognized by the Association of Marketing and Communication Professionals as the winner of two awards for this 2018 – 2019 marketing awards season. In the category of Digital Marketing – Social Media, the City was a Gold Winner for "Ricky the Recycling Ranger Teaches How to Reduce Use." The City also received an Honorable Mention for "Ricky the Recycling Ranger Fights Bad Guys... Plastic Bags." AVA Digital Awards is an international competition that recognizes outstanding work by creative professionals involved in the concept, direction, design and production of media that is part of the evolution of digital communication. Work ranges from audio and video productions to websites that present interactive components such as video, animation, blogs, and podcasts to interactive social media sites to other forms of user-generated communication.

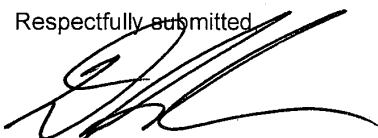
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Deerfield Beach for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2018. This was the 39th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

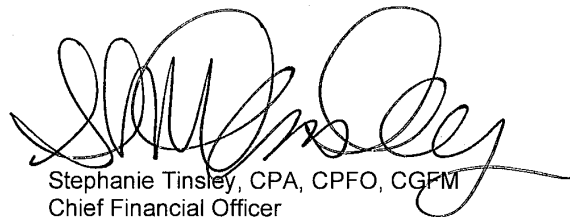
Additionally, the City of Deerfield Beach also received the GFOA's Distinguished Budget Presentation Award for its annual budget for fiscal year 2018-19 for the 22nd consecutive year. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

Thank you for your continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner. This report could not have been prepared without the dedicated service of all of the employees of the Department of Financial Services as well as the support of the other City departments.

Respectfully submitted,



David Santucci
City Manager



Stephanie Tinsley, CPA, CPFO, CGFM
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Deerfield Beach
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

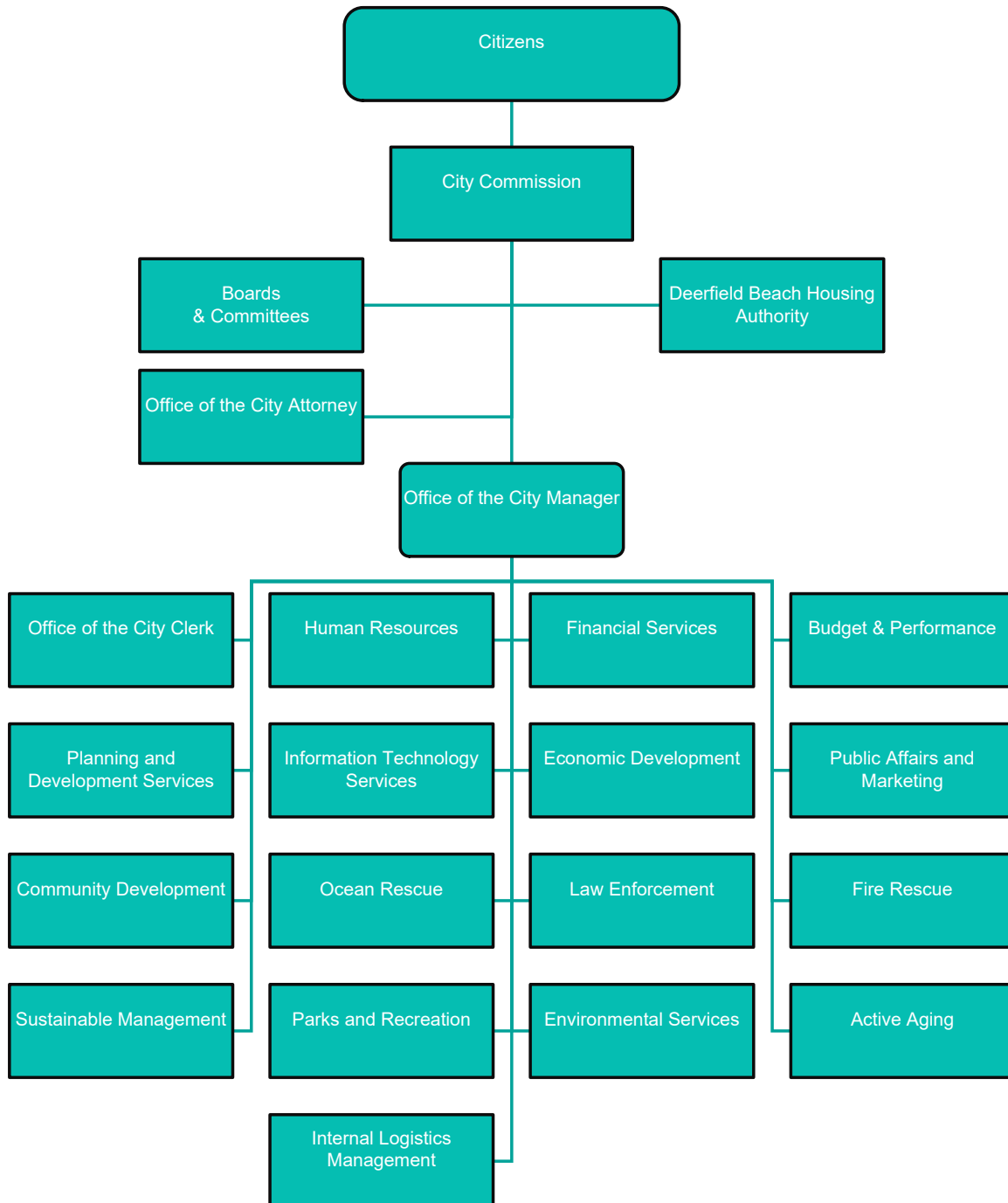
September 30, 2018

Christopher P. Morrill

Executive Director/CEO

City of Deerfield Beach

Organization Chart



City of Deerfield Beach, Florida
List of Elected and Appointed Officials
September 30, 2019

Elected Officials

Mayor	Bill Ganz
Vice Mayor	Todd Drosky
Commissioner	Michael Hudak
Commissioner	Ben Preston
Commissioner	Bernie Parness

Appointed Officials

City Manager	David Santucci
Assistant City Manager	Tom Good
City Attorney	Weiss Serota Helfman Cole & Bierman- Anthony Soroka
City Clerk	Samantha Gillyard
Director of Community Development	Vickki Placide-Pickard
Chief Financial Officer (Acting)	Sophia Taylor
Chief Human Resources Officer	Amanda Robin
Chief Information Officer	Ronald McKenzie
Director of Parks & Recreation	Preston Pooser
Director of Environmental Services	Tom Good
Director of Planning & Development Services	Eric Power
Director of Senior Services	Donna DeFronzo
Director of Sustainable Management	Chad Grecsek
Director of Public Affairs and Marketing	Rebecca Medina-Stewart
Director of Economic Development	Kristin Mory
Fire Chief	Matthew Pellitteri
Police Chief	Rodney Brimlow
Ocean Rescue Chief	Michael Brown

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Deerfield Beach, Florida (the City), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Pension Trust Funds, which represents 94%, 94% and 69%, respectively, of the assets, net position/fund balance and revenues/additions of the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pension Trust Funds is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16, the schedules of changes in the city's net pension liability and related ratios, the schedules of city contributions, schedule of changes in the city's total OPEB liability and related ratios, and budgetary comparison schedules for the general fund and major special revenue funds on pages 82 through 93 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our and other auditors inquiries, the basic financial statements, and other knowledge we obtained during our audit and the other auditors audit of the basic financial statements. We and the other auditors, do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Marcum LLP

Fort Lauderdale, FL
May 27, 2020

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

City of Deerfield Beach, Florida
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019

The management of the City of Deerfield Beach (City) presents this narrative overview and analysis to facilitate both a short and long-term analysis of the financial activities of the City for the fiscal year ended September 30, 2019. This Management's Discussion and Analysis is based on currently known facts, decisions and conditions that existed as of the date of the independent auditors' report. The information presented is in accordance with Governmental Accounting Standards Board Statement No. 34 (GASB 34) as amended. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - vii of this report.

Financial Highlights

- The total assets on the Government-wide basis of the City of Deerfield Beach at September 30, 2019 increased \$14 million from \$310.2 million to \$324.2 million, or 4.51% from the prior year.
- The City's total liabilities on a Government-wide basis decreased by \$35.6 million, from \$253.5 million to \$217.9 million from the prior year.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$96.0 million (net position). Of this amount, \$25.9 million was from governmental activities and \$70.1 million was from business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$76.3 million, a decrease of \$1.3 million, in comparison with the amount reported for the prior fiscal year. Of this amount, \$1.5 million was non-spendable, \$48.6 million was restricted, \$8.8 million was assigned, and \$17.2 million was unassigned and therefore available for spending at the government's discretion.
- At the end of the fiscal year, unassigned fund balance in the General Fund was \$17.6 million, or 16.2% of total General Fund expenditures and transfers. The City has a reserve policy of maintaining an amount in reserves that is at least 10% and 5% of total General Fund expenditures and transfers for unassigned and committed fund balances, respectively.

Overview of the Financial Statements

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

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

City of Deerfield Beach, Florida
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019

Overview of the Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 17 - 19 of this report.

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

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

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

City of Deerfield Beach, Florida
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019

Overview of the Financial Statements

The City of Deerfield Beach maintains 18 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for those funds that are considered significant (major) to the City as a whole. These financial statements report three major funds: general fund and community redevelopment agency fund, and the general construction fund. Data from the non-major governmental funds are combined into a single, aggregated presentation. Individual fund information for each of these nonmajor governmental funds is provided in the form of combining statements that are found on pages 97 - 106 of this report.

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

The basic governmental fund financial statements can be found on pages 20 - 25 of this report.

Proprietary funds. Proprietary funds are used to account for activities where the emphasis is placed on net income determination. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements with greater detail. The City of Deerfield Beach uses enterprise funds to account for its water and sewer, stormwater utility as well as its solid waste activities. The enterprise funds, which are considered to be major funds of the City, are reported separately as proprietary fund financial statements in the basic financial statements.

The basic proprietary fund financial statements can be found on pages 26 - 30 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds (Pension Trust Funds) are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Deerfield Beach's own programs. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 31 - 32 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33 - 84 of this report and should be read in conjunction with the City's financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) concerning the City of Deerfield Beach's progress in funding its obligation to provide pension and other post-employment benefits to its employees, budgetary comparisons for the general fund and the CRA Special Revenue Fund. RSI can be found on pages 85 - 96 of this report.

The combining and individual fund statement and schedules referred to earlier in connection with nonmajor funds are presented immediately following the RSI. Combining and individual fund statements and schedules can be found on pages 97 - 108 of this report.

City of Deerfield Beach, Florida
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Deerfield Beach, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$96.0 million at the close of fiscal year 2019.

The largest portion of the City of Deerfield Beach's net position of \$119.4 million, or 1.24% of total net position, reflects its investment in capital assets (e.g., land, buildings, equipment, improvements, utility plants and infrastructure), less any related debt and deferred inflows/outflows used to acquire those assets that are still outstanding. The City of Deerfield Beach uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Deerfield Beach's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 95,217,155	\$ 89,781,357	\$ 53,239,255	\$ 42,560,050	\$ 148,456,411	\$ 132,341,407
Capital assets, Net	103,232,148	104,321,801	72,471,529	73,511,864	175,703,677	177,833,665
Total assets	<u>198,449,303</u>	<u>194,103,158</u>	<u>125,710,784</u>	<u>116,071,914</u>	<u>324,160,088</u>	<u>310,175,072</u>
Deferred Outflows from pensions	15,217,472	16,477,712	1,338,700	1,884,116	16,556,172	18,361,828
OPEB	1,595,260	1,717,813	992,348	808,382	2,587,608	2,526,195
Total deferred outflows from pensions and OPEB	<u>16,812,732</u>	<u>18,195,525</u>	<u>2,331,048</u>	<u>2,692,498</u>	<u>19,143,780</u>	<u>20,888,023</u>
Other liabilities	12,985,696	8,610,837	4,693,617	3,085,665	17,679,313	11,696,502
Non-current liabilities	156,624,615	191,074,573	43,571,419	50,681,089	200,196,034	241,755,662
Total liabilities	<u>169,610,311</u>	<u>199,685,410</u>	<u>48,265,036</u>	<u>53,766,754</u>	<u>217,875,347</u>	<u>253,452,164</u>
Deferred inflows of resources	<u>19,746,462</u>	<u>8,813,337</u>	<u>9,666,934</u>	<u>2,179,744</u>	<u>29,413,396</u>	<u>10,993,081</u>
Net position:						
Net investment in capital assets	65,413,462	66,878,760	53,984,687	52,967,087	119,398,149	119,845,847
Restricted	21,139,007	80,502,273	1,174,491	1,839,167	22,313,498	82,341,440
Unrestricted	<u>(60,647,207)</u>	<u>(143,581,097)</u>	<u>14,950,684</u>	<u>8,011,660</u>	<u>(45,696,523)</u>	<u>(135,569,437)</u>
Total net position	<u>\$ 25,905,262</u>	<u>\$ 3,799,936</u>	<u>\$ 70,109,862</u>	<u>\$ 62,817,914</u>	<u>\$ 96,015,124</u>	<u>\$ 66,617,850</u>

An additional portion of the City of Deerfield Beach's net position, approximately 23.2%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, a deficit of \$45.7 million, continues to be impacted by the implementation of GASB Statement No. 75 which had a significant negative impact on the City's unrestricted net position for the governmental activities but is recovering.

The net position of business-type activities increased by \$7.3 million to \$70.1 million in 2019. This increase was primarily due to increases in investment returns coupled with decreases in liabilities with the paydown of long-term debt.

City of Deerfield Beach, Florida
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019

Government-wide Financial Analysis

The City's current and other assets increased by \$16.1 million from \$132.3 million to \$148.5 million due to solid gains in investment returns and increases in revenue collections strengthening cash balances. Capital assets also decreased by \$2.1 million from \$177.8 million to \$175.7 million, or 1.1% from the prior year primarily due to the depreciation of capital assets.

Current liabilities increased from \$11.7 million to \$17.7 million. This increase was primarily attributable to accounts payable. The City's total noncurrent liabilities decreased from \$241.8 million to \$200.2 million, or approximately 17.2%, from the prior year, due largely to the pay-down of long-term debt service obligations.

City of Deerfield Beach, Florida
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019

Government-wide Financial Analysis

Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 39,210,397	\$ 35,127,168	\$ 47,283,181	\$ 42,484,312	\$ 86,493,578	\$ 77,611,480
Operating grants and contributions	5,551,403	5,521,769	-	-	5,551,403	5,521,769
Capital grants and contributions	50,000	689,982	-	-	50,000	689,982
General revenue						
Taxes	68,599,878	65,792,690	-	-	68,599,878	65,792,690
Miscellaneous revenues	1,454,296	2,187,153	-	-	1,454,296	2,187,153
Grants and contributions not restricted to specific programs	1,983,976	2,065,013	-	-	1,983,976	2,065,013
Unrestricted investment earnings	2,403,213	894,912	1,112,087	493,611	3,515,300	1,388,523
Total revenues	<u>119,253,163</u>	<u>112,278,687</u>	<u>48,395,267</u>	<u>42,977,923</u>	<u>167,648,431</u>	<u>155,256,610</u>
Expenses:						
General government	10,139,309	13,858,877	-	-	10,139,309	13,858,877
Economic environment	1,831,573	3,255,195	-	-	1,831,573	3,255,195
Public safety	67,759,892	72,209,952	-	-	67,759,892	72,209,952
Human services	352,258	3,415,404	-	-	352,258	3,415,404
Physical environment	3,903,291	7,561,665	-	-	3,903,291	7,561,665
Transportation	5,293,134	4,863,339	-	-	5,293,134	4,863,339
Culture and recreation	4,525,216	7,398,066	-	-	4,525,216	7,398,066
Interest on long term debt	3,614,126	2,317,478	-	-	3,614,126	2,317,478
Water and sewer	-	-	24,088,048	26,719,702	24,088,048	26,719,702
Solid waste	-	-	15,522,046	17,109,044	15,522,046	17,109,044
Stormwater Utility	-	-	1,222,265	-	1,222,265	-
Total expenses	<u>97,418,799</u>	<u>114,879,976</u>	<u>40,832,359</u>	<u>43,828,746</u>	<u>138,251,158</u>	<u>158,708,722</u>
Change in net position	21,834,364	(2,601,289)	7,562,909	(850,823)	29,397,273	(3,452,112)
Transfers	270,961	306,699	(270,961)	(306,699)	-	-
Change in net position	<u>22,105,325</u>	<u>(2,294,590)</u>	<u>7,291,948</u>	<u>(1,157,522)</u>	<u>29,397,273</u>	<u>(3,452,112)</u>
Net position as previously stated	3,799,937	45,092,085	62,817,914	82,726,547	66,617,851	127,818,632
Prior period adjustment	-	(38,997,559)	-	(18,751,111)	-	(57,748,670)
Net position, ending	<u>\$ 25,905,262</u>	<u>\$ 3,799,936</u>	<u>\$ 70,109,862</u>	<u>\$ 62,817,914</u>	<u>\$ 96,015,124</u>	<u>\$ 66,617,850</u>

Governmental activities. Governmental activities increased the City's net position by \$22.1 million. The City's total revenues amounted to \$119.3 million in governmental activities. Of these revenues, 57.5% is generated from taxes, 32.9% is from charges for services, operating grants/contributions comprise 4.7%, capital grants/contributions make up 0.0%, grants and contributions not restricted to specific programs and miscellaneous revenues are 2.9%, and unrestricted investment earnings generates approximately 2.0%. Most of the increase in the City's net position mentioned above was primarily due to an increase in the taxable values of properties, building permit revenue, miscellaneous administrative fees, and investment earnings.

The City's expenses cover a broad range of services, with approximately 69.6% of governmental activity expenses related to public safety (fire/rescue and police protection). Public safety expenses constitute the largest component of total expenses due to the service level requirements. Public Safety consists of Broward Sheriff's Office Law Enforcement, Fire Rescue, and Emergency Services, and Ocean Rescue. The City's governmental and business-type activities had 18.4% and 15.6% less expenses than revenues, respectively. These reductions in expenses are primarily due to the OPEB actuarial valuation which

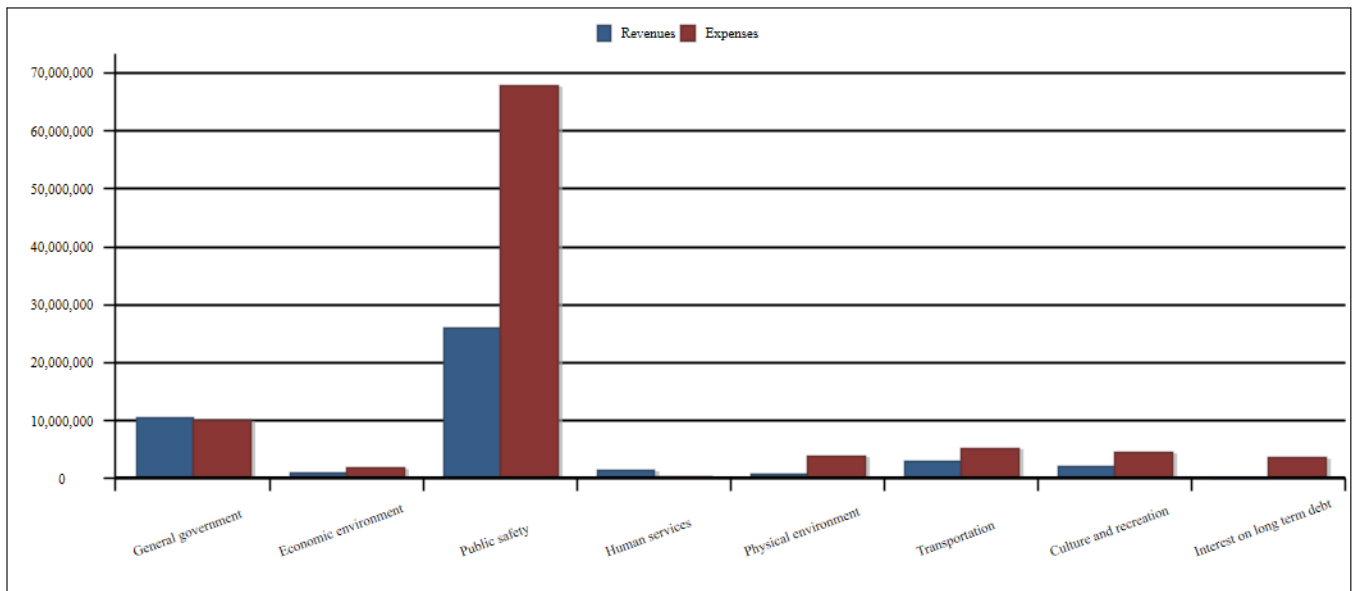
City of Deerfield Beach, Florida
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019

Government-wide Financial Analysis

reflected the positive earnings on the related investment assets which help to offset some of the negative impacts from the initial implementation of GASB 75. Furthermore, the implementation of GASB 75 had a significant negative impact on the City's Net Position causing the net position for both Governmental and Business Activities to decrease by approximately \$39.0 million and \$18.8 million, respectively.

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

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

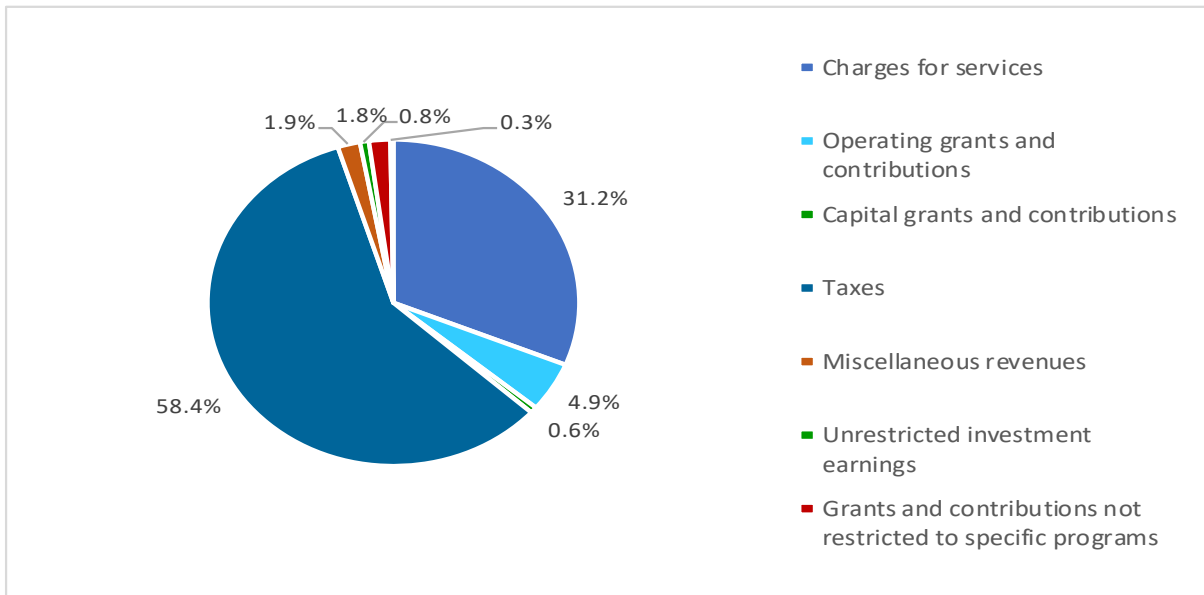


City of Deerfield Beach, Florida
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019

Government-wide Financial Analysis

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

Governmental Activities Revenues by Source



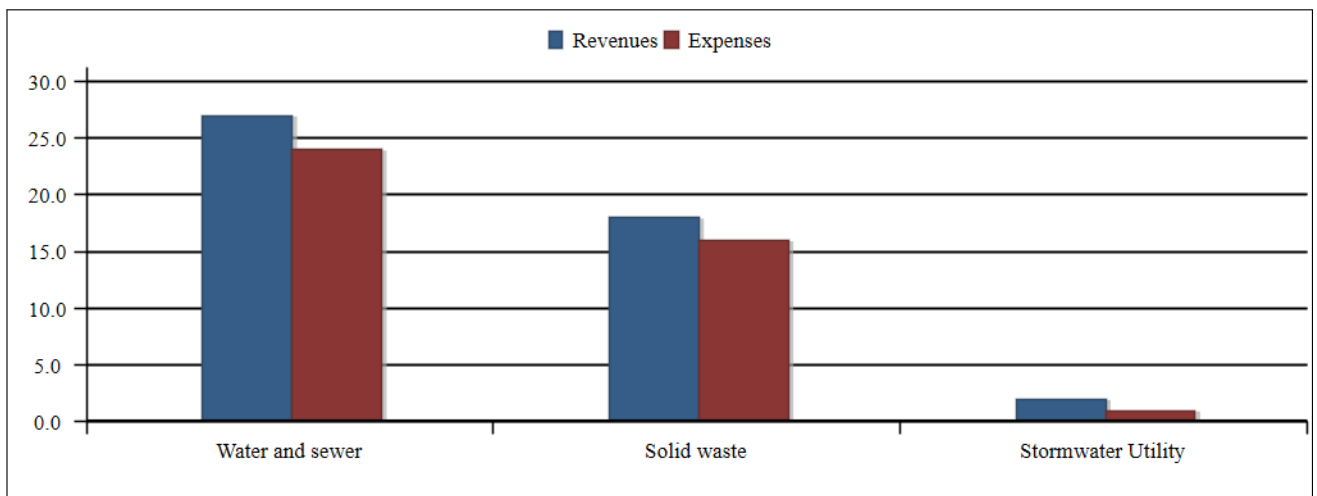
City of Deerfield Beach, Florida
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019

Government-wide Financial Analysis

Business-type activities. Business-type activities increased the City's net position by \$7.3 million. This increase in the net position of business-type activities was due primarily to recognition of the business-type total OPEB liability as a result the implementation of GASB Statement No. 75.

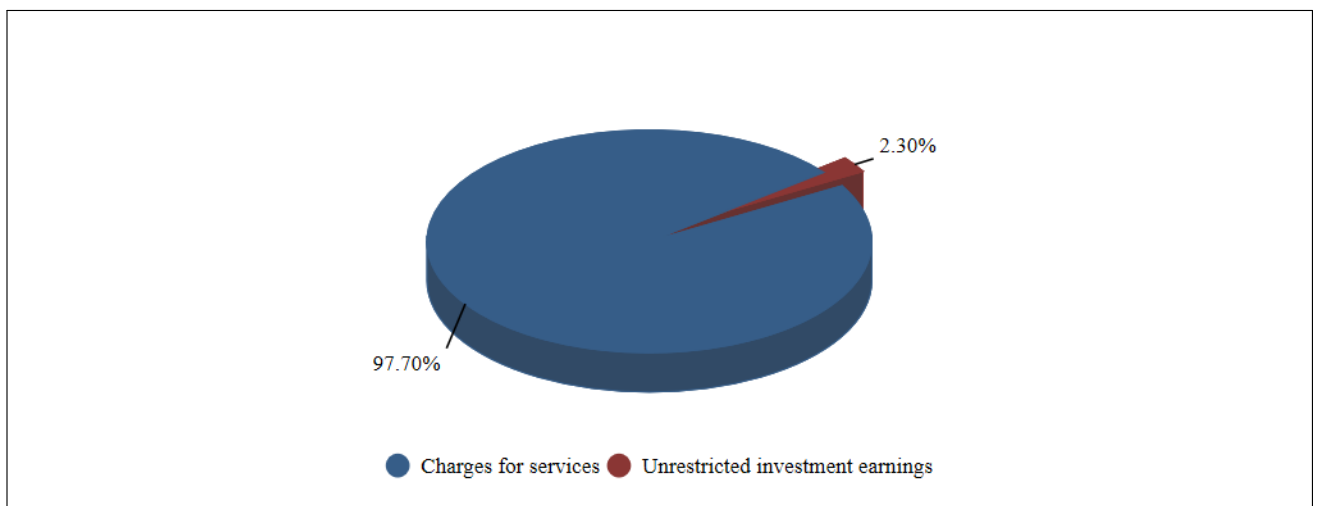
The following chart compares program revenues to expenses by individual business-type activity for the current year. These business-type activities recover more costs through program revenues than governmental activities and the water and sewer fund, generating sufficient revenues to cover current expenses.

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



The following chart shows that 97.7% of revenues from business-type activities are generated by charges for services.

Business-type Activities Revenues by Source



City of Deerfield Beach, Florida
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019

Financial Analysis of the City's Funds

The City of Deerfield Beach uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Deerfield Beach's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. 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 fiscal year, the City of Deerfield Beach's governmental funds reported combined ending fund balances of \$76.3 million, a decrease of \$1.3 million from the prior year's ending balances of \$77.6 million. Approximately 22.6%, \$17.2 million of the combined fund balances constitute *unassigned fund balance* that is available to meet the City's current and future needs. The remainder of fund balance is *non-spendable, restricted, committed and assigned* to indicate that it is not available for new spending.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$17.6 million, while total fund balance was \$26.7 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 16.2% of total general fund expenditures and transfers, while total fund balance represents approximately 24.6% of that same amount.

The total fund balance of the City of Deerfield Beach's General Fund decreased by \$0.3 million during the fiscal year. Some key factors in this decrease relate to the increases in both accounts payable and deferred inflows of resources.

The Community Redevelopment Agency Fund accounts for revenues collected from and expenditures incurred within the community redevelopment area which borders Federal Highway to the west and State Road A1A to the east. At the end of the fiscal year, the restricted and total fund balance in this fund amounted to \$4.1 million.

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

Unrestricted net position of the water and sewer fund at the end of the year amounted to \$26.2 million. The Solid Waste Fund had an unrestricted net position deficit of \$11.5 million at the end of the fiscal year. Factors concerning the finances of these two funds have already been addressed in the discussion of the City of Deerfield Beach's business-type activities.

Capital Assets and Debt Administration

Capital assets. The City of Deerfield Beach's capital assets for its governmental and business-type activities as of September 30, 2019, amounted to \$175.7 million (net of accumulated depreciation). These capital assets include land, buildings, improvements other than building (such as improvements to parks), equipment, utility plants in service and infrastructure (roads, highways, bridges, etc.). The total decrease in the City's capital assets for the current fiscal year was 1.1% ((1.0)% for governmental activities and negative 2.0% for business-type activities) due to depreciation. The following table summarizes the City's capital assets.

City of Deerfield Beach, Florida
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019

Capital Assets and Debt Administration

**Schedule of Capital Assets
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 17,523,810	\$ 16,823,808	\$ 50,531	\$ 50,531	\$ 17,574,341	\$ 16,874,339
Buildings	23,066,561	23,918,869	470,934	610,812	23,537,495	24,529,681
Improvements other than buildings	8,521,361	7,732,528	42,462,280	42,789,280	50,983,641	50,521,808
Equipment	4,976,675	4,965,018	6,826,708	6,848,956	11,803,383	11,813,974
Utility plants in service	-	-	22,165,854	23,212,284	22,165,854	23,212,284
Infrastructure	32,195,135	34,237,379	-	-	32,195,135	34,237,379
Construction in progress	16,948,607	16,644,199	495,221	-	17,443,828	16,644,199
Total	<u>\$ 103,232,149</u>	<u>\$ 104,321,801</u>	<u>\$ 72,471,528</u>	<u>\$ 73,511,863</u>	<u>\$ 175,703,677</u>	<u>\$ 177,833,664</u>

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

- Branhilda Richardson-Knowles Memorial Park Phase II and Sidewalk Plan – \$ 0.8 million

Additional information on the City of Deerfield Beach's capital assets can be found in Note III (C) on pages 55 - 56 of this report.

Long-term debt. At year-end, the City of Deerfield Beach had \$14.0 million in general obligation bonds outstanding. The City also had \$50.2 million in outstanding covenant bonds (for which the City must "covenant" and appropriate funds necessary to pay the annual debt service), but which are primarily backed by sources other than ad valorem taxes. The business-type activities had \$10.6 million outstanding in revenue bonds and \$7.6 million in loans payable as well as \$9.7 million in capital leases outstanding at the end of the fiscal year.

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

City of Deerfield Beach, Florida
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019

Capital Assets and Debt Administration

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds (backed by the City)	\$ 13,973,948	\$ 15,073,185	\$ -	\$ -	\$ 13,973,948	\$ 15,073,185
Revenue bonds	-	-	10,595,004	11,397,243	10,595,004	11,397,243
Covenant bonds	50,150,000	51,265,000	-	-	50,150,000	51,265,000
Add/(subtract) premium/(discount)	6,325,119	6,411,084	-	-	6,325,119	6,411,084
Capital leases	601,070	951,425	9,696,445	610,114	10,297,515	1,561,539
Loan payable	-	-	7,579,659	9,246,973	7,579,659	9,246,973
Total bonds, loans and leases payable	<u>\$ 71,050,137</u>	<u>\$ 73,700,694</u>	<u>\$ 27,871,108</u>	<u>\$ 21,254,330</u>	<u>\$ 98,921,245</u>	<u>\$ 94,955,024</u>

The City's general obligation debt per capita, excluding enterprise fund debt, was \$179 at the end of fiscal year 2019. The City's outstanding net general obligation debt was 0.19% of the City's assessed property value. The City's debt policy requires that its net general obligation bonded debt not exceed two (2) percent of the assessed valuation of taxable property within the City, unless otherwise directed by the city commission. Net reduction is due to the pay down of principal debt service obligations.

Additional information on the City of Deerfield Beach's long-term debt can be found in Note III (I) on pages 58 – 62 of this report.

Economic Factors and Next Year's Budget and Rates

During the preparation of the budget for the ensuing fiscal year, the City evaluated the long-term impacts of the national and local economies in conjunction with business decisions made. The following are the major assumptions used in formulating the fiscal year 2020 budget:

- The nation's as well as state and local economies will continue to show signs of positive economic growth.
- General property taxes will increase by approximately 4.0% as a result of continued increases in the taxable values of properties within the City. This increase considers the reduction in the operating and debt millage rates.
- Utility taxes will increase by 2.2% due to increase in consumer spending on utility services.
- Licenses, permits, and fees will have a slight decrease as new construction projects are currently in progress.

City of Deerfield Beach, Florida
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019

Economic Factors and Next Year's Budget and Rates

- The City's population will remain stable.
- Salaries and related benefits will increase by 4.0%.
- The total millage rate will be reduced to 6.3560
- Water and sewer as well as solid waste rates will remain constant.

During the current fiscal year, total fund balance in the General Fund amounted to \$25.9 million. The City plans to utilize \$1,710,202 of its available General Fund balance for spending in Fiscal Year 2020.

Request for Information

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

BASIC FINANCIAL STATEMENTS

City of Deerfield Beach, Florida
Statement of Net Position
September 30, 2019

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 5,047,733	\$ 1,347,883	\$ 6,395,616
Investments	21,790,527	43,405,984	65,196,511
Receivables (net of allowances)	8,989,006	5,672,129	14,661,135
Due from other governments	3,110,660	131,746	3,242,406
Inventories	231,158	176,203	407,361
Prepaid items	-	44,193	44,193
Restricted assets			
Temporarily restricted:			
Cash and cash equivalents	9,057,694	2,461,117	11,518,811
Investments	43,531,361	-	43,531,361
Due from other governments	1,170,797	-	1,170,797
Permanently restricted:			
Investments	2,288,219	-	2,288,219
Capital assets			
Non-depreciable	34,472,417	545,752	35,018,169
Capital assets, being depreciated	68,759,731	71,925,777	140,685,508
Total assets	198,449,303	125,710,784	324,160,087
Deferred outflows of resources			
Pensions	15,217,472	1,338,700	16,556,172
OPEB	1,595,260	992,348	2,587,608
Total deferred outflows of resources	16,812,732	2,331,048	19,143,780
Liabilities			
Accounts payable	9,040,179	3,475,618	12,515,797
Accrued payroll	683,384	433,227	1,116,611
Accrued interest payable	1,523,736	207,699	1,731,435
Due to other governments	55,745	-	55,745
Unearned revenue	1,418,179	-	1,418,179
Other liabilities	400,000	-	400,000
Payable from restricted assets			
Accounts payable	227,190	-	227,190
Accrued payroll	37,283	-	37,283
Customer deposit	-	577,073	577,073
Non-current liabilities:			
Due within one year:			
Compensated absences	1,308,808	766,892	2,075,700
Insurance claims payable	805,946	-	805,946
Bonds, loans and leases payable	2,678,187	2,854,561	5,532,748
Due in more than one year:			
Compensated absences	17,387	493,148	510,535
Total OPEB liability	18,792,590	11,690,119	30,482,709
Insurance claims payable	7,023,225	-	7,023,225
Bonds, loans and leases payable	68,371,950	25,016,547	93,388,497
Net pension liability	57,226,522	2,750,152	59,976,674
Total liabilities	169,610,311	48,265,036	217,875,347
Deferred inflows of resources			
Pensions	4,788,039	612,957	5,400,996
OPEB	14,554,828	9,053,977	23,608,805
Deferred amount on bond refunding	403,595	-	403,595
Total deferred inflows of resources	19,746,462	9,666,934	29,413,396
Net position			
Net investment in capital assets	65,413,462	53,984,687	119,398,149
Restricted net position:			
Debt service	4,537,565	1,174,491	5,712,056
Perpetual care:			
Nonexpendable	1,272,194	-	1,272,194
Expendable	25,076	-	25,076
Economic environment	4,419,556	-	4,419,556
Public safety	2,880,813	-	2,880,813
Human services	3,912,887	-	3,912,887
Physical environment	677,270	-	677,270
Transportation	2,528,227	-	2,528,227
Parks and recreation	885,419	-	885,419
Unrestricted	(60,647,207)	14,950,684	(45,696,523)
Total net position	\$ 25,905,262	\$ 70,109,862	\$ 96,015,124

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

City of Deerfield Beach, Florida
Statement of Activities
For the Year Ended September 30, 2019

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 10,139,309	\$ 10,484,542	\$ -	\$ -	\$ 345,233	\$ -	\$ 345,233
Economic environment	1,831,573	-	941,026	-	(890,547)	-	(890,547)
Public safety	67,759,892	23,921,809	2,103,168	-	(41,734,915)	-	(41,734,915)
Human services	352,258	84,130	1,379,484	-	1,111,356	-	1,111,356
Physical environment	3,903,291	634,542	46,833	-	(3,221,916)	-	(3,221,916)
Transportation	5,293,134	2,441,655	591,409	-	(2,260,070)	-	(2,260,070)
Culture and recreation	4,525,216	1,643,719	489,483	50,000	(2,342,014)	-	(2,342,014)
Interest on long term debt	3,614,126	-	-	-	(3,614,126)	-	(3,614,126)
Total general government	<u>97,418,799</u>	<u>39,210,397</u>	<u>5,551,403</u>	<u>50,000</u>	<u>(52,606,999)</u>	<u>-</u>	<u>(52,606,999)</u>
Business-type activities:							
Water and sewer	24,088,048	27,394,983	-	-	-	3,306,935	3,306,935
Solid waste	15,522,046	17,770,995	-	-	-	2,248,949	2,248,949
Stormwater Utility	1,222,265	2,117,203	-	-	-	894,938	894,938
Total business-type activities	<u>40,832,359</u>	<u>47,283,181</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,450,822</u>	<u>6,450,822</u>
Total	\$ 138,251,158	\$ 86,493,578	\$ 5,551,403	\$ 50,000	\$ (52,606,999)	\$ 6,450,822	\$ (46,156,177)

General Revenues:			
General property taxes	41,337,606	\$ -	41,337,606
Incremental property taxes	3,878,116	-	3,878,116
Utility taxes	8,709,365	-	8,709,365
Sales taxes	5,321,474	-	5,321,474
Franchise taxes	7,840,494	-	7,840,494
Motor fuel taxes	1,427,609	-	1,427,609
Alcoholic beverage/mobile home license taxes	85,214	-	85,214
Grants and contributions not restricted to specific programs	1,983,976	-	1,983,976
Unrestricted investment earnings	2,403,213	1,112,080	3,515,293
Miscellaneous revenues	1,454,296	-	1,454,296
Transfers	270,961	(270,961)	-
Total general revenues and transfers	<u>74,712,324</u>	<u>841,119</u>	<u>75,553,443</u>
Change in net position	<u>22,105,325</u>	<u>7,291,941</u>	<u>29,397,266</u>
Net position - beginning	<u>3,799,937</u>	<u>62,817,921</u>	<u>66,617,858</u>
Net position - ending	<u>\$ 25,905,262</u>	<u>\$ 70,109,862</u>	<u>\$ 96,015,124</u>

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

City of Deerfield Beach, Florida
Governmental Funds
Balance Sheet
September 30, 2019

	<u>General Fund</u>	<u>Community Redevelopment Agency</u>	<u>General Construction Fund</u>
Assets			
Cash and cash equivalents	\$ 4,790,908	\$ 1,520,645	\$ 1,714,605
Investments	21,790,527	2,624,136	36,551,541
Restricted Investments	-	-	-
Receivables, net of allowances:			
Accounts	8,746,084	-	-
Assessments	842	-	-
Interest	68,146	5,926	121,133
Due from other funds	5,244,983	-	-
Due from other governments	3,078,073	-	622,626
Inventories	231,158	-	-
Total assets	<u>\$ 43,950,721</u>	<u>\$ 4,150,707</u>	<u>\$ 39,009,905</u>
Liabilities			
Accounts payable	\$ 8,500,886	\$ 82,265	\$ 550,630
Accrued payroll	683,384	11,399	-
Due to other funds	-	-	4,062,960
Unearned revenue	461,506	-	-
Due to other governments	117,620	-	-
Customer deposits payable	70,358	-	-
Total liabilities	<u>9,833,754</u>	<u>93,664</u>	<u>4,613,590</u>
Deferred Inflows of Resources			
Unavailable revenue	<u>7,419,522</u>	<u>-</u>	<u>622,626</u>
Fund Balances			
Nonspendable	231,158	-	-
Restricted	-	4,057,043	33,773,689
Assigned	8,848,378	-	-
Unassigned	17,617,909	-	-
Total fund balances	<u>26,697,445</u>	<u>4,057,043</u>	<u>33,773,689</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 43,950,721</u>	<u>\$ 4,150,707</u>	<u>\$ 39,009,905</u>

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

City of Deerfield Beach, Florida
Governmental Funds
Balance Sheet (Continued)

September 30, 2019

	<u>Nonmajor Governmental Funds</u>		<u>Total Governmental Funds</u>
\$	6,079,269	\$	14,105,427
	5,645,006		66,611,210
	998,897		998,897
	25,552		8,771,636
	-		842
	21,323		216,528
	-		5,244,983
	580,758		4,281,457
	-		231,158
	<u>13,350,805</u>		<u>\$ 100,462,138</u>
\$	133,588	\$	9,267,369
	25,884		720,667
	1,182,022		5,244,982
	53,009		514,515
	-		117,620
	-		70,358
	<u>1,394,503</u>		<u>15,935,511</u>
	<u>229,139</u>		<u>8,271,287</u>
	1,297,270		1,528,428
	10,811,094		48,641,826
	-		8,848,378
	<u>(381,201)</u>		<u>17,236,708</u>
	<u>11,727,163</u>		<u>76,255,340</u>
	<u>\$ 13,350,805</u>		<u>\$ 100,462,138</u>

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

City of Deerfield Beach, Florida
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2019

Fund balances, total governmental funds:		\$ 76,255,340
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	192,986,922	
Accumulated depreciation	<u>(89,754,774)</u>	
Net capital assets		103,232,148
Long-term liabilities, including bonds and loans payable, are not due and payable in the current period and are not reported in the funds.		
Interest payable	(1,523,736)	
Bonds and loans payable	(64,123,948)	
Capital lease payable	(601,070)	
Insurance claims payable	(7,829,171)	
Compensated absences payable	(1,326,195)	
Total OPEB liability	(18,792,590)	
Net pension liability	(57,226,522)	
Other Long-term debt	<u>(400,000)</u>	
Total		(151,823,232)
Deferred outflows and inflows of resources related to pensions and OPEB are recorded in the statement of net position.		
Deferred outflows related to pensions	15,217,472	
Deferred inflows related to pensions	<u>(4,788,039)</u>	
Total		10,429,433
Deferred outflows from OPEB	1,595,260	
Deferred inflows from OPEB	<u>(14,554,828)</u>	
Total		(12,959,568)
Revenues are unavailable in the governmental funds because they are not available to pay current period expenditures. They are, however, recognized in the governmental activities.		
		7,499,855
Bond premiums and discounts, gains, and losses related to the issuance of long-term debt are charged to "Other Financing Sources and Uses" when debt is issued in the governmental funds. These items, however, are capitalized and amortized over the life of the bonds in the government-wide financial statements.		
Bond premiums on refunding	(6,325,119)	
Amortized premium/deferred gain on refunding	<u>(403,595)</u>	
Unamortized premium/deferred gain on refunding		<u>(6,728,714)</u>
Net position of governmental activities		<u>\$ 25,905,262</u>

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

City of Deerfield Beach, Florida
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended September 30, 2019

	General Fund	Community Redevelopment Agency	General Construction Fund
Revenues			
Property taxes	\$ 41,337,606	\$ 3,878,116	\$ -
Sales and use taxes	6,725,332	-	-
Fire assessment fees	11,288,253	-	-
Franchise fees	7,840,494	-	-
Utility taxes	8,709,365	-	-
Local option gas tax	-	-	-
Alcoholic beverage/mobile home license taxes	85,214	-	-
Local business taxes/permits	7,535,466	-	-
Intergovernmental	1,480,393	-	-
Charges for services	9,492,847	-	-
Fines and forfeitures	1,013,559	-	-
Impact fees	-	-	-
Investment earnings	1,003,233	70,187	1,112,010
Miscellaneous:			
Cemetery plot sales	-	-	-
Donations/contributions	585,543	-	-
Administrative fees	8,877,147	-	-
Other	327,076	193	-
Miscellaneous	-	-	-
Total revenues	<u>106,301,528</u>	<u>3,948,496</u>	<u>1,112,010</u>
Expenditures			
Current:			
General government	16,796,303	-	-
Economic environment	835,448	836,839	-
Public Safety	68,574,642	50,141	-
Human services	2,806,686	-	-
Physical environment	7,070,529	-	-
Transportation	633,082	-	-
Culture and recreation	5,436,665	174,121	-
Capital outlay	1,729,423	469,053	2,325,786
Debt service:			
Principal retirement	350,355	-	-
Interest and fiscal charges	14,579	-	-
Total expenditures	<u>104,247,712</u>	<u>1,530,154</u>	<u>2,325,786</u>
Excess (deficiency) of revenues over expenditures	<u>2,053,816</u>	<u>2,418,342</u>	<u>(1,213,776)</u>
Other Financing Sources (Uses)			
Transfers in	2,049,976	-	-
Transfers out	<u>(4,367,964)</u>	<u>(1,104,732)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,317,988)</u>	<u>(1,104,732)</u>	<u>-</u>
Net change in fund balances	(264,172)	1,313,610	(1,213,776)
Fund balances - beginning	26,961,617	2,743,433	34,987,465
Fund balances, end of year	<u>\$ 26,697,445</u>	<u>\$ 4,057,043</u>	<u>\$ 33,773,689</u>

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

City of Deerfield Beach, Florida
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
For the Year Ended September 30, 2019

Nonmajor Governmental Funds	Total
\$ -	\$ 45,215,722
-	6,725,332
-	11,288,253
-	7,840,494
-	8,709,365
1,427,609	1,427,609
-	85,214
-	7,535,466
2,013,780	3,494,173
558,048	10,050,895
311,672	1,325,231
457,808	457,808
217,783	2,403,213
98,636	98,636
145,416	730,959
495,551	9,372,698
5,249	332,518
65,660	65,660
5,797,212	117,159,246
-	16,796,303
1,159,757	2,832,044
138,956	68,763,739
26,042	2,832,728
290,792	7,361,321
1,765,671	2,398,753
114,391	5,725,177
910,273	5,434,535
2,214,239	2,564,594
4,012,229	4,026,808
10,632,350	118,736,002
(4,835,138)	(1,576,756)
4,375,261	6,425,237
(681,579)	(6,154,275)
3,693,682	270,962
(1,141,456)	(1,305,794)
12,868,619	77,561,134
\$ 11,727,163	\$ 76,255,340

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

City of Deerfield Beach, Florida
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2019

Net Change in Fund Balances - Total Governmental Funds		\$ (1,305,794)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported in depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital outlay	3,394,716	
Governmental Depreciation	<u>(4,950,575)</u>	(1,555,859)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		2,146,894
<p>Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore are not reported in the funds.</p>		
Insurance claims and benefits expense	(2,221,377)	
Other postemployment benefit expense	21,417,596	
Pension Expense	<u>312,823</u>	19,509,042
<p>In the statement of activities, certain operating expenses - compensated absences (sick and vacation pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amounts actually used (paid).</p>		
Compensated absences expense		333,767
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Long-term debt principal repayments	2,564,593	
Bond premium	<u>126,636</u>	2,691,229
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The interest expense reported in the statement of activities is the result of accrued interest on bonds, leases and loans payable.</p>		
		<u>286,046</u>
Change in net position of governmental activities		<u>\$ 22,105,325</u>

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

City of Deerfield Beach, Florida
Proprietary Funds
Statement of Net Position
September 30, 2019

	Water and Sewer Fund	Solid Waste Fund	Stormwater Utility Fund	Total Proprietary Funds
Assets				
Current assets:				
Cash and cash equivalents	\$ 208,569	\$ 395	\$ 1,138,919	\$ 1,347,883
Investments	34,084,159	9,321,825	-	43,405,984
Restricted cash and cash equivalents:				
Customer deposits	571,875	5,198	-	577,073
Revolving loan covenant accounts	1,174,491	-	-	1,174,491
Receivables, net of allowances:				
Accounts	3,234,542	1,920,701	169,030	5,324,273
Delinquent assessments	79,848	-	-	79,848
Interest	268,008	-	-	268,008
Due from other funds	2,729,346	-	-	2,729,346
Due from other governments	-	131,746	-	131,746
Inventories	176,203	-	-	176,203
Prepaid items	44,193	-	-	44,193
Total current assets	42,571,234	11,379,865	1,307,949	55,259,048
Noncurrent assets:				
Restricted cash and cash equivalents:				
Bond construction accounts	709,553	-	-	709,553
Capital assets:				
Land	50,531	-	-	50,531
Construction in Progress	-	495,221	-	495,221
Buildings	2,100,362	-	-	2,100,362
Utility plants in service	46,082,247	-	-	46,082,247
Improvements other than buildings	89,247,459	113,696	572,887	89,934,042
Equipment	8,955,109	15,734,026	-	24,689,135
Less: accumulated depreciation	(79,652,105)	(11,227,337)	(567)	(90,880,009)
Total capital assets (net of accumulated depreciation)	66,783,603	5,115,606	572,320	72,471,529
Total noncurrent assets	67,493,156	5,115,606	572,320	73,181,082
Total assets	110,064,390	16,495,471	1,880,269	128,440,130
Deferred outflows of resources				
OPEB	520,627	449,985	21,736	992,348
Pensions	951,319	387,381	-	1,338,700
Total deferred outflows of resources	1,471,946	837,366	21,736	2,331,048

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

City of Deerfield Beach, Florida
Proprietary Funds
Statement of Net Position (Continued)
September 30, 2019

	Water and Sewer Fund	Solid Waste Fund	Stormwater Utility Fund	Total Proprietary Funds
Liabilities				
Current liabilities:				
Accounts payable	\$ 1,866,741	\$ 1,498,994	\$ 109,883	\$ 3,475,618
Accrued payroll	225,791	198,687	8,749	433,227
Due to other funds	-	2,350,680	378,666	2,729,346
Customer deposits payable	571,875	5,198	-	577,073
Compensated absences	404,845	344,093	17,954	766,892
Accrued interest payable	207,699	-	-	207,699
Capital lease payable, current	-	240,659	-	240,659
Bonds payable, current	916,878	-	-	916,878
Loans payable, current	1,697,024	-	-	1,697,024
Total current liabilities	<u>5,890,853</u>	<u>4,638,311</u>	<u>515,252</u>	<u>11,044,416</u>
Noncurrent liabilities:				
Compensated absences	179,631	268,034	45,483	493,148
Total OPEB liability	6,133,121	5,300,943	256,055	11,690,119
Net pension liability	1,960,825	789,327	-	2,750,152
Capital leases payable	-	9,455,786	-	9,455,786
Bonds payable	9,678,126	-	-	9,678,126
Loans payable	5,882,635	-	-	5,882,635
Total noncurrent liabilities	<u>23,834,338</u>	<u>15,814,090</u>	<u>301,538</u>	<u>39,949,966</u>
Total liabilities	<u>29,725,191</u>	<u>20,452,401</u>	<u>816,790</u>	<u>50,994,382</u>
Deferred Inflows of Resources				
OPEB	4,750,092	4,105,571	198,314	9,053,977
Pensions	434,556	178,401	-	612,957
Total deferred inflows of resources	<u>5,184,648</u>	<u>4,283,972</u>	<u>198,314</u>	<u>9,666,934</u>
Net Position				
Net investment in capital assets	49,297,483	4,114,884	572,320	53,984,687
Restricted for Debt service	1,174,491	-	-	1,174,491
Unrestricted	26,154,523	(11,518,420)	314,581	14,950,684
Total net position	<u>\$ 76,626,497</u>	<u>\$ (7,403,536)</u>	<u>\$ 886,901</u>	<u>\$ 70,109,862</u>

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

City of Deerfield Beach, Florida
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2019

	Water and Sewer Fund	Solid Waste Fund	Stormwater Utility Fund	Total Proprietary Funds
Operating Revenues:				
Charges for sales and services:				
Water sales pledged as security for revolving loans	\$ 16,765,460	\$ -	\$ -	\$ 16,765,460
Sewer charges pledged as security for revolving loans	9,249,017	-	-	9,249,017
Solid waste charges	-	17,617,813	-	17,617,813
Stormwater fees	-	-	2,117,203	2,117,203
Engineering fees	669,192	-	-	669,192
Miscellaneous	463,274	29,317	-	492,591
Total operating revenues	27,146,943	17,647,130	2,117,203	46,911,276
Operating expenses:				
Personal services	1,687,030	2,925,200	786,798	5,399,028
Contractual services	1,147,972	1,164,225	59,414	2,371,611
Electricity	807,089	-	-	807,089
Insurance	2,977,653	1,283,983	-	4,261,636
Fixed charges	44,727	23,209	33,543	101,479
County wastewater charge	5,276,112	-	-	5,276,112
County raw water charge	85,304	-	-	85,304
Disposal fees	-	4,123,315	-	4,123,315
General administrative charge	5,565,278	3,333,391	302,489	9,201,158
Commodities	2,060,929	1,696,256	33,556	3,790,741
Depreciation	3,951,552	947,618	567	4,899,737
Total operating expenses	23,603,646	15,497,197	1,216,367	40,317,210
Operating income (loss)	3,543,297	2,149,933	900,836	6,594,066
Non-operating Income/(Expenses):				
Investment earnings	1,066,314	37,008	-	1,103,322
Interest charges	(470,734)	(9,349)	(5,898)	(485,981)
Loan issuance costs	-	(15,500)	-	(15,500)
Amortization	(4,910)	-	-	(4,910)
Proceeds from sale of assets	-	123,865	-	123,865
Total non-operating income/(expenses)	590,670	136,024	(5,898)	720,796
Income(loss) before capital contributions and transfers	4,133,967	2,285,957	894,938	7,314,862
Capital contributions - tap fees	248,040	-	-	248,040
Transfers in	-	12,500	-	12,500
Transfers out	-	(283,461)	-	(283,461)
Change in net position	4,382,007	2,014,996	894,938	7,291,941
Total net position - beginning	72,244,490	(9,418,532)	(8,037)	62,817,921
Total net position - ending	\$ 76,626,497	\$ (7,403,536)	\$ 886,901	\$ 70,109,862

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

City of Deerfield Beach, Florida
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2019

	Water and Sewer Fund	Solid Waste Fund	Stormwater Utility Fund	Total Proprietary Funds
Cash flows from operating activities				
Receipts from customers and users	\$ 25,884,036	\$ 17,375,239	\$ 1,948,172	\$ 45,207,447
Payments from (to) other funds	-	(33,299)	(121,334)	(154,633)
Receipts from other governments	7,666	139,888	-	147,554
Payments to suppliers	(17,385,217)	(10,722,260)	(326,861)	(28,434,338)
Receipts from other funds	154,633	-	-	154,633
Payments to employees	(4,953,991)	(5,065,651)	(281,978)	(10,301,620)
Net cash provided (used) by operating activities	<u>3,707,127</u>	<u>1,693,917</u>	<u>1,217,999</u>	<u>6,619,043</u>
Cash flows from noncapital financing activities				
Transfers from other funds	1,250,000	62,500	-	1,312,500
Transfers to other funds	(1,250,000)	(333,461)	-	(1,583,461)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>(270,961)</u>	<u>-</u>	<u>(270,961)</u>
Cash flows from capital and related financing activities				
Purchase of capital assets	(1,801,980)	(1,487,363)	(570,054)	(3,859,397)
Proceeds from Capital lease	-	9,299,000	-	9,299,000
Repayment of Capital Lease	-	(212,667)	-	(212,667)
Repayment on Loans	(3,386,431)	-	-	(3,386,431)
Interest payable loan	(491,530)	(9,350)	(8,757)	(509,637)
Bond issuance cost	(4,910)	(15,500)	-	(20,410)
Capital grants and contributions	248,040	-	-	248,040
Proceeds/(loss) from retirement of assets	-	123,865	-	123,865
Net cash provided (used) by capital and related activities	<u>(5,436,811)</u>	<u>7,697,985</u>	<u>(578,811)</u>	<u>1,682,364</u>
Cash flows from investing activities				
Investment income	1,058,215	37,008	-	1,095,223
Purchase of investments	12,022	(9,321,825)	-	(9,309,803)
Net cash provided (used) by investing activities	<u>1,070,237</u>	<u>(9,284,817)</u>	<u>-</u>	<u>(8,214,580)</u>
Net increase (decrease) in cash and cash equivalents	(659,447)	(163,876)	639,188	(184,135)
Cash and cash equivalents, beginning of year	<u>3,323,935</u>	<u>169,469</u>	<u>499,731</u>	<u>3,993,135</u>
Cash and cash equivalents, end of year	<u>\$ 2,664,488</u>	<u>\$ 5,593</u>	<u>\$ 1,138,919</u>	<u>\$ 3,809,000</u>

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

City of Deerfield Beach, Florida
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended September 30, 2019

	Water and Sewer Fund	Solid Waste Fund	Stormwater Utility Fund	Total Proprietary Funds
Cash and cash equivalents	\$ 208,569	\$ 395	1,138,919	\$ 1,347,883
Cash and cash equivalents - restricted (current)	1,746,366	5,198	-	1,751,564
Cash and cash equivalents - restricted (noncurrent)	709,553	-	-	709,553
Cash and cash equivalents, end of year	<u>\$ 2,664,488</u>	<u>\$ 5,593</u>	<u>\$ 1,138,919</u>	<u>\$ 3,809,000</u>
Reconciliation data of changes in net position to operating activities				
Operating Income(loss)	\$ 3,543,297	\$ 2,149,933	\$ 900,836	\$ 6,594,066
Adjustments to reconcile operating Income(loss) to net cash provided by operating activities				
Depreciation expense	3,951,551	947,618	567	4,899,736
Changes in assets, liabilities and deferred inflows/outflows:				
(Increase) decrease in accounts receivable, net of allowance	(1,253,883)	(271,891)	(169,030)	(1,694,804)
(Increase) decrease in inventories	25,928	-	-	25,928
(Increase) decrease in prepaids items	(7,693)	-	-	(7,693)
(Increase) decrease in due from other funds	154,633	-	-	154,633
(Increase) decrease in due from other governments	-	139,888	-	139,888
Increase(decrease) in accounts payable	561,613	902,119	102,141	1,565,873
Increase(decrease) in deposits payable	(1,360)	-	-	(1,360)
Increase(decrease) in salaries and benefits payable	12,517	37,071	8,749	58,337
Increase(decrease) in compensated absences payable	749,683	(60,377)	63,437	752,743
(Increase) decrease in due to other funds	-	(33,299)	(121,334)	(154,633)
Increase(decrease) in net pension liability	(501,435)	(200,574)	-	(702,009)
Increase(decrease) in deferred inflows pension	(205,548)	(82,219)	-	(287,767)
Increase(decrease) in deferred outflows pension	389,583	155,833	-	545,416
Increase(decrease) in total OPEB liability	(7,676,492)	(5,439,867)	432,633	(12,683,726)
Increase(decrease) in deferred inflows OPEB	4,030,645	3,546,000	-	7,576,645
(Increase) decrease in deferred outflows OPEB	(65,912)	(96,318)	-	(162,230)
Net cash provided (used) by operating activities	<u>\$ 3,707,127</u>	<u>\$ 1,693,917</u>	<u>\$ 1,217,999</u>	<u>\$ 6,619,043</u>

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

**Statement of Fiduciary Net Position
Pension Trust Funds
September 30, 2019**

	<u>Pension Trust Funds</u>
Assets	
Investments:	
Money market funds	\$ 8,500,650
Mutual funds	19,769,850
U. S. government and agency securities	18,756,701
Corporate equities	118,643,140
Corporate bonds and notes	16,248,689
Real estate funds	26,743,581
Self directed DROP accounts	3,535,003
Hedge fund	<u>3,705,592</u>
Total investments	<u>215,903,206</u>
Receivables:	
Interest and dividends	280,261
Contributions receivable (state)	745,040
Pending trades	8,247
Employer Contributions	<u>1,124</u>
Total receivables	<u>1,034,672</u>
Total assets	<u>216,937,878</u>
Liabilities	
Accounts payable	106,475
Share plan distributions payable	539,589
Accounts payable - purchase of investments	<u>56,253</u>
Total liabilities	<u>702,317</u>
Deferred inflows	<u>50,804</u>
Net Position Restricted for pension benefits	
Net position restricted for defined benefits	197,079,768
Net position restricted for drop benefits	12,500,832
Net position restricted for share benefits	<u>6,604,157</u>
Total net position restricted for pension benefits	<u>\$ 216,184,757</u>

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

City of Deerfield Beach, Florida
Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended September 30, 2019

	<u>Pension Trust Funds</u>
Additions	
Contributions	
Employer	\$ 9,695,229
Plan members	873,918
State (from the General Fund)	<u>1,394,249</u>
Total contributions	<u>11,963,396</u>
Investment earnings	
Interest and investment revenue	7,133,096
Net increase(decrease)in the fair value of investments	<u>(259,372)</u>
Total investment earnings	6,873,724
Less: investment expense	<u>(590,855)</u>
Net investment earnings	<u>6,282,869</u>
Miscellaneous	<u>6,756</u>
Total additions	<u>18,253,021</u>
Deductions	
Benefits paid	19,243,287
Administrative expenses	<u>810,382</u>
Total deductions	<u>20,053,669</u>
Change in net position	(1,800,648)
Net Position Restricted for Pension Benefits	
Beginning of year	<u>217,985,405</u>
End of year	<u>\$ 216,184,757</u>

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

City of Deerfield Beach, Florida
Index to Notes to the Financial Statements
September 30, 2019

PAGE

Notes to the Financial Statements

NOTE I. Summary of Significant Accounting Policies.....	34
A. Financial Reporting Entity.....	34
B. Government-wide and Fund Financial Statements.....	35
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation.....	35
D. New Accounting Pronouncements Adopted.....	37
E. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position or Equity.....	37
NOTE II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY.....	42
A. Excess of Expenditures Over Appropriations.....	42
B. Deficit Fund Equity.....	42
NOTE III. DETAILED NOTES ON ALL FUNDS.....	42
A. Deposits and Investments.....	42
B. Receivables and Payables.....	52
C. Capital Assets.....	54
D. Encumbrances.....	55
E. Construction Commitments.....	55
F. Unearned/Unavailable Revenue.....	56
G. Interfund Receivables, Payables and Transfers.....	56
H. Capital Leases.....	56
I. Long-Term Debt.....	57
NOTE IV. OTHER INFORMATION.....	61
A. Restricted Assets.....	61
B. Restricted Net Position.....	61
C. Risk Management.....	62
D. Defined Benefit Pension Plans.....	62
E. Defined Contribution Plan.....	70
F. Deferred Compensation Plan.....	71
G. Community Redevelopment Agency.....	71
NOTE V. COST SHARING DEFINED BENEFIT PLANS.....	72
A. Plan Description.....	72
B. Benefits Provided.....	73
C. Contributions.....	73
D. Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions.....	74
E. Actuarial Assumptions.....	75
F. Long-term Expected Rate of Return.....	75
G. Discount Rate.....	76
H. Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate.....	76
I. Pension Plan Fiduciary Net Position.....	76
J. Summary of Pension Expense, Deferred Outflows/Inflows of Resources Related to all Pensions of the City.....	76

City of Deerfield Beach, Florida
Index to Notes to the Financial Statements
September 30, 2019

NOTE VI. OTHER POST EMPLOYMENT BENEFITS.....	77
A. Plan Description.....	72
B. Schedule of Changes in Total OPEB Liability.....	78
C. Discount Rate and Sensitivity Disclosures.....	78
D. Actuarial Assumptions and Other Inputs	79
E. Statement of OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB under GASB Statement No. 75.....	79
NOTE VII. Subsequent Event.....	81

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE I. Summary of Significant Accounting Policies

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

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

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

A. Financial Reporting Entity

The City of Deerfield Beach is a political subdivision of the State of Florida, located in Broward County along the lower southeast coast of the state. Originally incorporated in June 1925, the Town of Deerfield was formed under the provisions of Chapter 10462, Special Acts of the 1925 Legislature. In June 1951, Chapter 27503, laws of the State of Florida, created a new charter abolishing the Town and changing its name to City of Deerfield Beach. Today, the City is approximately 16.3 square miles in area. In addition to the public safety, general government, recreation, and public works services provided to its 78,573, residents, the City operates water, sewer, stormwater, and solid waste enterprises. The City does not provide educational or hospital facilities. Those services are provided by the School Board of Broward County and the Broward Health North District, respectively.

The financial reporting entity covered by this report includes the City and its component unit. The reporting entity has been defined by GASB Statement No. 14 (as amended by GASB Statements No. 39, 61 and 80) as the primary government and those component units for which the primary government is financially accountable. Financial accountability exists when a primary government appoints a voting majority of an organization's governing board and may either impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the primary government. Blended component units, although legally separate entities, are, in substance, part of the City's operations, and so information for these entities is combined with information of the primary government.

The Deerfield Beach Community Redevelopment Agency (the "CRA"), a separate legal entity, which is largely responsible for redevelopment of the area that encompasses most of the beach district and the area along Hillsboro Boulevard from Federal Highway to the intracoastal waterway, was established in November 1999. The CRA is governed by a board which is comprised of the City's elected officials, and management of the City has operational responsibility of the CRA. The CRA is also fiscally dependent upon the City. Accordingly, the CRA is a blended component unit and is presented as a special revenue fund. The CRA has a September 30 year-end. Separate financial statements for the CRA are not available.

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

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE I. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The Northeast Focal Point Children, Alzheimer's, Senior, Adult Services, Inc. (hereinafter referred to as "CASA"), is a nonprofit entity organized under the laws of the State of Florida in September 1986. This organization raises funds and makes yearly pledges to the City to subsidize the costs of operating the City's children's, Alzheimer's, senior and adult day care facilities. GASB requires that a legally separate, tax-exempt organization should be reported as a component unit of the City, if the primary government is the sole corporate member of the nonprofit or if all of the following are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the City; (2) the City is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization and (3) the economic resources received or held by the separate organization are significant to the City. The City believes that conditions (1) and (2) apply to CASA. However, the City does not believe that the economic resources held/received by that entity is "significant" to the City's operations and the City is not the sole corporate member of CASA. As such, it is not included as a part of the financial reporting entity.

B. Government-wide and Fund Financial Statements

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

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

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

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

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

Property taxes (when levied), franchise taxes, intergovernmental revenue (when the eligibility requirements are met), licenses, special assessments, charges for services for ambulance fees, as well

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE I. Summary of Significant Accounting Policies

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

as interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, if available. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The **Community Redevelopment Agency ("CRA") Fund** accounts for the proceeds of tax increment revenues and the related expenditures for redevelopment of the area that hovers along Hillsboro Boulevard and that encompasses most of the beach district from Federal Highway to the Intracoastal Waterway. This fund has been deemed a major fund, since management believes it is particularly important to financial statement users for public interest.

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

The City reports the following major proprietary funds:

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

The **Storm Water Utility Fund** accounts for the operations and maintenance of the City's stormwater system, such as storm drains, pipes, catch basins, and other stormwater-related infrastructure.

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

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

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

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

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

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

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE I. Summary of Significant Accounting Policies

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

D. New Accounting Pronouncements Adopted

The City implemented the following GASB Statements during the year ended September 30, 2019:

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

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

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The City has established an investment policy in accordance with Section 218.415, Florida Statutes that allows the City to invest in relatively low-risk securities, such as the State Treasurer's Investment Pool, and U.S. Government and Agencies securities. In accordance with GASB all investments of the City have been reported at fair value except money market funds and the State Treasurer's Investment Pool which its reported value is the same as the value of the pool shares and is recorded at amortized cost. Resources of all funds, with the exception of the pension trust funds, have been combined into investment pools for the purpose of maximizing investment yields. Investment revenue is comprised of interest and dividends and realized gains and losses on investments. Net increase (decrease) in the fair value of investments is comprised of unrealized gains and losses on investments. Investment earnings on pooled investments are allocated monthly based upon equity balances of the respective funds. Accrued interest on pooled investments is grouped with investments on the balance sheet at year-end. In addition, the pension trust funds are authorized to invest in corporate bonds, stocks, money market funds, mortgages and notes.

2. Receivables and Payables

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

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

Amounts reflected as "due from other governments" in the government-wide and the fund financial

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE I. Summary of Significant Accounting Policies

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

2. Receivables and Payables

statements represent amounts that are owed to the City by other governmental entities for services rendered by the City in the capacity of a vendor or for amounts to be reimbursed in connection with grants and other cooperative agreements.

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

3. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

4. Restricted Assets

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

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

5. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, net of interest earned on related debt proceeds, during the construction phase of capital assets of business-type activities is included as part of the capitalized cost of the assets constructed. The City had no capitalized interest costs for this fiscal year.

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

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE I. Summary of Significant Accounting Policies

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

5. Capital Assets

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

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

6. Deferred Outflows/Inflows of Resources

The statements of net position and fund financial statements require the inclusion of a separate section for deferred outflows of resources. A deferred outflow of resources represents the usage of net position that is applicable to future periods.

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

The City reports within its government-wide statement of net position as deferred outflows amounts that were related to pensions and OPEB during fiscal year 2019 into the pension plans as a result of the net pension liability and total OPEB liability associated with the plans measured as of September 30, 2018. The amounts paid during fiscal year 2019 to the plan will be reflected within the City's pension expense and related liability when the net pension liability is measured for the next fiscal year.

The City reports as deferred inflows amounts representing the net difference between expected and actual results, changes in assumptions and projected and actual earnings of its OPEB and pension plans. The amounts will be amortized over a five year closed period beginning in the year in which the difference occurred or over the remaining service lives of all employees, as applicable, and deferred amount on a bond refunding which is being amortized over the remaining life of the debt.

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

7. Compensated Absences

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

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE I. Summary of Significant Accounting Policies

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

8. Long-term Obligations

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

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

9. Fund Equity/Net Position

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds report separate classifications of fund balance. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The restricted fund balance is defined as having restrictions (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Committed fund balance is defined as amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) performed prior to year-end, of the City Commission. Assigned fund balance represents amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

The City, through resolution establishing its fund balance policy, has given the City Manager the authority to assign fund balance. Assignment of fund balance may be a) made for a specific purpose that is narrower than the general purposes of the fund itself; and/or b) used to reflect the appropriation of a portion of existing unassigned fund balance to eliminate a projected deficit in the subsequent year's budget in an amount no greater than the projected excess of expenditures over expected revenues. Assigned fund balance shall reflect management's intended use of resources as set forth each year by the City Manager. Assigned fund balance may or may not be appropriated for expenditure in the subsequent year depending on the timing of the project/reserve for which it was assigned. Unassigned fund balance is the residual classification for the General Fund, plus any deficits of any other governmental funds. The City government considers restricted or unrestricted amounts to have been spent when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. The City government considers committed, assigned, or unassigned amounts to have been spent when expenditures incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The City's policy is to expend resources in the following order: restricted, committed, assigned and unassigned.

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

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE I. Summary of Significant Accounting Policies

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

9. Fund Equity/Net Position

impact the City's ability to provide necessary public services.

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

The following table shows the City's fund balance classification for the governmental funds as of September 30, 2019.

	Governmental Funds				Total Governmental Funds
	General Fund	Community Redevelopment Agency	General Construction Fund	Nonmajor Governmental Funds	
Nonspendable:					
Inventory	\$ 231,158	\$ -	\$ -	\$ -	\$ 231,158
Perpetual care and cemetery operation	-	-	-	1,297,270	1,297,270
Restricted:					
Community Redevelopment programs	-	4,057,043	-	-	4,057,043
Debt service	-	-	-	4,537,565	4,537,565
General construction projects	-	-	33,773,689	-	33,773,689
Roadway improvement projects	-	-	-	1,848,323	1,848,323
Grants and special programs	-	-	-	503,736	503,736
Beautification and landscape projects	-	-	-	593,960	593,960
Public safety programs	-	-	-	1,895,680	1,895,680
Parking improvements	-	-	-	82,768	82,768
Recreation programs	-	-	-	1,349,061	1,349,061
Assigned to:					
Assigned Emergency reserve	3,423,988	-	-	-	3,423,988
Subsequent year's Budget	5,091,022	-	-	-	5,091,022
Endowment	99,108	-	-	-	99,108
Tam O' Shanter project	234,260	-	-	-	234,260
Unassigned:					
General fund operations	17,617,909	-	-	-	17,617,909
Miscellaneous grant programs	-	-	-	(381,200)	(381,200)
Total fund balances	\$ 26,697,445	\$ 4,057,043	\$ 33,773,689	\$ 11,727,163	\$ 76,255,340

Net Investment in Capital Assets – is intended to reflect the portion of net position which is associated with capital assets (net of accumulated depreciation), less outstanding capital asset related debt, net of unspent bond proceeds and deferred inflow/outflow of resources that are attributed to the acquisition of those assets or related debt which are included in this component of net position.

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

The government-wide statement of net position reports \$22,313,498 of restricted net position.

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

10. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred outflows and inflows of resources at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from management's estimates.

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE I. Summary of Significant Accounting Policies

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

11. Property Taxes

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

NOTE II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Excess of Expenditures Over Appropriations

For the year ended September 30, 2019, expenditures exceeded appropriations in 6 of the City's departments. The City commission, City attorney, Planning and development services, Central service, Fire/rescue, and Human resources, departments exceeded their budgets by \$12,119 \$26,238, \$1,754,411, \$41,481, \$621,967, and \$370,079, respectively. The largest additional costs incurred were for Legal services, processing of applications for building permits, Increase in Fire pension as well as for payments to suppliers for telephone charges. These over-expenditures were covered by positive budget variances in other departments as well as positive revenue variances.

B. Deficit Fund Equity

At September 30, 2019, the Community Development Block Grant Fund, Law Enforcement Trust Fund and Capital Grants Projects Funds had deficit fund balances of \$60,141, \$195,771, and \$3,476 respectively. This deficit is expected to be funded by future grant reimbursements, which were not susceptible to accrual at September 30, 2019.

NOTE III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

1. Deposits

The City maintains a common cash and cash equivalents pool for use by all non-fiduciary funds. Deposits of the City, including time deposit accounts, demand deposit accounts and certificates of deposit, are defined as public deposits. Pursuant to the City's policies, all of the City's deposits are held in qualified public depositories pursuant to Chapter 280.03 of the Florida Statutes, "Florida Security for Public Deposits Act." Under the Act, all qualified public depositories are required to pledge eligible collateral having fair value equal to or greater than the average daily or monthly balance of all public deposits, times the depository's collateral pledging level. The pledging level may range from 50% to 125% depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in fault. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss. At September 30, 2019, the carrying amount of the City's deposits totaled \$16,645,908.

2. Investments

Authorized Investments

The City's investments are categorized as investments for the City as a whole (hereinafter referred to as "general City investments") and those of its various defined benefit pension plans. The City is authorized by statute and policy to invest public funds (general City investments) in interest-bearing savings accounts, money market accounts and checking accounts, obligations of the United States government, its agencies and instrumentalities; certificates of deposit that are fully insured and

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

2. Investments

collateralized; high-grade commercial paper, repurchase agreements having a defined termination date and collateralized by U.S. Treasury obligations; and Local Government Surplus Trust Funds, as administered by the Florida State Board of Administration ("SBA"). The City invested funds throughout the year in the Florida PRIME, which is not Securities and Exchange Commission ("SEC") registered, but which qualifies as a fluctuating net asset value ("NAV") pool. The City's investment in the SBA at September 30, 2019 represented less than 1% of the total investment assets of the SBA. The City of Deerfield Beach invests in the pool, the value of the City's position is the same as the value of the pool shares and is recorded at amortized cost. At September 30, 2019, the City's investment in the SBA was \$24,264,174.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the City's investments in the Florida PRIME meets the definition of a qualifying investment pool that measures, for financial reporting purposes, all of its investments at amortized cost and should disclose the presence of any limitations or restrictions on withdrawals. As of September 30, 2019, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

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

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

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

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

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

2. Investments

As of September 30, 2019, the City had the following investments:

	Pension Trust Funds	All Other Funds	Total
Investment in Florida PRIME	\$ -	\$ 24,264,174	\$ 24,264,174
Investment in Florida Municipal Trust	-	4,553,682	4,553,682
Money market funds	8,500,650	17,074,929	25,575,579
Mutual funds	19,769,850	-	19,769,850
Self directed Drop accounts	3,535,003	-	3,535,003
U.S. Government and agency securities	18,756,701	65,123,306	83,880,007
Corporate bonds and notes	16,248,689	-	16,248,689
Hedge fund	3,705,592	-	3,705,592
Real estate funds	26,743,581	-	26,743,581
Corporate equities	118,643,140	-	118,643,140
Total	\$ 215,903,206	\$ 111,016,091	\$ 326,919,297

Interest Rate Risk

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

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

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

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

2. Investments

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

(City General Investments)

Investment Type	Value	Maturities (in Years)	
		Less Than 1	1-5
Florida PRIME	\$ 24,264,174	\$ 24,264,174	\$ -
FL Municipal Investment Trust	4,553,682	-	4,553,682
Money market funds	17,074,929	17,074,929	-
U.S. Agencies	65,123,306	58,404,300	6,719,006
Total	\$ 111,016,091	\$ 99,743,403	\$ 11,272,688

(Pension Trust Funds)

Investment Type	Value	Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Bond funds	\$ 1,894,415	\$ 201,137	\$ 129,296	\$ 1,172,161	\$ 391,821
Mutual funds	19,769,850	3,253,124	8,411,147	4,733,083	3,372,496
U.S. Treasuries	9,569,664	-	2,110,067	3,676,387	3,783,210
U.S. Agencies	7,292,622	89,735	1,410,943	1,312,198	4,479,746
Corporate bonds and notes	16,248,689	426,037	9,970,497	4,480,955	1,371,200
Total	\$ 54,775,240	\$ 3,970,033	\$ 22,031,950	\$ 15,374,784	\$ 13,398,473

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSRO's). State law limits investments in commercial paper and corporate bonds to the top 3 ratings issued by NRSRO's. All Treasury obligations are guaranteed by the good faith and credit of the United States and are therefore not subject to credit risk. The amounts held in the Florida Prime is rated by Standard and Poor's. The current rating is AAAM. Florida Municipal Investment Trust is not rated by any nationally recognized statistical rating agency.

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

2. Investments

The following table discloses credit ratings by investment type, at September 30, 2019, as applicable:

	Quality Credit Rating	Fair Value
	<u>Moody's</u>	<u>Fair Value</u>
	Aaa	46,582,092
	Aa1	1,204,659
	Aa2	802,518
	Aa3	140,156
	Aa+	664,406
	Aa	252,841
	A+	105,524
	A	1,477,369
	A-	516,416
	A1	6,391,355
	A2	1,598,596
	A3	687,468
	Baa	1,460,526
	Baa1	2,253,446
	Baa2	305,308
	Ba	79,227
	Ba1	1,983,456
	Bbb+	278,405
	Bbb	910,743
	Bb	83,792
	B1	1,570,494
	B	35,412
	Caa1	2,841,955
	C	155,614
	Not rated	<u>28,199,717</u>
Total credit risk securities		100,581,495
U.S. treasuries and agency securities explicitly guaranteed		<u>65,209,836</u>
Total fixed income/credit risk securities		<u>\$ 165,791,331</u>
Total fixed income/credit risk securities - City		\$ 111,016,091
Total fixed income securities - pension trust funds		<u>54,775,240</u>
Total		<u>\$ 165,791,331</u>

Concentration of Credit Risk

The City limits its investments in any one issuer to no more than 5% of total investments, except for investments issued or explicitly guaranteed by the government and investments in mutual funds, external investment pools, and other pooled investments, which are excluded from this requirement. There were no individual investments that represented 5% or more of the City's total investments at September 30, 2019. The three pension plans limit their exposure by limiting their investments in any one issuer to no more than 5% of plan net position other than those issued by the US Government or its agencies. None of the plans had holdings that exceeded the 5% limit.

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

2. Investments

Custodial Credit Risk

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

Fair Value Hierarchy

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

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

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

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

Fire Pension

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

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

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

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

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

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

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Equity securities:				
Common stocks	\$ 22,778,428	\$ 22,778,428	\$ -	\$ -
Master Limited Partnership	2,092,329	2,092,329	-	-
Mutual funds	39,319,650	39,319,650	-	-
Total equity securities	64,190,407	64,190,407	-	-
Debt securities:				
Corporate bonds	7,770,265	-	7,770,265	-
U.S. treasury securities	5,958,320	5,958,320	-	-
U.S. agency securities	3,617,147	-	3,617,147	-
Fixed income mutual funds	14,782,214	14,782,214	-	-
Total debt securities	32,127,946	20,740,534	11,387,412	-
Self directed DROP accounts	3,535,003	-	3,535,003	-
Total investments by fair value level	99,853,356	\$ 84,930,941	\$14,922,415	\$ -
Investments measured at the net asset Value (NAV)				
Real estate funds	14,208,886			
Hedge fund	924,607			
Total investments measured at the NAV	15,133,493			
Money market funds (exempt)	6,043,426			
Total investments	\$ 121,030,275			

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

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real estate fund (1)	\$ 10,156,487	\$ -	Quarterly	90 Days
Real estate fund (2)	4,052,399	-	Quarterly	10 Days
Hedge fund (3)	924,607	-	Quarterly	90 Days
Total investments measured at the NAV	\$ 15,133,493	\$ -		

1. Real estate fund: The fund is an open-ended real estate investment fund investing primarily in

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

core institutional office, retail, industrial, and multi-family properties located throughout the United States. The investment is valued at NAV and its redemptions must be received by the fund 90 days prior to quarter end.

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

Police Pension

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

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

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

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identifiable Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Equity securities:				
Equity mutual funds	\$ 26,120,468	\$ 26,120,468	\$ -	\$ -
Debt securities:				
U.S. treasury securities	409,633	-	409,633	-
U.S. agency securities	339,807	-	339,807	-
Fixed income mutual funds	4,987,636	4,987,636	-	-
Corporate bonds	1,197,557	-	1,197,557	-
Total debt securities	6,934,633	4,987,636	1,946,997	-
Total investments by fair value	33,055,101	\$ 31,108,104	\$ 1,946,997	\$ -

Investments measured at the net asset value (NAV)

Real estate funds	7,343,033
Money market funds (exempt)	811,812
Total investments	\$ 41,209,946

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real estate fund (1)	\$ 1,448,081	\$ -	Quarterly	10 Days
Real estate fund (2)	5,894,952	-	Quarterly	90 days
Total investments measured at the NAV	\$ 7,343,033	\$ -		

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

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Non-Uniformed Pension

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

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

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

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

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

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

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Equity securities:				
Common stocks	\$ 28,332,265	\$ 28,332,265	\$ -	\$ -
Debt securities:				
U.S. treasury securities	3,201,711	2,622,719	578,992	-
U.S. agency securities	3,335,668	-	3,335,668	-
Municipal bonds	1,894,415	-	1,894,415	-
Corporate bonds	7,280,867	-	7,280,867	-
Total debt securities	15,712,661	2,622,719	13,089,942	-
Total investments by fair value level	44,044,926	\$ 30,954,984	\$13,089,942	-
Investments measured at the net asset value (NAV)				
Real estate fund	5,191,662			
Hedge fund	2,780,985			
Total investments measured at the NAV	7,972,647			
Money market funds (exempt)	1,645,412			
Total investments	\$ 53,662,985			

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real estate fund (1)	\$ 5,191,662	\$ -	Quarterly	45 Days
Hedge Fund (2)	1,396,417	-	Daily	1-2 days
Hedge Fund (3)	1,384,568	-	Daily	1-2 days
Total investments measured at the NAV	<u>\$ 7,972,647</u>	<u>\$ -</u>		

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

B. Receivables and Payables

The City reports the General, Community Redevelopment Agency (CRA), General Construction, Water & Sewer, Stormwater Utility and Solid Waste funds as major funds. Receivables at September 30, 2019 were as follows:

Governmental Activities

	General	CRA	General Construction Fund	Nonmajor Governmental Funds	Total
Receivables:					
Accounts receivable	\$ 22,421,524	\$ -	\$ -	\$ 25,552	\$ 22,447,076
Assessments	842	-	-	-	842
Interest	68,146	5,926	121,133	21,323	216,528
Gross receivables	<u>22,490,512</u>	<u>5,926</u>	<u>121,133</u>	<u>46,875</u>	<u>22,664,446</u>
Less: allowance for uncollectibles	(13,675,440)	-	-	-	(13,675,440)
Net receivables	<u>\$ 8,815,072</u>	<u>\$ 5,926</u>	<u>\$ 121,133</u>	<u>\$ 46,875</u>	<u>\$ 8,989,006</u>

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS

B. Receivables and Payables

Business-type Activities

	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Stormwater</u>	<u>Total</u>
Receivables:				
Accounts	\$ 3,546,072	\$ 2,004,501	\$ 169,030	\$ 5,719,603
Delinquent assessments	79,848	-	-	79,848
Interest	268,008	-	-	268,008
	<u>3,893,928</u>	<u>2,004,501</u>	<u>169,030</u>	<u>6,067,459</u>
Gross receivables				
Less: allowance for uncollectibles	<u>(311,530)</u>	<u>(83,800)</u>	<u>-</u>	<u>(395,330)</u>
Net receivables	<u>\$ 3,582,398</u>	<u>\$ 1,920,701</u>	<u>\$ 169,030</u>	<u>\$ 5,672,129</u>

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

Uncollectible related to water sales	\$ 107,350
Uncollectible related to sewer charges	204,180
Uncollectible related to solid waste charges	<u>83,800</u>
Total uncollectible for the current fiscal year	<u>\$ 395,330</u>

Accounts payables at September 30, 2019 are as follows:

	<u>Vendors</u>	<u>Retainage</u>	<u>Total Payables</u>
Governmental activities:			
General Fund	\$ 8,500,886	\$ -	\$ 8,500,886
Community Redevelopment Agency	75,702	6,563	82,265
General Construction Fund	418,550	132,080	550,630
Nonmajor Governmental Funds	133,588	-	133,588
	<u>\$ 9,128,726</u>	<u>\$ 138,643</u>	<u>\$ 9,267,369</u>
 Business-type activities:			
Water and Sewer Fund	\$ 1,845,731	\$ 21,010	\$ 1,866,741
Solid Waste Fund	1,378,938	120,056	1,498,994
Stormwater Utility Fund	109,883	-	109,883
	<u>\$ 3,334,552</u>	<u>\$ 141,066</u>	<u>\$ 3,475,618</u>

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS

C. Capital Assets

The following is a summary of capital asset activity for the year ended September 30, 2019:

Governmental activities:	Beginning Balance	Increases	Decreases	Total
Capital assets not being depreciated:				
Land	\$ 16,823,808	\$ 700,002	\$ -	\$ 17,523,810
Construction in progress	16,644,199	702,298	397,890	16,948,607
Total capital assets not being depreciated	<u>33,468,007</u>	<u>1,402,300</u>	<u>397,890</u>	<u>34,472,417</u>
Capital assets being depreciated:				
Buildings	39,351,035	121,148	-	39,472,183
Improvements other than buildings	10,830,920	1,299,202	-	12,130,122
Equipment	24,203,127	1,036,930	1,558,976	23,681,081
Infrastructure	82,831,886	399,233	-	83,231,119
Total capital assets being depreciated	<u>157,216,968</u>	<u>2,856,513</u>	<u>1,558,976</u>	<u>158,514,505</u>
Less: accumulated depreciation for:				
Buildings	15,432,166	973,456	-	16,405,622
Improvements other than buildings	3,098,392	510,369	-	3,608,761
Equipment	19,238,110	1,025,273	1,558,976	18,704,407
Infrastructure	48,594,507	2,441,477	-	51,035,984
Total accumulated depreciation	<u>86,363,175</u>	<u>4,950,575</u>	<u>1,558,976</u>	<u>89,754,774</u>
Total capital assets being depreciated, net	<u>70,853,793</u>	<u>(2,094,062)</u>	<u>-</u>	<u>68,759,731</u>
Governmental activities capital assets, net	<u>\$ 104,321,800</u>	<u>\$ (691,762)</u>	<u>\$ 397,890</u>	<u>\$ 103,232,148</u>

Business-type activities:	Beginning Balance	Increases	Decreases	Total
Capital assets not being depreciated:				
Land	\$ 50,531	\$ -	\$ -	\$ 50,531
Construction in progress	-	495,221	-	495,221
Total capital assets not being depreciated	<u>50,531</u>	<u>495,221</u>	<u>-</u>	<u>545,752</u>
Capital assets being depreciated:				
Buildings	1,815,870	284,492	-	2,100,362
Utility plants in service	46,125,971	-	43,724	46,082,247
Improvements other than buildings	88,134,064	1,804,668	4,690	89,934,042
Equipment	24,321,772	1,317,730	950,368	24,689,135
Total capital assets being depreciated	<u>160,397,677</u>	<u>3,406,890</u>	<u>998,782</u>	<u>162,805,786</u>
Less: accumulated depreciation for:				
Buildings	1,205,058	424,370	-	1,629,428
Utility plants in service	22,913,688	1,002,706	-	23,916,394
Improvements other than buildings	45,344,784	2,126,978	-	47,471,762
Equipment	17,472,814	1,345,683	956,073	17,862,425
Total accumulated depreciation	<u>86,936,343</u>	<u>4,899,737</u>	<u>956,073</u>	<u>90,880,009</u>
Total capital assets being depreciated, net	<u>73,461,333</u>	<u>(1,492,847)</u>	<u>42,709</u>	<u>71,925,777</u>
Business-type activities capital assets, net	<u>\$ 73,511,865</u>	<u>\$ (997,626)</u>	<u>\$ 42,709</u>	<u>\$ 72,471,529</u>

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS

C. Capital Assets

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 144,355
Public safety	752,853
Human services	72,938
Physical environment	665,961
Transportation	1,786,215
Culture and recreation	1,514,441
Economic Environment	13,812
Total depreciation expense - governmental activities	<u>\$ 4,950,575</u>
Business-type activities:	
Water and sewer	\$ 3,951,552
Solid waste	947,618
Stormwater Depreciation	567
Total depreciation expense - business-type activities	<u>\$ 4,899,737</u>

D. Encumbrances

Purchase orders are issued throughout the fiscal year to encumber budgets in the governmental funds. Significant encumbrances as of September 30, 2019, are as follows:

Major funds:	
General Fund	\$ 5,091,022
Community Redevelopment Agency Fund	2,130,339
General Construction Fund	4,124,277
Total major funds	<u>11,345,638</u>
Nonmajor governmental funds	<u>1,000,215</u>
Total encumbrances	<u>\$ 12,345,853</u>

E. Construction Commitments

The City has outstanding commitments for construction and acquisition of property, plant and equipment. The following is a summary of the most significant of these commitments at September 30, 2019:

Project	Amounts Outstanding
LAP Funded SR AIA Crosswalk	\$ 324,528
Pier Porthole LED Sign	118,963
West Water Treatment Plant Solid Contact Clarifier Rehabilitation Project	632,166
Energy Performance Contracting Services	7,080,374
Citywide Street Resurfacing	1,922,760
Hillsboro Blvd. SR 810 Water Main Replacement Project	553,000
SE 9th Terrace Drainage Project	389,546
	<u>\$ 11,021,337</u>

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS

F. Unearned/Unavailable Revenue

Unearned revenue in the General Fund includes \$514,515 for local business taxes (formerly referred to as occupational licenses) relating to fiscal year 2019. The General Fund also includes ambulance transport fees in the amount of \$4,405,846 and \$2,242,245 of FEMA revenues which are not available and are recorded as unavailable revenue.

The General Construction Fund had unavailable revenue of \$622,626.

The Miscellaneous Grants nonmajor special revenue fund had unavailable revenue of \$229,139 .

G. Interfund Receivables, Payables and Transfers

The interfund balances below represent short-term loans to cover temporary negative balances in each fund's equity in pooled cash at year-end. The composition of interfund balances at September 30, 2019 is as follows:

Due to/Due from

	Due from:							Total
	General Construction Fund	General Obligation Fund	CBDG Fund	Miscellaneous Grants Fund	Capital Grants Projects Fund	Solid Waste Fund	Stormwater Utility Fund	
Receivable Fund:								
General Fund	\$ 4,062,960	\$ 3,476	\$ 279,998	\$ 202,604	\$ 695,945	\$ -	\$ -	\$ 5,244,983
Water and Sewer Fund	-	-	-	-	-	2,350,680	378,666	2,729,346
Total	\$ 4,062,960	\$ 3,476	\$ 279,998	\$ 202,604	\$ 695,945	\$ 2,350,680	\$ 378,666	\$ 7,974,329

Interfund Transfers

	General Fund	CRA	Transfers To:		Total
			Solid Waste	Nonmajor Governmental	
Transfers from:					
General Fund	\$ -	\$ -	\$ -	\$ 4,367,964	\$ 4,367,964
Community Redevelopment Agency	1,104,732	-	-	-	1,104,732
Nonmajor Governmental Funds	661,783	-	12,500	7,296	681,579
Solid Waste Fund	283,461	-	-	-	283,461
Total	\$ 2,049,976	\$ -	\$ 12,500	\$ 4,375,260	\$ 6,437,736

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

H. Capital Leases

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

The City has also financed the acquisition of sanitation vehicles in its Solid Waste enterprise fund. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS

H. Capital Leases

recorded at the present value of their future minimum lease payments as of the date of inception.

The City has entered into a lease purchase agreement as lessee for the acquisition and finance of its Energy Performance Projects. This lease agreement qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the date of inception.

The future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2019, were as follows:

Fiscal Year	Governmental Activities	Business- type Activities	Total
2020	\$ 363,593	\$ 473,816	\$ 837,409
2021	246,200	658,396	904,596
2022	-	542,963	542,963
2023	-	601,420	601,420
2024	-	660,101	660,101
2025-2029	-	4,145,386	4,145,386
2030-2034	-	5,045,817	5,045,817
Total minimum lease payments	609,793	12,127,899	12,737,692
Less: amount representing interest	<u>(8,723)</u>	<u>(2,431,454)</u>	<u>(2,440,177)</u>
Present value of future minimum lease payments	<u>\$ 601,070</u>	<u>\$ 9,696,445</u>	<u>\$ 10,297,515</u>

As of September 30, 2019, the equipment held under capital leases for governmental activities and business-type activities were \$1,752,172 and \$1,123,600, respectively. Accumulated depreciation for equipment held under capital leases was \$1,051,303 and \$674,160 for governmental and business-type activities, respectively, as of September 30, 2019.

I. Long-Term Debt

1. Governmental Activities Debt:

- *General Obligation Bonds, Series 2000* – The original amount of this issue was divided into two series: Series “A,” for which \$9,978,847 in bonds were issued, and Series “B,” for which \$2,820,183 in bonds were issued. The proceeds of these bonds were used to finance the construction of a public safety complex, a public works facility, parks improvements, right-of-way improvements and expansion of the senior services facilities. The combined outstanding bonds of the issue, \$3,073,949, have interest rates that range from 4.25% to 6.08%. For Series A, principal is due annually on April 1st and interest is payable semi-annually on April 1st and October 1st with the final maturity date being October 1, 2024.
- *General Obligation Bonds, Series 2012B-2* – The original amount of this issue was \$14,770,000. The proceeds of these bonds were used to refund previously issued debt, namely Florida Municipal Loan Council Revenue Bonds, Series 2000B; Series 2003A and Series 2003B. The interest rates on these bonds range from 2% to 5%. The principal is due annually on April 1st and interest is payable semi-annually on April 1st and October 1st with the final maturity date being October 1, 2028. The principal and interest of this issue will be

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS

I. Long-Term Debt

1. Governmental Activities Debt:

payable from and secured by the City's ad valorem taxes. For the current year, principal and interest of \$973,550 was paid. Ad valorem taxes amounted to \$41,337,606. The outstanding balance for this issue at year end amounted to \$10,900,000.

- *Covenant Bonds*, Series 2012B-1 – The original amount of this issue was \$20,090,000. The proceeds of this bond issue were to repay previously issued debt as well as to finance the construction of parks and right of way improvements, in addition to citywide street improvements. The interest rates on these bonds range from 2.00% to 4.00%. Principal is due annually on October 1st and interest is payable semi-annually on April 1st and October 1st, with the final maturity date being October 1, 2032. The remaining outstanding bonds of this issue total \$13,995,000 with total interest payable of \$2,557,978 over the remainder of the term of the bonds. For the current year, principal and interest of \$1,559,619 was paid.
- *Covenant Bonds*, Series 2018 – The original amount of this issue was \$36,155,000. The proceeds of this bond issue were to repay previously issued debt, Series 2006 Covenant Bonds, as well as to finance the renovation and construction of City facilities, parks and citywide street improvements. The interest rates on these bonds range from 2.44% to 5.25%. Principal is due annually on December 1st and interest is payable semi-annually on June 1st and December 1st, with the final maturity date being December 1, 2042. The remaining outstanding bonds of this issue total \$36,155,000 with total interest payable of \$30,217,763 over the remainder of the term of the bonds. For the current year, no principal was paid, interest of \$2,146,485 was paid.

2. Business-type Activities Debt:

- *Loans Payable* – The City has entered into two loan agreements with the State of Florida Department of Environmental Protection. The primary purpose of these loans is to construct water and wastewater facilities. As of September 30, 2009, the City borrowed \$8,662,208, with interest rates ranging from 2.27% to 3.57%. As of September 30, 2019 the outstanding principal amount of these loans totaled \$3,769,658. Principal and interest payments on the two Florida Water Pollution Control Construction loans are due on April 15 and October 15 of each year. At September 30, 2019, the unpaid principal balances of Water Pollution Control Loan No. WW69302L and Loan No. WW693030 were \$636,959, and \$3,132,699, respectively. Revenues of the Water and Sewer System have been pledged as security for repayment of these loans. Total principal and interest paid during the current year totaled \$528,306.
- *Wells Fargo Loan* - On April 9, 2015, the City issued Wells Fargo Revenue Loan in the amount of \$8,580,000. The loan matures on November 15, 2021. The loan bears interest on the outstanding principal balance at 1.63%. Payments are due annually starting November 15, 2015. The proceeds of this loan was used to refund State Revenue Loan No. DW060610, which was paid in full, and the liability for this loan was removed from the Business-type activities column in the statement of net position. As of September 30, 2019, the principal balance outstanding was \$3,810,000. The principal and interest paid during the current year totaled \$1,302,128.
- *Bank of America Revenue and Refunding Note, Series 2018* – On June 13, 2018, the City entered into a loan agreement with Bank of America in the amount of \$11,397,243. The proceeds of this bond issue were used to refund the Florida Municipal Loan Council Revenue

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS

I. Long-Term Debt

2. Business-type Activities Debt:

Bonds, Series 2008A. The reacquisition price exceeded the net carrying amount of the old debt by \$85,603. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. This refunding was undertaken to reduce the total debt service payments over the next 10 years by \$1,068,336 and resulted in an economic gain of \$914,540. The interest rate on the new debt is 3.07%. Principal is due annually on October 1st and interest is payable semiannually on April 1st and October 1st, with the final maturity date being October 1, 2028. As of September 30, 2019, the principal balance outstanding was \$10,595,004. The principal and interest paid during the current year totaled \$1,129,335.

3. Changes in Long-Term Liabilities:

The following is a summary of changes in long-term liabilities for the year ended September 30, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 15,073,186	\$ -	\$ 1,099,234	\$ 13,973,948	\$ 1,096,610
Covenant bonds	51,265,000	-	1,115,000	50,150,000	1,225,000
Plus: Deferred amounts for premiums/discounts	6,411,084	-	85,965	6,325,119	-
Total bonds payable	72,749,270	-	2,300,199	\$ 70,449,067	2,321,610
Capital leases	951,425	-	350,355	601,070	356,577
Compensated absences	1,659,962	1,388,768	1,722,535	1,326,195	1,308,808
Claims and judgments	5,607,794	8,250,421	6,029,044	7,829,171	805,946
Total governmental activities long- term liability	<u>\$ 80,968,451</u>	<u>\$ 9,639,189</u>	<u>\$ 10,402,133</u>	<u>\$ 80,205,503</u>	<u>\$ 4,792,941</u>
Business-type activities:					
Bonds payable	\$ 11,397,243	\$ -	\$ 802,239	\$ 10,595,004	\$ 916,878
Loans payable	9,246,973	-	1,667,314	7,579,659	1,697,024
Capital leases	610,114	9,311,000	224,669	9,696,445	240,659
Compensated absences	1,424,175	733,770	897,905	1,260,040	766,892
Total business-type activities long-term liabilities	<u>\$ 22,678,505</u>	<u>\$ 10,044,770</u>	<u>\$ 3,592,127</u>	<u>\$ 29,131,148</u>	<u>\$ 3,621,453</u>

The governmental activities claims and judgments as well as compensated absences are generally liquidated by the General Fund. The General Fund has been the governmental fund typically used to liquidate the net pension liabilities and total OPEB liabilities.

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE III. DETAILED NOTES ON ALL FUNDS

I. Long-Term Debt

4. Summary of Annual Debt Service Requirements

The annual debt service requirements to maturity for debt outstanding as of September 30, 2019 are as follows:

Year Ending September 30	Governmental Activities Debt					
	General Obligation Bonds			Covenant Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 1,096,610	\$ 1,397,240	\$ 2,493,850	\$ 1,225,000	\$ 2,244,419	\$ 3,469,419
2021	1,092,061	1,401,089	2,493,150	1,395,000	2,206,994	3,601,994
2022	1,085,902	1,407,398	2,493,300	1,440,000	2,160,756	3,600,756
2023	1,076,232	1,417,556	2,493,788	1,500,000	2,103,769	3,603,769
2024	1,067,961	1,424,252	2,492,213	1,560,000	2,051,394	3,611,394
2025-2029	8,555,182	4,081,338	12,636,520	8,650,000	9,418,332	18,068,332
2030-2034	-	-	-	10,695,000	7,373,841	18,068,841
2034-2038	-	-	-	13,655,000	4,408,000	18,063,000
2039-2042	-	-	-	10,030,000	808,238	10,838,238
Total	<u>\$ 13,973,948</u>	<u>\$ 11,128,873</u>	<u>\$ 25,102,821</u>	<u>\$ 50,150,000</u>	<u>\$ 32,775,743</u>	<u>\$ 82,925,743</u>

Year Ending September 30	Business-type Activities Debt					
	Revolving Loans			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 1,697,024	\$ 133,138	\$ 1,830,162	\$ 916,878	\$ 487,014	\$ 1,403,892
2021	1,717,071	102,694	1,819,765	881,859	445,562	1,327,421
2022	1,767,281	71,620	1,838,901	926,566	402,070	1,328,636
2023	477,718	50,588	528,306	972,178	356,405	1,328,583
2024	488,390	39,916	528,306	1,020,035	308,492	1,328,527
2025-2029	1,432,175	53,871	1,486,046	5,877,488	737,224	6,614,712
Total	<u>\$ 7,579,659</u>	<u>\$ 451,827</u>	<u>\$ 8,031,486</u>	<u>\$ 10,595,004</u>	<u>\$ 2,736,767</u>	<u>\$ 13,331,771</u>

5. Pollution Remediation

The City accepted approximately 44.65 acres of donated land in October 2011 from a private donor. The City plans to redevelop the land and eventually use it for community facilities and recreation, as well as open space. The land has been found to contain contamination from toxic substances. According to studies conducted to determine the extent of the pollution and the expected costs of remediation can range between \$150,000 and \$4,000,000 depending on the prospective use of the land. The donor has contributed \$250,000 towards the future costs of clean-up. No remediation efforts had begun as of September 30, 2019. The remediation outlays are considered necessary to prepare the asset for its intended use, and will be capitalized as part of the newly developed asset as expenditures are incurred, and therefore no expenditure and liability have been accrued at this time.

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE IV. OTHER INFORMATION

A. Restricted Assets

The amounts shown below are those assets restricted by sources external to the City. Ordinances and bond covenants pertaining to long-term debt and other agreements require segregation and restriction of certain assets represented by the following amounts as of September 30, 2019:

Governmental Activities

	<u>Total</u>
Community Redevelopment Agency	\$ 4,144,781
Cemetary Trust Fund	1,292,944
Local option gas tax	1,976,019
Impact Fees Fund	720,552
Grants funds	855,667
Target Area Trust Fund	729,398
Beautification and Landscape Trust Fund	593,960
Nuisance Abatement Assessment Fund	109,173
Crime Prevention Trust Fund	80,667
General Trust Fund	1,356,839
Parking Deviation Fund	82,768
General Construction Fund	38,888,772
General Obligation Debt Service Fund	5,216,531
Total governmental activities restricted assets	\$ 56,048,071

Business-type Activities

	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Total</u>
Customer deposits	\$ 571,875	\$ 5,198	\$ 577,073
Bond construction accounts	709,553	-	709,553
Revolving loan covenant accounts	1,174,491	-	1,174,491
Total business-type activities restricted assets	\$ 2,455,919	\$ 5,198	\$ 2,461,117

B. Restricted Net Position

Restricted net position in the government-wide statements include the following:

<u>Purpose</u>	<u>Amount</u>
Improvements to and programs within the Community Redevelopment Area	\$ 4,057,043
State Housing Initiative/Neighborhood Stabilization Grant Programs	362,513
Roadway improvements/parking system improvements	2,528,227
Human services	3,912,887
Confiscated property seizures/code enforcement fines for crime prevention	2,880,813
Beautification and landscape projects	677,270
Parks and recreation programs	885,419
Perpetual care and general reserve operations for cemeteries	1,297,270
Debt service	4,537,565
Total restricted net position - governmental activities	21,139,007
Restricted for debt service (Water and Sewer Fund)	1,174,491
Total restricted net position - business-type activities	1,174,491
Total government-wide restricted net position	\$ 22,313,498

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE IV. OTHER INFORMATION

C. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health; and natural disasters. Liability claims in the State of Florida are limited to some extent by Chapter 768.28 of the Florida Statutes, under the Doctrine of Sovereign Immunity. The General Fund provides coverage of up to \$175,000 per participant for employee health claims. The General Fund also provides coverage for workers compensation claims. The City retains the risk of loss up to \$200,000 for general liability claims. For property damage, the City has a deductible of \$500,000 for flood damage and \$5,000 for all other perils. For all other risks of loss, the City has purchased an excess coverage insurance policy covering individual claims in excess of these specified amounts. Settled claims did not exceed the commercial coverage in any of the past three fiscal years.

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

At September 30, 2019, the amount of these liabilities was \$7,829,171. Changes in the reported liability since October 1, 2018 resulted from the following:

Fiscal Year	Claims Payable October 1	Current Year's Claims and Changes in Estimates	Claims Payments	Liability September 30
2019	\$ 5,607,794	\$ 8,250,421	\$ (6,029,044)	\$ 7,829,171
2018	\$ 6,973,945	\$ 6,458,303	\$ (7,824,454)	\$ 5,607,794

D. Defined Benefit Pension Plans

1. Plan Description

The City of Deerfield Beach, as a single employer, maintains three defined benefit pension plans covering full-time firefighters employed by the City prior to October 1, 2011, police officers employed by the City prior to January 13, 1990, and non-uniformed employees hired before April 17, 1990. The Deerfield Beach Municipal Firefighters' Pension Trust Fund (the Fire Pension Plan), the City of Deerfield Beach Police Officers' Retirement Plan (the Police Pension Plan) and the City of Deerfield Beach Non-Uniformed Employees' Retirement Fund (the Non-uniformed Pension Plan) are individual plans administered for each of three employee categories: fire, police and non-uniformed personnel. Each plan is governed by its own board of trustees, which is responsible for establishing employee benefit provisions within the framework of Chapters 175 and 185 of the Florida Statutes and local ordinances. Retirement, disability and death benefits and annual cost-of-living adjustments are provided by all three plans to members and beneficiaries. New members are no longer admitted to any of the three defined benefit plans.

The financial statements for the City's pension plans are prepared using the accrual basis of accounting. Contributions from plan members are recognized in the period in which the contributions are due. The City's contributions are recognized when due and when a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of each individual plan. All plan investments are reported at fair value with the exception of money market funds which are reported at amortized cost. Securities traded on a

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE IV. OTHER INFORMATION

D. Defined Benefit Pension Plans

1. Plan Description

national exchange are valued at the last reported sales price on the plan's fiscal year end. Securities without an established market price are reported at estimated fair value.

The Fire Pension Plan, as well as the Police Officers' Retirement Plan, issue publicly available financial reports that include financial statements and required supplementary information. The reports for the Police Officers' Retirement Plan may be obtained by writing or calling the following: Pension Resource Center, 4360 Northlake Blvd., Suite 206, Palm Beach Gardens, FL 33410; (561) 624-3277. The reports for the Fire Pension Plan may also be obtained by contacting the following: Freiman Little Actuaries, LLC; 4105 Savannahs Trail; Merritt Island, FL 32953; (321) 453-6542.

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

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

2. Funding Policy

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

The Fire Pension Fund, as well as the Police Pension Fund, is partially funded by contributions from the State of Florida. The state's contribution to the pension funds consists of excise taxes collected on fire and casualty insurance premiums on policies written within the City limits. For fiscal year 2019, the state contributed \$649,209 and \$745,040 to the Fire Pension and Police Pension Funds, respectively. On-behalf payments of fringe benefits and salaries for the City's employees were recognized as revenues and expenditures during the period.

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE IV. OTHER INFORMATION

D. Defined Benefit Pension Plans

2. Funding Policy

Information regarding fiscal year 2019 participant data for the three pension plans is as follows:

	Fire	Police	Non-uniformed	Total
Plan membership as of actuarial valuation date	10/01/2018	10/01/2018	10/01/2018	
Inactive members or beneficiaries currently receiving benefits	122	75	135	332
Inactive members entitled to but not yet receiving benefits	0	0	1	1
Active member	78	0	3	81
	<u>200</u>	<u>75</u>	<u>139</u>	<u>414</u>

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

3. Net Pension Liability

The component of net pension liability as of September 30, 2018 (measurement date) were as follows:

	Fire	Police	Non-uniformed	Total
Total pension liability	\$ 154,893,179	\$ 61,673,955	\$ 60,535,559	\$ 277,102,693
Plan fiduciary net position	(119,214,394)	* (43,182,442)	(55,602,268)	(217,999,104)
City's net pension liability	<u>\$ 35,678,785</u>	<u>\$ 18,491,513</u>	<u>\$ 4,933,291</u>	<u>\$ 59,103,589</u>
Plan fiduciary net position as a percentage of the total pension liability	76.97 %	70.02 %	91.85 %	

*The plan fiduciary net position above does not agree to the beginning plan fiduciary net position presented in the statement of changes in fiduciary net position. The difference of \$13,700 was caused by an adjustment that was made after the Actuary finalized their report.

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE IV. OTHER INFORMATION

D. Defined Benefit Pension Plans

	Fire	Police	Non-uniformed
Total pension liability - beginning	\$ 147,956,266	\$ 61,456,996	\$ 61,961,609
Changes for the year:			
Service cost	2,845,745	-	75,770
Interest	10,937,984	3,836,745	4,144,079
Difference between expected and actual experience	1,865,722	58,615	26,603
Change of assumptions	509,219	712,839	-
Share plan allocation	-	469,049	-
Benefit payments	(9,204,187)	(4,860,289)	(5,672,502)
Refunds	(17,570)	-	-
Net change in total pension liability	<u>6,936,913</u>	<u>216,959</u>	<u>(1,426,050)</u>
Total pension liability - ending (a)	<u>154,893,179</u>	<u>61,673,955</u>	<u>60,535,559</u>
Plan fiduciary net position - beginning	113,600,220	41,353,825	55,774,730
Contributions - employer	5,307,928	2,149,466	1,645,642
Contributions - State of Florida	628,008	674,500	-
Contributions - employee	901,704	-	27,199
Net investment income	8,197,285	3,950,827	3,924,126
Benefit payments	(9,204,187)	(4,860,289)	(5,672,502)
Refund of member contributions	(17,570)	-	-
Administrative expenses	(198,994)	(85,887)	(96,927)
Net change in plan fiduciary net position	<u>5,614,174</u>	<u>1,828,617</u>	<u>(172,462)</u>
Plan fiduciary net position - ending (b)	<u>\$ 119,214,394</u>	<u>\$ 43,182,442</u>	<u>\$ 55,602,268</u>
Net pension liability (a-b)	35,678,785	18,491,513	4,933,291
Plan fiduciary net position as a percentage of total pension liability	76.97 %	70.02 %	91.86 %

4. Significant Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2017, and rolled forward to September 30, 2018, using the following actuarial assumptions.

Assumptions	Fire Pension	Police Pension	Non-Uniformed
Inflation	2.51%	N/A	4.00%
Salary increases	5.2% to 11%	N/A	6.00% per year
Investment rate of return	7.50%	6.50%	7.00%
Mortality	RP-2000 fully generational with scale BB	RP-2000 Table with no RP-2000 Disabled Table for disabled lives projection Disabled Lives: RP-2000 disabled males and females,	RP-2000 Mortality tables, fully generational with scale BB
Retirement age	N/A	N/A	Age 64 with 10 years of service or age 55 with 25 years of service

5. Pension Discount Rate

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE IV. OTHER INFORMATION

D. Defined Benefit Pension Plans

5. Pension Discount Rate

The discount rate used to measure the total pension liability was 7.50%, 6.50%, and 7.00% for the Fire, Police, and Non-Uniformed Pension plans respectively. This is a single rate that reflects the long-term expected rate of return on Pension plan investments expected to be used to finance the payment of benefits, including inflation. The projection of cash flows used to determine the discount rate assumed member contributions are made at 9% of pay and City contributions will be made in an amount equal to the difference between the actuarially determined contributions and member contributions. Fiduciary net position is projected to be sufficient to make projected benefit payments, for purposes of this determination.

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

Net Pension Liability

	Fire Pension Plan		
	1% Decrease	Current Discount Rate	1% Increase
Percent	6.50%	7.50%	8.50%
Net pension liability	\$52,365,533	\$35,678,785	\$21,841,774

	Police Pension Plan		
	1% Decrease	Current Discount Rate	1% Increase
Percent	5.50%	6.50%	7.50%
Net pension liability	\$25,664,356	\$18,491,513	\$12,545,403

	Non-uniformed Pension Plan		
	1% Decrease	Current Discount Rate	1% Increase
Percent	6.00%	7.00%	8.00%
Net pension liability	\$9,970,389	\$4,933,291	\$581,836

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE IV. OTHER INFORMATION

D. Defined Benefit Pension Plans

6. Investments - Long-Term Expected Rate of Return

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

Fire

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	8.12%
International equity	3.38%
Bonds	3.55%
Treasury inflation-protected securities	2.72%
Convertibles	6.68%
Private real estate	4.87%
REITS	6.79%
Infrastructure	6.30%
Hedge fund	4.04%

Police

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	7.50%
International equity	8.50%
Domestic bonds	2.50%
International bonds	3.50%
Real estate	4.50%

Non-Uniformed

Asset Class	Long-Term Expected Real Rate of Return
Large cap value equity	8.00%
Large cap growth equity	8.30%
Small cap core equity	9.95%
International equity	8.10%
Hedge fund	3.40%
Core private real estate	5.40%
Core fixed income	2.80%

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE IV. OTHER INFORMATION

D. Defined Benefit Pension Plans

7. Asset Allocation

The tables below indicate the fund investment policy targets, and actual asset allocations as of September 30, 2019:

Fire		
	Asset Class	Investment Policy
Fixed income		18-60%
TIPS		2-7%
International equity		10-25%
Large-cap core		5-12%
Large-cap growth		5-12%
Mid cap core		5-9%
Small cap value		3-7%
Convertibles		6-11%
Defensive equity 50/50		3-10%
Hedge fund		0
Infrastructure		2-7%
Real estate		0-17%
Cash and cash equivalents		Minimal

Fire		
	Asset Class	Actual Allocation
Fixed income		18.3%
TIPS		2.9%
International equity		16.7%
Large-cap core		7.4%
Large-cap growth		7.9%
Mid cap core		7.5%
Small cap value		5.0%
Convertibles		9.5%
Defensive equity 50/50		8.1%
Hedge fund		0.9%
Infrastructure		2.0%
Real estate		11.1%
Cash and cash equivalents		2.7%

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE IV. OTHER INFORMATION

D. Defined Benefit Pension Plans

7. Asset Allocation

Police

Asset Class	Investment Policy
Domestic equity	25-60%
International equity	10-20%
Fixed income	30-40%
Real estate fund	0-15%
Cash and cash equivalents	Minimal

Police

Asset Class	Actual Allocation
Domestic equity	46.00%
International equity	17.00%
Fixed income	18.00%
Real estate fund	17.00%
Cash and cash equivalents	2.00%

Non-Uniformed

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

Non-Uniformed

Asset Class	Actual Allocation
Domestic equity	45.80%
International equity	10.00%
Fixed income	28.40%
Hedge funds	4.90%
Real estate fund	8.90%
Cash and cash equivalents	2.00%

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE IV. OTHER INFORMATION

D. Defined Benefit Pension Plans

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

Pension expense and deferred outflows and deferred inflows of resources related to pensions: The net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2017. The City reported deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows (Inflows)		
	Police	Fire	Non-Uniformed
Contributions subsequent to the measurement date	\$ 2,905,371	\$ 6,637,699	\$ 1,546,408
Difference between expected and actual experience	-	1,226,888	-
Change in assumptions	-	298,638	-
Difference between expected and actual earnings on investments	<u>(2,510,793)</u>	<u>1,012,287</u>	<u>(240,293)</u>
Total deferred outflows (inflows)	<u>\$ 394,578</u>	<u>\$ 9,175,512</u>	<u>\$ 1,306,115</u>

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

Fiscal Year Ending September 30	Police	Fire	Non-Uniformed
2020	\$ (599,055)	\$ 3,087,294	\$ 483,812
2021	(920,127)	(222,993)	(390,913)
2022	(725,251)	(373,257)	(300,536)
2023	(266,360)	46,769	(32,656)
Total	<u>\$ (2,510,793)</u>	<u>\$ 2,537,813</u>	<u>\$ (240,293)</u>

E. Defined Contribution Plan

The City has a defined contribution plan that was established on April 17, 1990 via Ordinance No. 1990-025. This plan covers all full-time employees who are not members of the City's defined benefit pension plans, previously described. This plan was established under the provisions of Section 401(a) of the Internal Revenue Code. The City has authorized the City Commission to establish and amend all plan provisions. The assets of the plan are self-directed, and investment results are reported to participants/employees on a quarterly basis. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment returns thereon. The City does not have fiduciary accountability for the plan and, accordingly, the plan is not reported in the accompanying financial statements.

The City contributed 8% of salaries to the plan on a bi-weekly basis, for a contribution for the year ending September 30, 2019 of \$1,731,735. The plan requires a 4% match of all participants. Plan participants become fully vested in the plan after five years of service. Total member contributions for the fiscal year totaled \$877,952.

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE IV. OTHER INFORMATION

F. Deferred Compensation Plan

The City offers certain employees the opportunity to participate in a deferred compensation plan that was created on December 1, 1987, via resolution C1987/114. This plan was established in accordance with Section 457 of the Internal Revenue Code. The plan permits employees to defer a portion of their salaries until future years. At the employee's election, such amounts may be invested in mutual funds with varying degrees of risk and return. Loans may be taken against an employee's account for specified purposes. All amounts of compensation deferred under a "Section-457" plan, all property and rights purchased with those amounts, and all investment earnings, are held in trust for the exclusive benefit of the plan's participants and their beneficiaries. Since the City has no control over these assets, they are not reflected in the City's financial statements.

The International City Management Association Retirement Corporation acts as agent for the employees in administering both the defined contribution as well as the deferred compensation plans described above.

G. Community Redevelopment Agency

Pursuant to Florida Statute 163.387, listed below is a summary of the sources and amounts of deposits to, and the purpose and amounts of withdrawals from, the Community Redevelopment Agency Funds (CRA) for the fiscal year ended September 30, 2019:

	Deposits	Withdrawals
Source of deposits:		
Tax increment revenues	\$ 3,878,116	\$ -
Investment income	70,187	-
Other revenue	193	-
Purpose of withdrawals:		
Debt service - principal	-	128,300
Other contractual	-	167,901
Administrative and overhead	-	1,664,925
Economic development	-	643,174
Advertising	-	5,358
Supplies	-	25,228
Total	\$ 3,948,496	\$ 2,634,886

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE V. COST SHARING DEFINED BENEFIT PLANS

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

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

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

(http://www.dms.myflorida.com/workforce_operations/retirement/publications).

A. Plan Description

FRS Pension Plan

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

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

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

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

HIS Plan

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

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE V. COST SHARING DEFINED BENEFIT PLANS

A. Plan Description

HIS Plan

Division of Retirement within the Florida Department of Management Services.

B. Benefits Provided

FRS Pension Plan

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

Elected Officers' Class: 3.00%

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

HIS Plan

For the fiscal year ended September 30, 2019 eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

C. Contributions

FRS Pension Plan

The Florida Legislature establishes contribution rates for participating employers and employees. Employees are required to contribute 3% of gross salary. Employer contribution is based on class. For the fiscal year ended September 30, 2019, the contribution rate for Elected Officers' Class for the period October 1, 2018 through June 30, 2019 and from July 1, 2019 through September 30, 2019 was 42.47% and 45.47% percent, respectively.

The City's contributions for FRS totaled \$73,410 and employee contributions totaled \$4,047 for the fiscal year ended September 30, 2019.

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE V. COST SHARING DEFINED BENEFIT PLANS

C. Contributions

HIS Plan

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2019, the HIS contribution was 1.66 percent. The City contributed 100 percent of its statutorily required contributions for the current year and preceding three years. The HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

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

At September 30, 2019, the City reported liabilities of \$815,338 for its proportionate share of the FRS net pension liability and \$57,747 for the HIS net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The City's proportionate share of the net pension liability was based on the City's fiscal year 2019 contributions relative to the fiscal year 2018 contributions of all participating members.

For the fiscal year ended September 30, 2019, the City recognized pension expense of \$171,102. In addition, the City reported, in the government-wide financial statements, deferred outflows of resources and deferred inflows of resources related to both plans from the following sources:

<u>Description</u>	Deferred Outflows of Resources		
	FRS	HIS	Total
Differences between expected and actual experience	\$ 48,360	\$ 701	\$ 49,061
Change of assumptions	209,414	6,687	216,101
Net difference between projected and actual earnings on plan investments	-	37	37
Changes in proportion and differences between City contributions and proportionate share of contributions	55,367	3,067	58,434
City contributions subsequent to measurement date	17,429	659	18,088
Total deferred outflows of resources	<u>\$ 330,570</u>	<u>\$ 11,151</u>	<u>\$ 341,721</u>

<u>Description</u>	Deferred Inflows of Resources		
	FRS	HIS	Total
Differences between expected and actual experience	\$ 506	\$ 71	\$ 577
Change of assumptions	-	4,720	4,720
Net difference between projected and actual earnings on plan investments	45,109	-	45,109
City contributions subsequent to measurement date	10,887	1,456	12,343
Total deferred inflows of resources	<u>\$ 56,502</u>	<u>\$ 6,247</u>	<u>\$ 62,749</u>

The deferred outflows of resources related to pensions, totaling \$18,088, resulting from City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE V. COST SHARING DEFINED BENEFIT PLANS

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

Fiscal Year Ending September 30	Employer Share of Deferred Outflows/Deferred Inflows		
	FRS	HIS	Total
2020	\$ 100,681	\$ 1,360	\$ 102,041
2021	29,390	1,243	30,633
2022	61,232	737	61,969
2023	47,510	180	47,690
2024	14,077	243	14,320
Thereafter	3,749	482	4,231
Total	<u>\$ 256,639</u>	<u>\$ 4,245</u>	<u>\$ 260,884</u>

E. Actuarial Assumptions

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

Mortality table	Generational RP-2000 with Projection Scale BB Tables	
Experience study	7/1/08 - 6/30/13	
Actuarial cost method	Individual entry age normal	
	FRS	HIS
Investment rate of return	6.90 %	3.50 %
Projected salary increases	3.25 %	3.25 %
Inflation	2.60 %	2.60 %

F. Long-term Expected Rate of Return

FRS Pension Plan

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

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1%	3.3%	3.3%	1.2%
Fixed income	18%	4.1%	4.1%	3.5%
Global equity	54%	8.0%	6.8%	16.5%
Real estate (property)	11%	6.7%	6.1%	11.7%
Private equity	10%	11.2%	8.4%	25.8%
Strategic investments	6%	5.9%	5.7%	6.7%
	<u>100%</u>			
Assumed inflation-mean			2.6%	1.7%

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE V. COST SHARING DEFINED BENEFIT PLANS

F. Long-term Expected Rate of Return

FRS Pension Plan

Note: As outlined in the Plan's investment policy.

G. Discount Rate

The discount rate used to measure the total pension liability was 6.90% for the FRS plan. The fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

The HIS program uses a pay as you go funding structure, so therefore, the depletion date is considered to be immediate and the single equivalent discount rate is equal to the municipal bond rate. The municipal bond rate of 3.50% was used to determine the total pension liability for the program. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

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

The following table presents the sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the City's proportionate share of the net pension liability if the discount rate was 1.00% lower or 1.00% higher than the current discount rate at June 30, 2019.

	City's Proportionate Share of the Net Pension Liability		
	1% Decrease	Current Discount Rate	1% Increase
Pension Plan	5.90%	6.90%	7.90%
FRS	\$ 1,409,447	\$ 815,338	\$ 319,156

	1% Decrease	Current Discount Rate	1% Increase
	Pansion plan	2.50%	3.50%
HIS	\$ 65,921	\$ 57,747	\$ 50,939

I. Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2019, the City recognized pension expense of \$(757,184). as the result of GASB Statement No. 68. Deferred outflows and inflows of resources and Net Pension Liability related to pensions are as follows.

	Non- Uniformed Pension	Police Pension	Fire Pension	FRS/HIS Pension	Total
Deferred outflows	\$ 2,421,133	\$ 3,226,444	\$ 10,566,875	\$ 341,720	\$ 16,556,172

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE V. COST SHARING DEFINED BENEFIT PLANS

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

	Non-Uniformed Pension	Police Pension	Fire Pension	FRS/HIS Pension	Total
Deferred inflows	1,115,018	2,831,866	1,391,363	62,749	5,400,996
Net pension liability	4,933,291	18,491,513	35,678,785	873,085	59,976,674
Pension expense	(790,500)	(1,124,169)	986,383	171,102	(757,184)

NOTE VI. OTHER POST EMPLOYMENT BENEFITS

A. Plan Description

The City's Other Postemployment Benefits (OPEB) are presented in accordance with GASB Statement No. 75, which replaces GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions."

Benefit Description and Funding Policy

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

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

Investments. The OPEB plan does not have a formal investment policy. The City uses the Pay-As-You-Go-Approach of funding to provide benefits to participants of the plan.

Benefits. Benefit provisions and City contribution requirements are established and may be amended by the City Commission. The City currently provides direct subsidies for certain retirees by paying a portion of the retiree's premium for individual coverage. As of September 30, 2019, there were 211 retired employees receiving a monthly benefit with an additional 357 eligible for participation in the future.

Employees Covered by benefit terms. As of September 30, 2018, employees membership data related to the plan is as follows:

Active employees	\$ 357
Retirees, Beneficiaries, and Disabled Members	211
Total	568
Covered Payroll	21,293,411
City's Total OPEB Liability as a percentage of Covered Employee Payroll	143.16 %

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE VI. OTHER POST EMPLOYMENT BENEFITS

A. Plan Description

B. Schedule of Changes in Total OPEB Liability

The City's total OPEB Liability (TOL) was measured as of October 1, 2018, and was determined by an actuarial valuation as of October 1, 2017. As of September 30, 2019, the reported TOL of \$30,482,709, represents 143.16% of covered payroll. The components of TOL are as follows:

Balance at 10/01/2017	\$ 76,720,072
Changes for the Year	
Service cost	3,203,104
Interest	2,753,484
Differences between expected and actual experience	(24,830,544)
Changes in assumptions or other inputs	1,419,623
Changes of Benefit terms	(26,256,835)
Benefit Payments	<u>(2,526,195)</u>
Net changes	<u>(46,237,363)</u>
Balance at 09/30/2018	<u>\$ 30,482,709</u>
Covered payroll	\$ 21,293,411

*Covered payroll is based on pay provided for the October 1, 2017 Actuarial Valuation projected to October 1, 2018. GASB Statement No. 75 requires actual covered payroll for the measurement period.

C. Discount Rate and Sensitivity Disclosures

Discount Rate

The City's OPEB plan does not have a GASB compliant trust; therefore, the discount rate equals the tax exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date.

A discount rate of 3.64% was used to measure the October 1, 2018 Total OPEB Liability. A discount rate of 3.50% was used for the beginning of the measurement period. These rates are based on the Fidelity 20-Year Municipal GO AA Index - daily rate closest or equal to but not later than the respective measurement dates.

Sensitivity of the Total OPEB Liability to the Discount Rate Assumption

The chart below represents the total OPEB liability of the City, calculated using the 3.64%, discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.64%) or 1-percentage point higher (4.64%) than the current rate.

Measurement date: October 1, 2018

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Discount Rate	2.64 %	3.64 %	4.64 %
Total OPEB Liability	\$ 36,446,257	\$ 30,482,709	\$ 25,929,962

Sensitivity of the Total OPEB Liability to the Healthcare Cost Trend Rate Assumption

The chart below represents the total OPEB liability of the City, calculated using the 4.0% to 8.0%,

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE VI. OTHER POST EMPLOYMENT BENEFITS

C. Discount Rate and Sensitivity Disclosures

as well as what the total OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage point lower (3.0% to 7.0%) or 1-percentage point higher (5.0% to 9.0%) than the current rate.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Discount Rate	3.0% to 7.0%	4.0% to 8.0%	5.0% to 9.0%
Total OPEB Liability	\$ 25,978,012	\$ 30,482,709	\$ 36,507,313

D. Actuarial Assumptions and Other Inputs

The Total OPEB Liability was determined based on several actuarial assumptions using the Actuarial Cost Method. Total OPEB liability was calculated by an actuarial valuation as of October 1, 2017, with a measurement date of October 1, 2018, using the following assumptions, applied to all prior periods included in the measurement:

Measurement Date	10/1/2018
Actuarial valuation date	10/1/2017
Inflation	2.50% - not explicitly used in valuation
Salary increases	Varies by Service
Discount Rate	3.64%
Projected salary increases	4.0% - 8.0%
Healthcare cost trend rates	8.0% based on the Getzen Model
Retirees' share of benefit-related costs	Retirees pay various portions of full blended premium for individual coverage.
Discount rate - based on the Fidelity 20-Year Municipal GO AA Index	

Mortality rates – Healthy members based on various RP-2000 mortality tables with varying collar

adjustments and generational mortality improvements with Scale BB. Disabled Employees based on RP-2000

Disabled mortality tables setback 4 years for males and set forward 2 years for females with no projected improvements.

Experience Study – The actuarial assumptions used in the October 1, 2016 actuarial valuation for certain members are based upon results of experience studies conducted by the Florida Retirement System as of 2014.

E. Statement of OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB under GASB Statement No. 75

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - Reporting Date.

Negative OPEB Expense for Fiscal Year Ended September 30, 2019	\$25,282,320
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Summary of Outstanding Deferred Inflows and Outflows of Resources related to OPEB.

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE VI. OTHER POST EMPLOYMENT BENEFITS

**E. Statement of OPEB Expense and Deferred Outflows/Inflows of Resources
Related to OPEB under GASB Statement No. 75**

For the fiscal year ended September 30, 2019, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ -	\$20,692,120
Changes of assumptions	1,183,019	2,916,685
Employer contributions subsequent to measurement date	1,404,588	-
Total	\$ 2,587,607	\$23,608,805

The projected Deferred Outflow for Amounts Paid by the City for OPEB Benefits and

Administrative expenses after the Measurement Date and Prior to the Reporting Date to be recognized in OPEB expense are as follows:

The Summary of Deferred Outflows and (Inflows) of Resources Related to OPEB that will be recognized in OPEB expense are as follows:

Deferred inflows of resources of \$23,608,805 are the result of a change in assumption which decreased the Total OPEB liability, and of which \$4,982,073 was recognized in OPEB expense at September 30, 2019. The remainder of the balance will be recognized in OPEB expense as follows:

Year Ending September 30,	Amount
2020	\$ (4,982,073)
2021	(4,982,073)
2022	(4,657,999)
2023	(3,901,820)
2024	(3,901,821)
	\$22,425,786)

City of Deerfield Beach, Florida
Notes to the Financial Statements
September 30, 2019

NOTE VII. Subsequent Event

Finally, on March 11, 2020 the World Health Organization declared the COVID-19 outbreak a global pandemic. The outbreak in the United States has caused business disruption through mandated and voluntary closings of business across the country for non-essential services. As of the date of this report, the City of Deerfield Beach remains open for essential services, subject to modified operations and procedures as required by executive and emergency orders, and CDC guidelines. The economic impact on the City cannot be reasonably estimated at this time. Moody's, a premier economic analysis company, has even indicated current recession models will understate the risk of a national recession "because COVID-19 is a black swan event". However, we are taking proactive steps to reduce and monitor current expenditures and strategizing in the development of the FY2021 budget.

Required Supplementary Information

City of Deerfield Beach, Florida
Required Supplementary Information
General Fund
Budgetary Comparison Schedule (Non-GAAP Budgetary Basis - Unaudited)
For the Year Ended September 30, 2019

	Budgeted Amounts		(Budgetary Basis)	Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
Property taxes	\$ 41,753,477	\$ 41,753,477	\$ 41,337,606	\$ (415,871)
Sales Taxes	6,649,463	6,649,463	6,725,332	75,869
Fire assessment fees	11,249,197	11,249,197	11,288,253	39,056
Franchise fees	7,844,452	7,844,452	7,840,494	(3,958)
Utility Tax	8,547,104	8,547,104	8,709,365	162,261
Licenses and permits	5,855,057	5,855,057	7,535,466	1,680,409
Intergovernmental	3,530,296	3,530,296	1,565,607	(1,964,689)
Charges for services	10,176,023	10,176,023	9,492,847	(683,176)
Fines and forfeitures	1,211,483	1,211,483	1,013,559	(197,924)
Investment earnings	215,000	215,000	1,003,233	788,233
Miscellaneous:				
Donations/contributions	755,500	755,500	585,543	(169,957)
Administrative fees	8,940,221	8,940,221	8,877,147	(63,074)
Other	183,500	183,500	327,076	143,576
Total revenues	106,910,773	106,910,773	106,301,528	(609,245)
Expenditures				
Departmental:				
City commission	359,570	359,570	371,689	(12,119)
City manager	857,283	857,283	786,004	71,279
City clerk	751,166	751,166	576,919	174,247
City attorney	500,000	500,000	526,238	(26,238)
Central services	480,379	480,379	521,860	(41,481)
Parks & recreation	14,199,149	14,199,149	12,821,774	1,377,375
Fire/rescue	33,196,043	33,196,043	33,818,010	(621,967)
Human resources	965,056	902,336	1,272,415	(370,079)
Insurance/safety	653,625	653,625	(848,097)	1,501,722
Financial services	1,991,850	1,991,850	1,918,843	73,007
Planning and development services	6,924,522	6,924,522	8,678,933	(1,754,411)
Information technology services	2,370,577	2,416,827	2,101,838	314,989
Police	26,571,037	26,571,037	26,016,714	554,323
Sustainable management	1,332,570	1,332,570	1,074,253	258,317
Senior services	3,113,531	3,113,531	2,761,269	352,262
Community development	786,747	786,747	705,498	81,249
Economic development	413,339	413,339	319,364	93,975
Public affairs and marketing	450,371	454,421	434,603	19,818
Internal logistics management	5,715,562	5,727,982	5,043,708	684,274
Ocean rescue	2,123,772	2,123,772	1,983,132	140,640
Community participation	100,000	100,000	100,000	-
Other - unclassified	5,163,896	5,163,896	3,521,356	1,642,540
Debt service	665,101	665,101	364,934	300,167
Total expenditures	109,685,146	109,685,146	104,871,257	4,813,889
Excess (deficiency) of revenues over (under) expenditures	<u>(2,774,373)</u>	<u>(2,774,373)</u>	<u>1,430,271</u>	<u>4,204,644</u>
Other financing sources (uses)				
Transfers in	2,275,983	2,275,983	2,049,976	(226,007)
Transfers out	<u>(6,255,687)</u>	<u>(6,255,687)</u>	<u>(4,367,964)</u>	<u>1,887,723</u>
Total other financing sources (uses)	<u>(3,979,704)</u>	<u>(3,979,704)</u>	<u>(2,317,988)</u>	<u>1,661,716</u>
Net change in budgetary fund balance	<u>\$ (6,754,077)</u>	<u>\$ (6,754,077)</u>	<u>\$ (887,717)</u>	<u>\$ 5,866,360</u>

City of Deerfield Beach, Florida
Required Supplementary Information
Community Redevelopment Agency Fund
Budgetary Comparison Schedule (Non-GAAP Budgetary Basis - Unaudited)
For the Year Ended September 30, 2019

	Budgeted Amounts		(Budgetary Basis) Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Revenues:				
Property taxes	\$ 3,924,467	\$ 3,924,467	\$ 3,878,116	\$ (46,351)
Investment earnings	25,000	25,000	70,187	45,187
Miscellaneous	8,500	8,500	193	(8,307)
Total revenues	3,957,967	3,957,967	3,948,496	(9,471)
Expenditures				
Current:				
Economic environment	1,903,265	1,903,265	841,926	1,061,339
Public Safety	55,000	55,000	50,141	4,859
Culture and recreation	183,000	183,000	174,121	8,879
Capital outlay	4,042,696	4,042,696	1,826,850	2,215,846
Total expenditures	6,183,961	6,183,961	2,893,038	3,290,923
Excess (deficiency) of revenues over (under) expenditures	(2,225,994)	(2,225,994)	1,055,458	3,281,452
Other financing sources (Uses)				
Transfers out	(1,104,732)	(1,104,732)	(1,104,732)	-
Total other financing sources (uses)	(1,104,732)	(1,104,732)	(1,104,732)	-
Net change in budgetary fund balance	\$ (3,330,726)	\$ (3,330,726)	\$ (49,274)	\$ 3,281,452

	GAAP Basis Actual	Net Encumbrances*	Non-GAAP Basis Actual
Reconciliation of Budget and Actual:			
Current expenditures	\$ 1,061,101	\$ 5,087	\$ 1,066,188
Capital outlay	469,053	1,357,797	1,826,850
Total expenditures	\$ 1,530,154	\$ 1,362,884	\$ 2,893,038

* In the above reconciliation, "net encumbrances" represents the difference between the encumbrances outstanding as of September 30, 2019 and the outstanding encumbrances as of September 30, 2018 which were paid during fiscal year 2019.

City of Deerfield Beach, Florida
NOTES TO BUDGETARY SCHEDULE
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2019

Note 1. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The City adopts annual operating budgets on a non-GAAP basis for the General Fund and the enterprise funds, as well as the following special revenue funds: Road and Bridge Tax Fund, Community Development Block Grant Fund, and the Community Redevelopment Agency Fund. The remaining special revenue funds are governed by grants with different fiscal periods and are funded at levels which the City has little control over or measurable knowledge of at the time it adopts the other budgets.

For budgetary control purposes, encumbrance accounting is utilized, whereas purchase orders, contracts and other financial commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation. Encumbrances outstanding at year-end are reported as appropriations of fund balance, since they do not constitute expenditures or liabilities. Unless encumbered by a purchase order, the budget appropriations lapse at the end of each year.

At any time during the fiscal year, the City Manager may authorize a budget adjustment among the various line items within a department, as long as the total budget for the department does not change. Furthermore, if the City Manager certifies that there are revenues available for appropriation in excess of those estimated in the original budget, the City Commission may, by ordinance, make supplemental appropriations for the year up to the amount of such excess.

B. Reconciliation of Budget to Actual

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

	GAAP Basis <u>Actual</u>	Net <u>Encumbrances*</u>	Non-GAAP <u>Basis Actual</u>
Current expenditures	\$ 102,193,902	\$ 623,545	\$ 102,817,447
Debt service	2,053,813	-	2,053,813
Total expenditures	<u>\$ 104,247,715</u>	<u>\$ 623,545</u>	<u>\$ 104,871,260</u>

*In the above reconciliation, "net encumbrances" represents the difference between the encumbrances outstanding as of September 30, 2018 and the outstanding encumbrances as of September 30, 2019, which were paid during fiscal year 2019.

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

Measurement Date, September 30,	2015	2016	2017	2018
Total pension liability				
Service cost	\$ 2,745,537	\$ 2,793,233	\$ 2,786,085	\$ 2,845,745
Interest	10,038,296	10,371,874	10,565,444	10,937,984
Changes of benefit terms	106,820	48,546	-	-
Differences between expected and actual experience	(1,414,007)	(82,819)	1,046,101	1,865,722
Changes in assumption	-	140,613	104,413	509,219
Benefit payments, including refunds of employee contributions	(7,418,254)	(6,795,446)	(9,978,487)	(9,204,187)
Refunds of member contributions	(47,544)	-	(6,856)	(17,570)
Net change in total pension liability	4,010,848	6,476,001	4,516,700	6,936,913
Total pension liability - beginning	132,952,717	136,963,565	143,439,566	147,956,266
Total pension liability - ending (a)	136,963,565	143,439,566	147,956,266	154,893,179
Plan fiduciary net position				
Contributions - employer	\$ 5,064,382	\$ 5,060,592	\$ 5,058,562	\$ 5,307,928
Contributions - State of Florida	725,199	667,147	603,646	628,008
Contributions - employees	868,806	883,740	898,299	901,704
Net Investment Income	(3,188,136)	7,926,978	10,012,955	8,197,285
Benefit payments	(7,418,254)	(6,795,446)	(9,978,487)	(9,204,187)
Refund of member contributions	(47,544)	-	(6,856)	(17,570)
Administrative expense	(237,672)	(214,739)	(177,535)	(198,994)
Net change in plan fiduciary net position	(4,233,219)	7,528,272	6,410,584	5,614,174
Plan fiduciary net position - beginning	103,894,584	99,661,364	107,189,636	113,600,220
Plan fiduciary net position - ending	\$ 99,661,365	\$ 107,189,636	\$ 113,600,220	\$ 119,214,394
City's net pension liability - ending	\$ 37,302,200	\$ 36,249,930	\$ 34,356,046	\$ 35,678,785
Net position as percentage of the total pension liability	72.76 %	74.73 %	76.78 %	76.97 %
Covered payroll	\$ 9,628,949	\$ 9,412,235	\$ 9,659,471	\$ 10,020,449
Net pension liability as a percentage of covered payroll	387.40 %	385.14 %	355.67 %	356.06 %

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

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

Year Ended September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 5,842,802	\$ 5,842,802	\$ -	\$ 9,687,400	60.3 %
2015	5,789,581	5,789,581	-	9,628,949	60.1 %
2016	5,727,739	5,727,739	-	9,412,235	60.9 %
2017	5,662,208	5,662,208	-	9,659,471	58.6 %
2018	5,911,574	5,926,407	(14,833)	10,020,449	59.1 %
2019	\$ 6,606,969	\$ 6,606,969	\$ -	\$ 9,485,800	69.7 %

Methods and assumptions used to determine rates:

Valuation date	October 1, 2018
Notes	Actuarially determined contributions are calculated as of October 1, one year prior to the end of the fiscal year in which contributions are reported.
Actuarial Cost Method	Entry age
Amortization Method	Level dollar, closed
Remaining Amortization Period	15 years
Asset Valuation Method	5-year smoothed market
Inflation	2.51
Salary Increases	5.2% to 11%, including inflation
Investment Rate of Return	7.50%
Mortality	RP-2000 fully generational with Scale AA

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

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

Measurement Date, September 30,	2015	2016	2017	2018
Total pension liability				
Service cost	\$ 3,459,881	\$ 3,359,275	\$ 3,410,810	\$ -
Interest	-	-	-	3,836,745
Changes of benefit terms	2,326,603	-	-	-
Share Plan Allocation	359,314	421,602	451,648	469,049
Differences between expected and actual experience	(515,319)	223,166	332,132	58,615
Changes in assumption	-	3,535,687	7,201,737	712,839
Benefit payments, including refunds Employee Contributions	(4,749,759)	(4,838,890)	(4,826,660)	(4,860,289)
Net change in total pension liability	880,720	2,700,840	6,569,667	216,959
Total pension liability - Beginning	51,305,769	52,186,489	54,887,329	61,456,996
Total pension liability - Ending (a)	52,186,489	54,887,329	61,456,996	61,673,955
Plan fiduciary Net Position				
Contributions - Employer	\$ 1,944,572	\$ 1,908,777	\$ 2,166,053	\$ 2,149,466
Contributions - State	564,765	627,053	657,100	674,500
Net investment income	952,079	3,436,195	4,742,331	3,950,827
Benefit payments, including refunds of employee contributions	(4,749,759)	(4,838,890)	(4,826,660)	(4,860,289)
Administrative expense	(97,436)	(96,419)	(92,815)	(85,887)
Net change in plan fiduciary net position	(1,385,779)	1,036,716	2,646,009	1,828,617
Plan fiduciary net position - beginning	39,056,879	37,671,100	38,707,816	41,353,825
Plan fiduciary net position - ending	\$ 37,671,100	\$ 38,707,816	\$ 41,353,825	\$ 43,182,442
City's net pension liability - ending	\$ 14,515,389	\$ 16,179,513	\$ 20,103,171	\$ 18,491,513
Net position as percentage of the total pension liability	72.19 %	70.52 %	67.29 %	70.02 %
Covered payroll	N/A	N/A	N/A	N/A *

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

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

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

Year Ended September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll*	Actual Contribution as a % of Covered Payroll
2013	\$ 1,985,957	\$ 1,985,957	\$ -	N/A	N/A
2014	1,984,806	1,984,806	-	N/A	N/A
2015	2,150,023	2,150,023	-	N/A	N/A
2016	2,114,228	2,114,229	(1)	N/A	N/A
2017	2,371,504	2,371,505	(1)	N/A	N/A
2018	2,354,917	2,354,917	-	N/A	N/A
2019	2,365,782	2,365,782	-	N/A	N/A

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

Methods and assumptions used to determine contribution rates:

Valuation Date	October 1, 2018
Notes	Actuarially determined contributions are calculated as of October 1, one year prior to the end of the year in which contributions are reported.
Actuarial Cost Method	Entry age normal
Amortization Method	Level dollar, closed
Remaining Amortization Period	20 years (as of 10/01/2016 VAL)
Asset Valuation Method	Restricted to 80% - 120% of market value, obtained by smoothing three years' past differences between actual investment earnings and assumed investment return, then adding this number onto the current market value.
Inflation	N/A
Salary Increases	N/A
Investment Rate of Return	6.50% compounded annually, net of investment related expenses
Retirement Age	N/A
Mortality	RP-2000 Table with no RP-2000 disabled table for disabled lives projection

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

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

Measurement Date, September 30,	2014	2015	2016	2017	2018
Total pension liability					
Service cost	\$ 78,741	\$ 77,233	\$ 66,123	\$ 70,710	\$ 75,770
Interest	4,289,889	4,161,337	4,325,572	4,221,714	4,144,079
Differences between expected and actual experience	-	528,068	612,743	348,056	26,603
Changes in assumption	-	1,187,719	3,377,835	2,822	-
Benefit payments, including refunds of employee contributions	(5,786,184)	(5,826,053)	(5,917,598)	(5,842,352)	(5,672,502)
Net change in total pension liability	(1,417,554)	128,304	2,464,675	(1,199,050)	(1,426,050)
Total pension liability - beginning	61,985,234	60,567,680	60,695,984	63,160,659	61,961,609
Total pension liability - ending (a)	60,567,680	60,695,984	63,160,659	61,961,609	60,535,559
Plan fiduciary net position					
Contributions - employer	\$ 1,721,000	\$ 1,713,421	\$ 1,543,620	\$ 1,595,214	\$ 1,645,642
Contributions - member	33,417	26,457	27,643	28,361	27,199
Net investment income of member contributions	5,519,418	(330,924)	4,169,121	5,041,747	3,924,126
Administrative expense	(5,786,184)	(5,826,053)	(5,917,598)	(5,842,352)	(5,672,502)
Administrative expense	(93,157)	(101,412)	(102,723)	(96,331)	(96,927)
Net change in plan fiduciary net position	1,394,494	(4,518,511)	(279,937)	726,639	(172,462)
Plan fiduciary net position - beginning	58,452,045	59,846,539	55,328,028	55,048,091	55,774,730
Plan fiduciary net position - ending	\$ 59,846,539	\$ 55,328,028	\$ 55,048,091	\$ 55,774,730	\$ 55,602,268
City's net pension liability - ending	\$ 721,141	\$ 5,367,956	\$ 8,112,568	\$ 6,186,879	\$ 4,933,291
Net position as percentage of the total pension liability	98.81 %	91.16 %	87.16 %	90.01 %	91.85 %
Covered payroll	371,300	412,795	307,142	315,122	302,211
Net pension liability as a percentage of covered payroll	194.22 %	1,300.39 %	2,641.31 %	1,963.33 %	1,632.40 %

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

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

Year Ended September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 1,721,000	\$ 1,721,000	\$ -	\$ 371,300	463.51 %
2015	1,713,421	1,713,421	-	412,795	415.08 %
2016	1,543,620	1,543,620	-	307,142	502.58 %
2017	1,595,214	1,595,214	-	315,122	506.22 %
2018	1,645,642	1,645,642	-	302,211	544.53 %
2019	1,546,408	1,546,408	-	321,771	480.59 %

Methods and assumptions used to determine contribution rates:

Valuation date October 1, 2017

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

Actuarial cost method Entry age normal cost, with amortization periods for new bases lowered by one year each year going forward.

Amortization method Level dollar, closed

Remaining amortization
period 6 years

Asset valuation method 4-year smoothed market

Inflation 2.30%

Salary increases 6.00% per year from valuation date to the assumed retirement age.

Investment rate of return 6.80%

Retirement age Age 64 with 10 years of service or age 55 with 25 years of service

Mortality RP-2000 fully generational with Scale BB

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

City of Deerfield Beach, Florida
Required Supplementary Information

Schedule of the City's Proportionate Share of the Net Pension Liability
Florida Retirement System Pension Plan

June 30th	2016	2017	2018	2019
City's proportion of the net pension liability	0.00211 %	0.00223 %	0.00228 %	0.00237 %
City's proportionate share of the FRS net pension liability	\$ 533,351	\$ 660,640	\$ 688,321	\$ 815,338
City's covered payroll*	\$ 145,925	\$ 163,001	\$ 167,347	\$ 172,607
City's proportionate share of the FRS net pension liability as a percentage of its covered payroll	365.5 %	405.30 %	411.31 %	472.37 %
FRS Plan fiduciary net position as a percentage of the total pension liability	84.88 %	83.89 %	82.48 %	82.61 %

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

September 30th	2016	2017	2018	2019
Contractually required FRS contribution	\$ 61,648	\$ 70,230	\$ 73,052	\$ 73,410
FRS contribution in relation to the contractually required contribution	61,648	70,230	73,052	73,410
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll*	\$ 145,929	\$ 162,463	\$ 167,347	\$ 173,754
FRS contribution as a percentage of covered payroll	42.25 %	43.23 %	43.69 %	42.25 %

* Amounts are the same for both periods because no change in employees or salary for past two years.

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

City of Deerfield Beach, Florida
Required Supplementary Information

Schedule of the City's Proportionate Share of the Net Pension Liability
Health Insurance Subsidy Pension Plan

June 30th	2016	2017	2018	2019
City's proportion of the net pension liability	0.002112 %	0.002233 %	0.000512 %	0.000516 %
City's proportionate share of the HIS net pension liability	\$ 54,911.00	\$ 54,680	\$ 54,214	\$ 57,747
City's covered payroll*	\$ 145,925.00	\$ 163,001	\$ 167,347	\$ 172,607
City's proportionate share of the HIS net pension liability as a percentage of its covered payroll	37.6 %	33.55 %	32.40 %	33.46 %
HIS Plan fiduciary net position as a percentage of the total pension liability	0.97 %	1.64 %	1.63 %	2.63 %

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

September 30th	2016	2017	2018	2019
Contractually required FRS contribution	\$ 1,041	\$ 1,186	\$ 1,491	\$ 2,866
HIS contribution in relation to the contractually required contribution	1,041	1,186	1,491	2,866
City's covered payroll*	\$ 145,929	\$ 162,463	\$ 167,347	\$ 173,754
HIS contribution as a percentage of covered payroll	0.71 %	0.73 %	0.89 %	1.65 %

* Amounts are the same for both periods because no change in employees or salary for past two years.

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

City of Deerfield Beach, Florida
Required Supplementary Information
Other Post Employment Benefits
Schedule of Changes in City's Total OPEB
Liability and Related Ratios
Last ten year fiscal years

Measurement Date, September 30,	2017	2018
Total OPEB liability		
Service cost	\$ 3,021,796	\$ 3,203,104
Interest	2,490,545	2,753,484
Changes of benefit terms	-	(26,256,835)
Differences between expected and actual experience	-	(24,830,544)
Changes in assumption	(5,077,191)	1,419,623
Benefit payments, including refunds of employee contributions	(2,051,208)	(2,526,195)
Net change in total OPEB liability	(1,616,058)	(46,237,363)
Total OPEB liability - beginning	78,336,130	76,720,072
Total OPEB liability - ending	76,720,072	30,482,709
City's total OPEB liability - ending	\$ 76,720,072	\$ 30,482,709
Net position as percentage of the total pension liability	100.00 %	100.00 %
 Covered payroll	 \$ 23,857,562	 \$ 21,293,411
Total OPEB liability as a percentage of covered payroll	322.58 %	143.16 %

This schedule is presented to illustrate the requirement of GASB Statement No. 75 to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**COMBINING AND INDIVIDUAL FUND STATEMENTS
AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

DEBT SERVICE FUNDS

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

General Obligation Debt Service Fund – to accumulate monies for payment of Series 2000A, and 2012 Florida Municipal Loan Council Revenue bonds, and Series 2018 Construction Revenue Bonds.

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL GRANTS PROJECTS FUNDS

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

PERMANENT FUNDS

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

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

CITY OF DEERFIELD BEACH, FLORIDA
Nonmajor Governmental Funds
Combining Balance Sheet
September 30, 2019

	Special Revenue Funds	General Obligation Debt Service Fund	Capital Grants Projects Fund	Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
Assets					
Cash and cash equivalents	\$ 6,075,568	\$ 79	\$ -	\$ 3,622	\$ 6,079,269
Investments	138,050	5,216,531	-	290,425	5,645,006
Restricted Investments	-	-	-	998,897	998,897
Receivables, net of allowances:					
Accounts	25,298	-	-	254	25,552
Interest	352	16,899	-	4,072	21,323
Due from other governments	580,758	-	-	-	580,758
Total assets	<u>\$ 6,820,026</u>	<u>\$ 5,233,509</u>	<u>\$ -</u>	<u>\$ 1,297,270</u>	<u>\$ 13,350,805</u>
Liabilities					
Accounts payable	133,588	-	-	-	133,588
Accrued payroll	25,884	-	-	-	25,884
Due to other funds	482,602	695,944	3,476	-	1,182,022
Unearned revenue	53,009	-	-	-	53,009
Total liabilities	<u>695,083</u>	<u>695,944</u>	<u>3,476</u>	<u>-</u>	<u>1,394,503</u>
Deferred Inflows of Resources					
Unavailable revenue	<u>229,139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>229,139</u>
Fund Balances					
Nonspendable	-	-	-	1,297,270	1,297,270
Restricted	6,277,005	4,537,565	(3,476)	-	10,811,094
Unassigned	(381,201)	-	-	-	(381,201)
Total fund balances	<u>5,895,804</u>	<u>4,537,565</u>	<u>(3,476)</u>	<u>1,297,270</u>	<u>11,727,163</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,820,026</u>	<u>\$ 5,233,509</u>	<u>\$ -</u>	<u>\$ 1,297,270</u>	<u>\$ 13,350,805</u>

CITY OF DEERFIELD BEACH, FLORIDA
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended September 30, 2019

	Special Revenue Funds	General Obligation Debt Service Fund	Capital Grants Projects Fund	Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
Revenues					
Local option gas tax	\$ 1,427,609	\$ -	\$ -	\$ -	\$ 1,427,609
Intergovernmental	2,013,780	-	-	-	2,013,780
Charges for services	558,048	-	-	-	558,048
Fines and forfeitures	311,672	-	-	-	311,672
Impact fees	457,808	-	-	-	457,808
Investment earnings	24,947	155,587	-	37,249	217,783
Miscellaneous:					
Cemetery plot sales	-	-	-	98,636	98,636
Donations/contributions	145,416	-	-	-	145,416
Administrative fees	495,551	-	-	-	495,551
Other	5,249	-	-	-	5,249
Miscellaneous	65,660	-	-	-	65,660
Total revenues	<u>5,505,740</u>	<u>155,587</u>	<u>-</u>	<u>135,885</u>	<u>5,797,212</u>
Expenditures					
Current:					
Economic environment	1,159,757	-	-	-	1,159,757
Public Safety	138,956	-	-	-	138,956
Human services	26,042	-	-	-	26,042
Physical environment	290,792	-	-	-	290,792
Transportation	1,765,671	-	-	-	1,765,671
Culture and recreation	114,391	-	-	-	114,391
Capital outlay	910,273	-	-	-	910,273
Debt service:					
Principal retirement	-	2,214,239	-	-	2,214,239
Interest and fiscal charges	-	4,012,229	-	-	4,012,229
Total expenditures	<u>4,405,882</u>	<u>6,226,468</u>	<u>-</u>	<u>-</u>	<u>10,632,350</u>
Excess (deficiency) of revenues over expenditures	<u>1,099,858</u>	<u>(6,070,881)</u>	<u>-</u>	<u>135,885</u>	<u>(4,835,138)</u>
Other Financing Sources (Uses)					
Transfers in	274,116	4,101,145	-	-	4,375,261
Transfers out	<u>(434,956)</u>	<u>-</u>	<u>-</u>	<u>(246,623)</u>	<u>(681,579)</u>
Total other financing sources (uses)	<u>(160,840)</u>	<u>4,101,145</u>	<u>-</u>	<u>(246,623)</u>	<u>3,693,682</u>
Net change in fund balances	939,018	(1,969,736)	-	(110,738)	(1,141,456)
Fund balances- beginning	<u>4,956,786</u>	<u>6,507,301</u>	<u>(3,476)</u>	<u>1,408,008</u>	<u>12,868,619</u>
Fund balances - ending	<u>\$ 5,895,804</u>	<u>\$ 4,537,565</u>	<u>\$ (3,476)</u>	<u>\$ 1,297,270</u>	<u>\$ 11,727,163</u>

City of Deerfield Beach, Florida
Nonmajor Special Revenue Funds
Combining Balance Sheet
September 30, 2019

	Road And Bridge Tax Fund	CDBG Fund	SHIP Grant Fund	Miscellaneous Grants Fund	Parking Deviation Fund	General Trust Fund
Assets						
Cash and cash equivalents	\$ 1,605,542	\$ -	\$ 182,250	\$ 360,185	\$ 82,768	\$ 1,356,839
Investments	138,050	-	-	-	-	-
Receivables, net of allowances:						
Accounts	18,465	-	-	-	-	-
Interest	352	-	-	-	-	-
Due from other governments	232,427	103,161	-	245,170	-	-
Total assets	\$ 1,994,836	\$ 103,161	\$ 182,250	\$ 605,355	\$ 82,768	\$ 1,356,839
Liabilities						
Accounts payable	\$ 67,620	\$ 20,991	\$ 7,120	\$ 29,887	\$ -	\$ 7,778
Accrued payroll	25,884	-	-	-	-	-
Due to other funds	-	125,755	-	154,243	-	-
Unearned revenue	53,009	-	-	-	-	-
Total liabilities	146,513	146,746	7,120	184,130	-	7,778
Deferred Inflows of Resources						
Unavailable revenue	-	16,556	-	212,583	-	-
Fund Balances						
Restricted	1,848,323	-	175,130	333,931	82,768	1,349,061
Unassigned	-	(60,141)	-	(125,289)	-	-
Total fund balances	1,848,323	(60,141)	175,130	208,642	82,768	1,349,061
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,994,836	\$ 103,161	\$ 182,250	\$ 605,355	\$ 82,768	\$ 1,356,839

City of Deerfield Beach, Florida
Nonmajor Special Revenue Funds
Combining Balance Sheet
September 30, 2019

Target Area Trust Fund	Beautification and Landscape Trust Fund	Crime Prevention Trust Fund	Impact Fees Fund	Law Enforcement Trust Fund	Nuisance Abatement Assessment Fund	Total Nonmajor Special Revenue Funds
\$ 729,398	\$ 593,960	\$ 80,667	\$ 974,786	\$ -	\$ 109,173	\$ 6,075,568
-	-	-	-	-	-	138,050
-	-	-	-	6,833	-	25,298
-	-	-	-	-	-	352
-	-	-	-	-	-	580,758
<u>\$ 729,398</u>	<u>\$ 593,960</u>	<u>\$ 80,667</u>	<u>\$ 974,786</u>	<u>\$ 6,833</u>	<u>\$ 109,173</u>	<u>\$ 6,820,026</u>
\$ -	\$ -	\$ 192	\$ -	\$ -	\$ -	\$ 133,588
-	-	-	-	-	-	25,884
-	-	-	-	202,604	-	482,602
-	-	-	-	-	-	53,009
-	-	192	-	202,604	-	695,083
-	-	-	-	-	-	229,139
729,398	593,960	80,475	974,786	-	109,173	6,277,005
-	-	-	-	(195,771)	-	(381,201)
<u>729,398</u>	<u>593,960</u>	<u>80,475</u>	<u>974,786</u>	<u>(195,771)</u>	<u>109,173</u>	<u>5,895,804</u>
<u>\$ 729,398</u>	<u>\$ 593,960</u>	<u>\$ 80,667</u>	<u>\$ 974,786</u>	<u>\$ 6,833</u>	<u>\$ 109,173</u>	<u>\$ 6,820,026</u>

City of Deerfield Beach, Florida
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended September 30, 2019

	Road And Bridge Tax Fund	CDBG Fund	SHIP Grant Fund	Miscellaneous Grants Fund	Parking Deviation Fund	General Trust Fund
Revenues						
Local option gas tax	\$ 1,427,609	\$ -	\$ -	\$ -	\$ -	-
Intergovernmental	591,409	537,331	102,250	782,790	-	-
Charges for services	-	-	-	-	-	114,311
Fines and forfeitures	-	-	-	-	-	-
Impact fees	-	-	-	-	-	-
Investment earnings	24,947	-	-	-	-	-
Miscellaneous						
Donations/contributions	-	-	-	47,583	-	79,933
Administrative fees	495,551	-	-	-	-	-
Other	-	-	-	5,249	-	-
Miscellaneous	65,660	-	-	-	-	-
Total revenues	2,605,176	537,331	102,250	835,622	-	194,244
Expenditures						
Current:						
Economic environment	-	428,166	350,229	381,362	-	-
Public Safety	-	-	-	-	-	25,970
Human services	-	26,042	-	-	-	-
Physical environment	-	-	-	97,068	-	-
Transportation	1,765,671	-	-	-	-	-
Culture and recreation	-	-	-	14,670	-	99,721
Capital outlay	234,421	20,280	-	599,576	-	-
Total expenditures	2,000,092	474,488	350,229	1,092,676	-	125,691
Excess (deficiency) of revenues over expenditures	605,084	62,843	(247,979)	(257,054)	-	68,553
Other Financing Sources						
(Uses)						
Transfers in	-	60,257	7,296	206,563	-	-
Transfers out	-	(76,839)	(20,617)	(12,500)	-	-
Total other financing sources (uses)	-	(16,582)	(13,321)	194,063	-	-
Net change in fund balances	605,084	46,261	(261,300)	(62,991)	-	68,553
Fund balances - beginning of year	1,243,239	(106,402)	436,430	271,633	82,768	1,280,508
Fund balances - end of year	\$ 1,848,323	\$ (60,141)	\$ 175,130	\$ 208,642	\$ 82,768	\$ 1,349,061

City of Deerfield Beach, Florida
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended September 30, 2019

Target Area Trust Fund	Beautification and Landscape Trust Fund	Crime Prevention Trust Fund	Impact Fees Fund	Law Enforcement Trust Fund	Nuisance Abatement Assessment Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,427,609
-	-	-	-	-	-	2,013,780
-	443,737	-	-	-	-	558,048
135,562	-	-	-	116,416	59,694	311,672
-	-	-	457,808	-	-	457,808
-	-	-	-	-	-	24,947
-	-	17,900	-	-	-	145,416
-	-	-	-	-	-	495,551
-	-	-	-	-	-	5,249
-	-	-	-	-	-	65,660
<u>135,562</u>	<u>443,737</u>	<u>17,900</u>	<u>457,808</u>	<u>116,416</u>	<u>59,694</u>	<u>5,505,740</u>
-	-	-	-	-	-	1,159,757
-	-	16,363	-	96,623	-	138,956
-	-	-	-	-	-	26,042
-	193,724	-	-	-	-	290,792
-	-	-	-	-	-	1,765,671
-	-	-	-	-	-	114,391
-	-	-	-	55,996	-	910,273
<u>-</u>	<u>193,724</u>	<u>16,363</u>	<u>-</u>	<u>152,619</u>	<u>-</u>	<u>4,405,882</u>
<u>135,562</u>	<u>250,013</u>	<u>1,537</u>	<u>457,808</u>	<u>(36,203)</u>	<u>59,694</u>	<u>1,099,858</u>
-	-	-	-	-	-	274,116
<u>(75,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(250,000)</u>	<u>-</u>	<u>(434,956)</u>
<u>(75,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(250,000)</u>	<u>-</u>	<u>(160,840)</u>
60,562	250,013	1,537	457,808	(286,203)	59,694	939,018
<u>668,836</u>	<u>343,947</u>	<u>78,938</u>	<u>516,978</u>	<u>90,432</u>	<u>49,479</u>	<u>4,956,786</u>
<u>\$ 729,398</u>	<u>\$ 593,960</u>	<u>\$ 80,475</u>	<u>\$ 974,786</u>	<u>\$ (195,771)</u>	<u>\$ 109,173</u>	<u>\$ 5,895,804</u>

City of Deerfield Beach, Florida
Road and Bridge Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended September 30, 2019

	Budgeted Amounts		(Budgetary Basis) Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Local option gas tax	\$ 1,459,504	\$ 1,459,504	\$ 1,427,609	\$ (31,895)
Intergovernmental	837,216	837,216	591,409	(245,807)
Investment earnings	-	-	24,947	24,947
Miscellaneous:				
Administrative fees	495,555	495,555	495,551	(4)
Miscellaneous	-	-	65,660	65,660
Total revenues	2,792,275	2,792,275	2,605,176	(187,099)
Expenditures				
Current:				
Transportation	2,189,137	2,189,137	1,751,468	437,669
Capital outlay	1,238,007	1,238,007	328,413	909,594
Debt service				
Principal retirement	146,100	146,100	-	146,100
Interest and fiscal charges	27,909	27,909	-	27,909
Total expenditures	3,601,153	3,601,153	2,079,881	1,521,272
Excess (deficiency) of revenues over (under) expenses	(808,878)	(808,878)	525,295	1,334,173
Other financing sources (Uses)				
Capital Lease	808,879	808,879	-	808,879
Net change in budgetary fund balance	\$ -	\$ -	\$ 525,295	\$ 525,295

	GAAP Basis Actual	Net Encumbrances*	Non-GAAP Basis Actual
Reconciliation of Budget and Actual:			
Current expenditures	\$ 1,765,671	\$ (14,203)	\$ 1,751,468
Capital outlay	234,421	93,992	328,413
Total expenditures	\$ 2,000,092	\$ 79,789	\$ 2,079,881

* In the above reconciliation, "net encumbrances" represents the difference between the encumbrances outstanding as of September 30, 2019 and the outstanding encumbrances as of September 30, 2018 which were paid during fiscal year 2019.

City of Deerfield Beach, Florida
Community Development Block Grant Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
For the Year Ended September 30, 2019

	Budgeted Amounts		(Budgetary Basis) Actual Amounts	Variance with Final Budget - Positive (Negative)	
	Original	Final			
Revenues:					
Intergovernmental	\$ 637,867	\$ 637,867	\$ 537,331	\$ (100,536)	
Total revenues	<u>637,867</u>	<u>637,867</u>	<u>537,331</u>	<u>(100,536)</u>	
Expenditures					
Current:					
Economic environment	977,783	977,783	511,097	466,686	
Human services	50,796	50,796	26,042	24,754	
Capital outlay	<u>369,981</u>	<u>369,981</u>	<u>10,593</u>	<u>359,388</u>	
Total expenditures	<u>1,398,560</u>	<u>1,398,560</u>	<u>547,732</u>	<u>850,828</u>	
Excess (deficiency) of revenues over (under) expenses	<u>(760,693)</u>	<u>(760,693)</u>	<u>(10,401)</u>	<u>(951,364)</u>	
Other Financing Sources (Uses)					
Transfers in	-	-	60,257	60,257	
Transfers out	<u>(69,543)</u>	<u>(69,543)</u>	<u>(76,839)</u>	<u>(7,296)</u>	
Total other financing sources (uses)	<u>(69,543)</u>	<u>(69,543)</u>	<u>(16,582)</u>	<u>52,961</u>	
Net change in budgetary fund balances	<u>\$ (830,236)</u>	<u>\$ (830,236)</u>	<u>\$ (26,983)</u>	<u>\$ 803,253</u>	
			<u>GAAP Basis Actual</u>	<u>Net Encumbrances*</u>	<u>Non-GAAP Basis Actual</u>
Reconciliation of Budget and Actual:					
Current expenditures			\$ 454,208	\$ 82,931	\$ 648,800
Capital outlay			<u>20,280</u>	<u>(9,687)</u>	<u>10,593</u>
Total expenditures			<u>\$ 474,488</u>	<u>\$ 73,244</u>	<u>\$ 659,393</u>

* In the above reconciliation, "net encumbrances" represents the difference between the encumbrances outstanding as of September 30, 2019 and the outstanding encumbrances as of September 30, 2018 which were paid during fiscal year 2019.

City of Deerfield Beach, Florida
Pension Trust Funds
Combining Statement of Fiduciary Net Position
September 30, 2019

	Firefighters' Pension Fund	Police Pension Fund	Non-Uniform Pension	Total Pension Trust Funds
Assets				
Investments:				
Money market funds	\$ 6,043,426	\$ 811,812	\$ 1,645,412	\$ 8,500,650
Mutual funds	14,782,214	4,987,636	-	19,769,850
U. S. government and agency securities	9,575,467	749,440	8,431,794	18,756,701
Corporate equities	64,190,407	26,120,468	28,332,265	118,643,140
Corporate bonds and notes	7,770,265	1,197,557	7,280,867	16,248,689
Real estate funds	14,208,886	7,343,033	5,191,662	26,743,581
Self directed DROP accounts	3,535,003	-	-	3,535,003
Hedge fund	924,607	-	2,780,985	3,705,592
Total Investments	<u>121,030,275</u>	<u>41,209,946</u>	<u>53,662,985</u>	<u>215,903,206</u>
Receivables				
Interest and dividends	122,258	21,297	136,706	280,261
Contributions receivable (state)	-	745,040	-	745,040
Pending trades	-	-	8,247	8,247
Employer Contributions	-	534	590	1,124
Total receivables	<u>122,258</u>	<u>766,871</u>	<u>145,543</u>	<u>1,034,672</u>
Total assets	<u>121,152,533</u>	<u>41,976,817</u>	<u>53,808,528</u>	<u>216,937,878</u>
Liabilities				
Accounts payable	-	37,808	68,667	106,475
Share plan distributions payable	-	539,589	-	539,589
Accounts payable - purchase of investments	45,729	10,524	-	56,253
Total liabilities	<u>45,729</u>	<u>587,921</u>	<u>68,667</u>	<u>702,317</u>
Deferred revenue	-	-	50,804	50,804
Net Position Restricted for pension benefits				
Net position restricted for defined benefits	107,537,031	35,853,680	53,689,057	197,079,768
Net position restricted for drop benefits	12,500,832	-	-	12,500,832
Net position restricted for share benefits	1,068,941	5,535,216	-	6,604,157
Total net position restricted for pension benefits	<u>\$ 121,106,804</u>	<u>\$ 41,388,896</u>	<u>\$ 53,689,057</u>	<u>\$ 216,184,757</u>

City of Deerfield Beach, Florida
Pension Trust Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2019

	Firefighters' Pension Fund	Police Pension Fund	Non-Uniform Pension	Total Pension Trust Funds
Additions				
Contributions:				
Employer	\$ 5,988,490	\$ 2,160,331	\$ 1,546,408	\$ 9,695,229
Plan members	853,718	-	20,200	873,918
Chapter	649,209	745,040	-	1,394,249
Total contributions	<u>7,491,417</u>	<u>2,905,371</u>	<u>1,566,608</u>	<u>11,963,396</u>
Investment earnings:				
Interest and investment revenue	3,525,780	2,215,277	1,392,039	7,133,096
Net increase(decrease)in the fair value of investments	<u>100,795</u>	<u>(1,496,778)</u>	<u>1,136,611</u>	<u>(259,372)</u>
Total investment earnings	3,626,575	718,499	2,528,650	6,873,724
Less investment expense	<u>-</u>	<u>(251,677)</u>	<u>(339,178)</u>	<u>(590,855)</u>
Net investment earnings	<u>3,626,575</u>	<u>466,822</u>	<u>2,189,472</u>	<u>6,282,869</u>
Miscellaneous	<u>-</u>	<u>880</u>	<u>5,876</u>	<u>6,756</u>
Total additions	<u>11,117,992</u>	<u>3,373,073</u>	<u>3,761,956</u>	<u>18,253,021</u>
Deductions				
Benefits paid	8,601,583	5,069,748	5,571,956	19,243,287
Administrative expenses	<u>623,999</u>	<u>83,171</u>	<u>103,212</u>	<u>810,382</u>
Total deductions	<u>9,225,582</u>	<u>5,152,919</u>	<u>5,675,168</u>	<u>20,053,669</u>
Change in net position	1,892,410	(1,779,846)	(1,913,212)	(1,800,648)
Net Position Restricted for Pension Benefits:				
Beginning of year	<u>119,214,394</u>	<u>43,168,742</u>	<u>55,602,269</u>	<u>217,985,405</u>
End of year	<u>\$ 121,106,804</u>	<u>\$ 41,388,896</u>	<u>\$ 53,689,057</u>	<u>\$ 216,184,757</u>

STATISTICAL SECTION

City of Deerfield Beach, Florida

For the Year Ended September 30, 2019

CONTENTS

	PAGE
STATISTICAL SECTION (Unaudited)	
Financial Trends:	
Net Position by Component.....	109
Changes in Net Position.....	110
Governmental Activities Tax Revenues by Source.....	112
Fund Balances of Governmental Funds.....	113
Changes in Fund Balances of Governmental Funds.....	114
Revenue Capacity:	
General Governmental Tax Revenues by Source.....	115
Assessed Value and Estimated Actual Value of Taxable Property.....	116
Direct and Overlapping Property Tax Rates.....	117
Principal Property Taxpayers.....	118
Property Tax Levies and Collections.....	119
Water Sold by Type of Customer.....	120
Water and Sewer Rates.....	121
Debt Capacity:	
Ratios of Outstanding Debt by Type.....	122
Ratios of General Bonded Debt Outstanding.....	123
Direct and Overlapping Governmental Activities Debt.....	124
Water and Sewer Pledged-Revenue Coverage.....	125
Non-Ad Valorem Revenue	
Anti-Dilution Test.....	126
Demographic and Economic Information:	
Demographic and Economic Statistics.....	127
Principal Employers.....	128
Operating Information:	
Full-Time Equivalent City Government Employees by Function.....	129
Operating Indicators by Function.....	130
Capital Asset Statistics by Function.....	131

STATISTICAL SECTION (UNAUDITED)

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

City of Deerfield Beach, Florida
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
Net investment in capital assets	\$ 42,523,352	\$ 46,212,686	\$ 54,762,079	\$ 58,120,088	\$ 57,468,114	\$ 61,201,885	\$ 64,215,625	\$ 68,098,733	\$ 66,878,760	\$ 65,413,462
Restricted	19,803,912	18,784,355	12,470,310	10,058,524	9,663,870	7,853,503	9,614,790	10,712,284	80,502,274	21,139,007
Unrestricted	4,546,293	(1,279,034)	(4,231,887)	(4,979,499)	(615,504)	(31,131,872)	(28,967,707)	(33,718,932)	143,581,097	(60,647,207)
Governmental activities net position	<u>\$ 66,873,557</u>	<u>\$ 63,718,007</u>	<u>\$ 63,000,502</u>	<u>\$ 63,199,113</u>	<u>\$ 66,516,480</u>	<u>\$ 37,923,516</u>	<u>\$ 44,862,708</u>	<u>\$ 45,092,085</u>	<u>\$ 3,799,937</u>	<u>\$ 25,905,262</u>
Business-type activities:										
Net Investment in capital assets	47,731,493	48,174,577	48,786,203	48,869,742	50,924,663	52,525,476	56,362,887	51,774,904	52,967,087	53,984,687
Restricted	-	8,887,099	743,836	743,838	743,838	1,760,856	1,834,718	1,834,565	1,839,167	1,174,491
Unrestricted	19,889,646	15,646,387	28,999,074	32,233,021	33,335,797	31,535,603	26,713,892	29,117,078	8,011,660	14,950,684
Total business-type activities net position	<u>\$ 67,621,139</u>	<u>\$ 72,708,063</u>	<u>\$ 78,529,113</u>	<u>\$ 81,846,601</u>	<u>\$ 85,004,298</u>	<u>\$ 85,821,935</u>	<u>\$ 84,911,497</u>	<u>\$ 82,726,547</u>	<u>\$ 62,817,914</u>	<u>\$ 70,109,862</u>
Primary Government										
Net Investment in capital assets	\$ 90,254,845	\$ 94,387,263	\$ 103,548,282	\$ 106,989,830	\$ 108,392,777	\$ 113,727,361	\$ 120,578,512	\$ 119,873,637	\$ 119,845,847	\$ 119,398,149
Restricted	19,803,912	27,671,454	13,214,146	10,802,362	10,407,708	9,614,359	11,449,508	3,199,222	82,341,441	22,313,498
Unrestricted	24,435,939	14,367,353	24,767,187	27,253,522	32,720,293	403,731	(2,253,815)	(4,601,854)	135,569,437	(45,696,523)
Total primary government net position	<u>\$ 134,494,696</u>	<u>\$ 136,426,070</u>	<u>\$ 141,529,615</u>	<u>\$ 145,045,714</u>	<u>\$ 151,520,778</u>	<u>\$ 123,745,451</u>	<u>\$ 129,774,205</u>	<u>\$ 118,471,005</u>	<u>\$ 66,617,851</u>	<u>\$ 96,015,124</u>

City of Deerfield Beach, Florida
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 18,528,933	\$ 22,805,473	\$ 12,612,575	\$ 11,821,874	\$ 12,353,311	\$ 14,043,751	\$ 15,971,447	\$ 18,833,091	\$ 13,858,877	\$ 10,139,309
Economic environment	1,415,860	770,651	959,617	1,981,715	2,832,290	1,746,288	2,770,154	2,421,264	3,255,195	1,831,573
Public safety	44,400,644	45,399,408	50,047,068	52,604,329	55,555,149	56,811,183	59,621,417	65,353,492	72,209,952	67,759,892
Human services	2,722,603	2,510,309	2,140,927	2,136,865	2,159,042	2,382,915	2,836,456	2,847,032	3,415,404	352,258
Physical environment	5,875,926	3,092,598	4,050,701	4,978,883	3,974,644	6,311,645	4,952,451	5,780,265	7,561,665	3,903,291
Transportation	2,911,620	2,579,100	2,502,148	2,906,127	3,375,247	4,125,562	4,047,654	4,527,599	4,863,339	5,293,134
Culture and recreation	6,465,100	7,223,675	5,394,983	4,358,166	4,032,285	3,728,135	5,846,869	5,992,978	7,398,066	4,525,216
Interest on long term debt	1,970,464	1,923,219	1,878,627	3,024,834	2,807,078	1,921,214	1,895,608	1,884,325	2,317,478	3,614,126
Total governmental activities expenses	<u>84,291,150</u>	<u>86,304,433</u>	<u>79,586,646</u>	<u>83,812,793</u>	<u>87,089,046</u>	<u>91,070,693</u>	<u>97,942,056</u>	<u>107,640,046</u>	<u>114,879,976</u>	<u>97,418,799</u>
Business-type activities:										
Water and sewer	21,264,592	20,182,450	20,048,897	20,899,520	22,210,582	23,570,064	25,282,502	26,341,135	26,719,702	24,088,048
Solid waste	15,307,635	14,795,080	13,613,964	14,354,330	13,849,313	14,468,169	15,712,131	17,163,860	17,109,044	15,522,046
Stormwater Utility	-	-	-	-	-	-	-	-	-	1,222,265
Total business-type activities expenses	<u>36,572,227</u>	<u>34,977,530</u>	<u>33,662,861</u>	<u>35,253,850</u>	<u>36,059,895</u>	<u>38,038,233</u>	<u>40,994,633</u>	<u>43,504,995</u>	<u>43,828,746</u>	<u>40,832,359</u>
Total primary government expenses	<u>\$ 120,863,377</u>	<u>\$ 121,281,963</u>	<u>\$ 113,249,507</u>	<u>\$ 119,066,643</u>	<u>\$ 123,148,941</u>	<u>\$ 129,108,926</u>	<u>\$ 138,936,689</u>	<u>\$ 151,145,041</u>	<u>\$ 158,708,722</u>	<u>\$ 138,251,158</u>
Program revenues										
Governmental activities:										
Charges for services										
General government	\$ 4,770,617	\$ 5,253,744	\$ 1,855,406	\$ 878,655	\$ 540,328	\$ 4,291,549	\$ 4,757,881	\$ 4,439,989	\$ 4,289,131	\$ 10,484,542
Public safety	13,277,004	15,899,993	15,661,078	16,737,515	20,615,778	23,802,373	21,932,165	25,350,237	26,114,265	23,921,809
Human services	488,947	23,387	327,856	12,699	29,316	10,020	50,140	56,573	100,229	84,130
Physical environment	258,722	186,497	1,191,226	185,794	286,215	355,326	189,872	183,105	343,511	634,542
Transportation	1,581,055	1,684,182	1,633,553	1,677,235	1,829,159	2,537,022	2,566,791	2,689,914	2,572,664	2,441,655
Culture and recreation	1,510,701	1,863,060	1,347,634	1,699,851	1,907,505	2,113,288	3,078,829	2,161,352	1,707,368	1,643,719
Operating grants and contributions	6,999,594	5,009,285	5,813,834	7,588,761	6,253,912	4,941,733	6,690,084	4,803,382	5,521,769	5,551,403
Capital grants and contributions	925,167	2,038,731	2,330,864	1,630,221	285,142	348,392	2,374,178	2,616,764	689,982	50,000
Total governmental activities	<u>29,811,807</u>	<u>31,958,879</u>	<u>30,161,451</u>	<u>30,410,731</u>	<u>31,747,355</u>	<u>38,399,703</u>	<u>41,639,940</u>	<u>42,301,316</u>	<u>41,338,919</u>	<u>44,811,800</u>
Business-type activities:										
Charges for services										
Water and sewer	24,675,663	24,807,442	24,250,089	24,651,018	24,754,868	25,296,809	24,908,850	25,556,346	25,729,905	27,394,983
Solid waste	14,624,135	14,925,959	14,701,713	15,441,291	14,626,474	14,748,707	15,327,755	15,832,628	16,754,407	17,770,995
Stormwater Utility	-	-	-	-	-	-	-	-	-	2,117,203
Capital grants and contributions	12,240	292,206	27,539	111,699	45,899	64,452	-	398,300	-	-
Total business-type activities	<u>39,312,038</u>	<u>40,025,607</u>	<u>38,979,341</u>	<u>40,204,008</u>	<u>39,427,241</u>	<u>40,109,968</u>	<u>40,236,605</u>	<u>41,787,274</u>	<u>42,484,312</u>	<u>47,283,181</u>
Total primary government program revenues	<u>\$ 69,123,845</u>	<u>\$ 71,984,486</u>	<u>\$ 69,140,792</u>	<u>\$ 70,614,739</u>	<u>\$ 71,174,596</u>	<u>\$ 78,509,671</u>	<u>\$ 81,876,545</u>	<u>\$ 84,088,590</u>	<u>\$ 83,823,231</u>	<u>\$ 92,094,981</u>
Net (Expense)/Revenue										
Governmental activities										
Governmental activities	\$ (54,479,343)	\$ (54,345,554)	\$ (49,425,195)	\$ (53,402,062)	\$ (55,341,691)	\$ (52,670,990)	\$ (56,302,116)	\$ (65,338,730)	\$ (73,541,057)	\$ (52,606,999)
Business-type activities	2,739,811	5,048,077	5,316,480	4,950,158	3,367,346	2,071,735	(758,028)	(1,717,721)	(1,344,434)	6,450,822
Total primary government net expense	<u>\$ (51,739,532)</u>	<u>\$ (49,297,477)</u>	<u>\$ (44,108,715)</u>	<u>\$ (48,451,904)</u>	<u>\$ (51,974,345)</u>	<u>\$ (50,599,255)</u>	<u>\$ (57,060,144)</u>	<u>\$ (67,056,451)</u>	<u>\$ (74,885,491)</u>	<u>\$ (46,156,177)</u>

City of Deerfield Beach, Florida
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other										
Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 35,093,629	\$ 34,791,821	\$ 27,073,004	\$ 28,188,611	\$ 33,750,761	\$ 35,512,381	\$ 37,603,317	\$ 39,732,879	\$ 42,852,391	\$ 45,215,722
Utility taxes	-	-	6,705,240	7,343,575	7,907,567	7,976,554	8,074,781	8,307,025	8,429,194	8,709,365
Sales taxes	3,693,667	3,890,338	4,123,936	4,394,070	4,648,145	4,875,615	5,413,109	5,062,149	5,384,431	5,321,474
Franchise taxes	9,767,204	9,429,873	8,652,572	8,959,809	8,867,645	6,832,413	7,795,465	7,648,226	7,622,049	7,840,494
Motor fuel taxes	1,271,279	1,283,545	1,289,074	1,285,882	1,318,433	1,353,883	1,491,230	1,416,578	1,418,558	1,427,609
Alcoholic beverage/mobile home license taxes	55,795	49,433	52,419	48,407	55,777	96,892	85,980	96,204	86,067	85,214
Grants and contributions not restricted to specific programs	1,174,449	1,241,144	1,072,777	1,471,496	1,622,476	1,804,085	1,868,658	1,987,520	2,065,013	1,983,976
Unrestricted investment earnings	160,249	77,980	39,677	64,333	56,617	85,147	207,623	279,975	894,912	2,403,213
Miscellaneous revenues	65,561	432,884	176,178	166,419	166,676	1,797,415	380,032	730,852	2,187,154	1,454,296
Transfers	-	(7,014)	(477,187)	-	-	270,893	321,113	306,699	306,699	270,961
Total governmental activities	51,281,833	51,190,004	48,707,690	51,922,602	58,394,097	60,605,278	60,605,278	65,568,107	71,246,468	74,712,324
Business-type activities:										
Unrestricted investment earnings	9,771	31,833	27,383	45,401	55,312	59,880	168,703	237,770	493,611	1,112,080
Miscellaneous revenues	-	-	-	-	-	(46,381)	-	-	-	-
Transfers	-	7,014	477,187	(1,678,071)	(264,961)	(270,893)	(321,113)	(306,699)	(306,699)	(270,961)
Total business-type activities	9,771	38,847	504,570	(1,632,670)	(209,649)	(257,394)	(152,410)	(68,929)	186,912	841,119
Total primary government	51,291,604	51,228,851	49,212,260	50,289,932	58,184,448	60,347,884	63,088,898	65,499,178	71,433,380	75,553,443
Change in net position										
Governmental activities	(3,197,510)	(3,155,550)	(717,505)	(1,479,460)	3,052,406	7,934,288	6,939,192	229,377	(2,294,589)	22,105,325
Business-type activities	2,749,582	5,086,924	5,821,050	3,317,488	3,157,697	1,814,341	(910,438)	(2,184,950)	(1,157,523)	7,291,941
Total primary government	\$ (447,928)	\$ 1,931,374	\$ 5,103,545	\$ 1,838,028	\$ 6,210,103	\$ 9,748,629	\$ 6,028,754	\$ (1,955,573)	\$ (3,452,112)	\$ 29,397,266

City of Deerfield Beach, Florida
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Fiscal Year	Property Taxes	Utility Taxes	Sales Taxes	Franchise Taxes	Local Option Gas Tax	Alcoholic Beverage/ Mobile Home License Taxes	Total
2010	\$ 35,093,628	\$ -	\$ 3,693,667	\$ 9,767,204	\$ 1,271,279	\$ 55,795	\$ 49,881,573
2011	34,791,821	-	3,890,338	9,429,873	1,283,545	49,433	49,445,010
2012	27,073,004	6,705,240	4,123,936	8,652,572	1,289,074	52,419	47,896,245
2013	28,188,611	7,343,575	4,394,070	8,959,809	1,285,882	48,407	50,220,354
2014	33,750,761	7,907,567	5,934,513	8,867,645	1,318,433	55,777	57,834,696
2015	35,512,381	7,976,554	4,875,615	6,832,413	1,353,883	96,892	56,647,738
2016	37,603,317	8,074,781	6,393,307	7,639,677	1,491,230	85,980	61,288,292
2017	39,732,879	8,307,025	5,062,149	7,648,226	1,416,578	96,204	62,263,061
2018	42,852,391	8,429,194	6,677,330	7,622,049	1,418,558	86,067	67,085,589
2019	45,215,722	8,709,365	5,321,474	7,840,494	1,427,609	85,214	68,599,878

City of Deerfield Beach, Florida
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 1,603,545	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	11,681,260	-	-	-	-	-	-	-	-	-
Non-spendable	-	824,089	705,590	696,001	663,995	211,331	245,932	441,359	700,972	231,158
Assigned	-	3,885,412	4,600,367	4,193,717	4,502,471	7,028,371	7,855,937	8,057,917	8,291,753	8,848,378
Unassigned	-	4,682,040	1,711,253	2,823,003	8,781,650	11,631,572	16,512,401	16,400,894	17,968,892	17,617,909
Total general fund	13,284,805	9,391,541	7,017,210	7,712,721	13,948,116	18,871,274	24,614,270	24,900,170	26,961,617	26,697,445
All Other Governmental Funds										
Reserved	3,853,103	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	12,241,644	-	-	-	-	-	-	-	-	-
Debt service funds	288,157	-	-	-	-	-	-	-	-	-
Capital project funds	1,580,263	-	-	-	-	-	-	-	-	-
Non-spendable	-	2,190,989	1,217,499	1,229,499	1,240,498	1,251,701	1,066,318	1,657,455	1,408,008	1,297,270
Restricted	-	16,846,273	12,280,648	22,844,054	17,303,614	11,323,253	12,263,149	12,317,388	49,356,084	48,641,826
Unassigned	-	(908,678)	(245,058)	101,767	(181,733)	(231,284)	(284,862)	(294,146)	(164,575)	(381,201)
Total all other governmental funds	\$ 17,963,167	\$ 18,128,584	\$ 13,253,089	\$ 24,175,320	\$ 18,362,379	\$ 12,343,670	\$ 13,044,605	\$ 13,680,697	\$ 50,599,517	\$ 49,557,895

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

City of Deerfield Beach, Florida
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Property taxes	\$ 36,649,353	\$ 35,102,671	\$ 34,252,646	\$ 27,771,349	\$ 28,291,130	\$ 35,512,396	\$ 37,603,317	\$ 39,732,879	\$ 42,852,391	\$ 45,215,722
Sales and use taxes	3,832,424	5,036,695	5,165,731	5,432,787	5,565,280	6,221,255	6,790,747	6,374,461	6,677,330	6,725,332
Fire assessment fees	6,142,612	5,998,886	8,090,526	8,371,764	8,491,262	11,007,913	11,068,185	11,041,726	11,026,863	11,288,253
Franchise fees	12,011,964	9,921,939	9,584,608	8,704,150	8,959,809	8,447,210	7,795,465	7,648,226	7,622,049	7,840,494
Utility taxes	-	-	-	6,705,240	7,343,575	7,976,554	8,074,781	8,307,025	8,429,194	8,709,365
Local option gas tax	1,336,986	1,271,279	1,283,545	1,289,074	1,285,882	1,353,883	1,491,230	1,416,578	1,418,558	1,427,609
Alcoholic beverage/mobile home license taxes	-	-	-	-	-	-	-	-	-	85,214
Local business taxes/permits	1,638,823	1,673,573	2,567,037	2,906,324	3,006,077	4,674,337	4,202,781	5,432,035	4,951,256	7,535,466
Intergovernmental	7,969,279	6,813,940	6,779,390	7,380,901	8,753,280	5,058,080	5,058,080	7,000,870	5,838,827	3,494,173
Charges for services	7,515,348	7,859,433	8,098,203	7,476,283	8,236,329	9,785,012	9,674,471	10,275,886	9,998,883	10,050,895
Fines and forfeitures	1,161,701	1,508,597	1,246,585	1,031,508	911,536	1,726,615	1,830,841	1,484,146	1,529,006	1,325,231
Impact fees	-	-	-	-	-	-	176,954	244,612	138,626	457,808
Investment earnings	724,805	160,673	78,154	39,677	64,333	85,191	207,695	279,974	894,911	2,403,213
Miscellaneous	4,902,049	5,439,834	5,918,709	7,651,004	6,870,128	17,030,831	9,085,943	9,424,423	9,244,581	10,600,471
Total revenues	83,885,344	80,787,520	83,065,134	84,760,061	87,778,621	108,879,277	107,186,590	108,662,841	110,622,475	117,159,246
Expenditures										
General government	20,312,385	19,943,800	16,674,774	15,483,228	15,510,007	21,977,441	18,083,088	20,379,141	16,637,413	16,796,303
Economic environment	910,203	778,651	1,250,183	2,113,478	2,964,052	1,821,340	2,770,158	2,121,390	2,782,544	2,832,044
Public safety	43,407,203	43,892,036	48,742,790	51,659,751	54,809,205	58,670,678	60,100,777	61,789,116	65,048,696	68,763,739
Human services	2,766,956	2,454,137	2,085,353	2,081,504	2,154,433	2,842,242	2,197,031	2,436,525	2,915,117	2,832,728
Physical environment	5,043,035	2,268,385	3,263,916	4,334,094	3,518,440	6,845,708	4,843,967	6,160,397	7,265,038	7,361,321
Transportation	1,999,906	1,670,907	1,574,080	1,850,040	2,292,118	2,737,514	2,812,545	2,795,435	2,902,618	2,398,753
Culture and recreation	5,609,960	6,533,568	4,600,545	3,504,151	2,997,052	3,658,093	3,975,250	4,603,199	5,507,911	5,725,177
Capital outlay	3,641,497	4,949,174	9,607,475	6,176,331	5,770,037	5,872,209	4,717,906	2,885,587	2,885,587	5,434,535
Debt service										
Principal retirement	2,532,394	2,340,272	2,285,825	2,285,825	2,606,667	2,504,085	2,520,002	2,725,773	2,745,479	2,564,594
Interest and fiscal charges	2,000,860	1,955,037	1,908,170	2,208,582	2,710,837	2,063,110	2,048,017	2,150,785	2,101,051	4,026,808
Fiscal agent fees and other fees	-	-	-	332,013	102,057	-	-	-	-	-
Total expenditures	88,224,399	86,785,967	91,993,111	92,028,997	(99,542,112)	(94,894,905)	104,068,741	108,047,348	110,791,454	118,736,002
Excess (deficiency) of revenue over (under) expenditures	(4,339,055)	(5,998,447)	(8,927,977)	(7,268,936)	(7,656,284)	(113,143)	(1,008,251)	615,493	(168,979)	(1,576,756)
Other Financing Sources (Uses)										
Transfers in	6,013,653	6,154,285	4,954,400	10,647,167	7,517,606	6,966,774	6,843,592	7,316,052	6,896,744	6,425,237
Transfers out	6,013,653	6,161,299	4,971,176	8,969,096	7,252,645	6,695,875	6,522,479	7,009,353	6,590,045	(6,154,275)
Bonds and notes issued	-	-	-	34,860,000	-	-	-	-	36,155,000	-
Premiums on bonds issued	-	-	-	1,125,416	-	-	-	-	5,826,066	-
Proceeds from refunded bonds	-	-	-	(14,282,254)	-	-	-	-	-	-
Bonds and notes issued	-	-	-	-	-	-	-	-	36,155,000	-
Capital lease proceeds	-	-	-	-	-	-	1,752,172	-	-	-
Total other financing sources (uses)	424,788	(7,014)	(16,776)	23,381,233	264,961	270,899	5,191,224	306,699	78,442,765	270,962
Net changes in fund balances	\$ (3,914,267)	\$ (6,005,461)	\$ (8,944,753)	\$ 8,599,182	\$ (6,851,323)	\$ 157,156	\$ 5,191,224	\$ 922,192	\$ 78,273,786	\$ (1,305,794)
Debt services as a percentage of non-capital expenditures	5.50 %	5.40 %	5.10 %	13.20 %	5.50 %	4.40 %	4.73 %	4.83 %	4.55 %	5.40 %

City of Deerfield Beach, Florida
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year	Property Taxes	Utility Taxes	Sales Taxes	Franchise Taxes	Local Option Gas Tax	Alcoholic Beverage/ Mobile Home License Taxes	Total
2010	\$ 35,102,671	\$ -	\$ 5,036,695	\$ 9,921,939	\$ 1,271,279	\$ 55,795	\$ 51,388,379
2011	34,252,646	-	5,165,731	9,584,608	1,283,545	49,433	50,335,963
2012	27,771,349	6,705,240	5,432,787	8,704,150	1,289,074	52,419	49,955,019
2013	28,291,130	7,343,575	5,565,280	8,959,809	1,285,882	48,407	51,494,083
2014	33,750,761	7,907,567	5,934,513	8,867,645	1,318,433	55,777	57,834,696
2015	35,512,396	7,976,554	4,875,615	6,832,413	1,353,883	96,892	56,647,753
2016	37,603,317	8,074,781	6,393,307	7,639,677	1,377,907	85,980	61,174,969
2017	39,732,879	8,307,025	6,374,461	7,648,226	1,416,578	96,204	63,575,373
2018	42,852,391	8,429,194	6,677,330	7,622,049	1,418,558	86,067	67,085,589
2019	45,215,722	8,709,365	6,725,332	7,840,494	1,427,609	85,214	70,003,736

City of Deerfield Beach, Florida
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property (1)	Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value (1)	Taxable Assessed Value as a Percentage of Actual Taxable Value
2010	\$ 7,933,546,387	\$ 450,375,114	\$ 2,293,568,030	\$ 6,090,353,471	5.7900	\$ 9,834,257,465	61.930%
2011	6,413,168,923	411,439,128	1,684,098,356	5,140,509,695	6.7688	8,035,763,100	63.970%
2012	6,085,548,562	392,877,631	1,636,113,175	4,842,313,018	5.7688	7,629,719,059	63.466%
2013	6,068,817,518	389,788,094	1,614,924,968	4,843,680,644	5.7688	7,605,089,169	63.690%
2014	6,282,449,796	398,719,587	1,673,533,699	5,007,635,684	6.7688	7,864,092,199	63.677%
2015	6,965,511,494	402,157,090	2,064,034,621	5,303,633,963	6.7688	8,646,548,680	61.338%
2016	7,575,534,000	428,708,115	2,347,582,606	5,656,659,509	6.6688	9,388,030,664	60.254%
2017	8,307,953,360	439,084,367	2,667,289,990	6,079,747,737	6.5007	10,239,191,304	59.377%
2018	8,926,809,490	449,468,620	1,425,792,130	7,950,485,980	6.5007	10,961,317,366	72.532%
2019	9,581,418,870	452,285,512	1,952,768,762	8,080,935,620	6.4810	11,710,313,829	69.007%

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

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

Source: Broward County, Florida Property Appraiser

City of Deerfield Beach, Florida
Property Tax Rates – Direct and Overlapping Government

Fiscal Year	Overlapping Rates													
	City of Deerfield Beach			County			School District			Children's Services	North Broward Hospital District	South Florida Water Management District	Florida Inland Navigation District	Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating millage	Debt Service Millage	Total School Millage					
2010	5.3499	0.4401	5.7900	4.8889	0.5000	5.3889	7.4310	-	7.4310	0.4243	1.7059	0.6240	0.0345	21.3986
2011	6.2482	0.5206	6.7688	5.1021	0.4509	5.5530	7.6310	-	7.6310	0.4696	1.8750	0.6240	0.0345	22.9559
2012	5.1865	0.5832	5.7697	5.1860	0.3670	5.5530	7.4180	-	7.4180	0.4789	1.8750	0.4363	0.0345	21.5654
2013	5.1856	0.5832	5.7688	5.2576	0.2954	5.5530	7.4560	-	7.4560	0.4902	1.8564	0.4289	0.0345	21.5878
2014	6.2317	0.5371	6.7688	5.4400	0.2830	5.7230	7.4800	-	7.4800	0.4882	1.7554	0.4110	0.0345	22.6609
2015	6.2745	0.4943	6.7688	5.4584	0.2646	5.7230	7.4380	-	7.4380	0.4882	1.5939	0.3842	0.0345	22.4306
2016	6.1949	0.4739	6.6688	5.4741	0.2489	5.7230	7.2030	0.0710	7.2740	0.4882	1.4425	0.3551	0.0320	21.9836
2017	6.0493	0.4514	6.5007	5.4474	0.2216	5.6690	6.8360	0.0703	6.9063	0.4882	1.3462	0.3307	0.0320	21.2731
2018	6.0981	0.4026	6.5007	5.4623	0.2067	5.6690	6.4740	0.0654	6.5394	0.4882	1.2483	0.3100	0.0320	20.7876
2019	6.1267	0.3740	6.5007	5.4792	0.1898	5.6690	6.2750	0.1279	6.4029	0.4882	1.0855	0.2936	0.0320	20.4719

Source: Broward County, Florida Property Appraiser.

City of Deerfield Beach, Florida
Principal Property Taxpayers
Current Year and Nine Years Ago

Tax Payer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
1. Florida Power & Light Co.	\$ 89,412,524	1	1.57 %	\$ 48,904,060	3	0.80 %
2. SCG Atlas deercreek 11 LLC % Starwood Cap	86,442,380	2	1.52	-		-
3. Publix Super Markets	84,867,610	3	1.49	69,994,010	1	1.15
4. Weingarten realty Investors % Paul Wilke	68,844,240	4	1.21	-		-
5. Deerfield Beach ES Hotel LLC	65,516,918	5	1.15	-		-
6. Quiet Waters Business Park LLC % Graystar	53,775,090	6	0.95	41,628,660	6	0.68
7. EQR-WATERWAYS LLC %STARWOOD CAP. GRP LP	45,623,151	7	0.80	-		-
8. Hillsboro Technology Center LLC	45,268,630	8	0.80	-		-
9. Land TR City National Bank of FL TRSTEE	44,761,862	9	0.79	35,165,292	9	0.58
10. Crown Diversified Ind Corp	40,193,178	10	0.71	30,833,618	10	0.51
11. City National bank of FL TRSTE	-		-	60,000,000	2	0.99
12. CP Deerfield LLC	-		-	43,593,790	4	0.72
13. City National Bank of Florida	-		-	37,416,643	8	0.61
14. Felcor/CSS Holdings LP	-		-	38,981,090	7	0.64
15. News and Sun Sentinel	-		-	44,545,909	5	0.73
Total	\$ 624,705,583		10.99 %	\$ 451,063,072		7.41 %

Source: Broward County Records, Taxes and Treasury Division

Broward County, Florida Property Appraiser

City of Deerfield Beach, Florida
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended	Tax Roll Year	Collected within the Fiscal Year of the Levy			Delinquent Tax Collections*	Total Collections to Date	
		Taxes Levied	Amount	Percentage of Levy		Amount	Percentage of Levy
2010	2009	\$ 35,371,075	\$ 34,804,296	98.4	\$ 207,086	\$ 35,011,382	99.0
2011	2010	34,882,909	34,086,591	97.7	166,055	34,252,646	98.2
2012	2011	27,996,499	27,771,349	99.2	36,493	27,807,842	99.3
2013	2012	28,007,125	26,185,412	93.5	362,795	26,548,207	94.8
2014	2013	31,263,431	29,869,364	95.5	(113,030) *	29,756,334	95.2
2015	2014	33,333,975	32,924,554	98.8	(121,127) *	32,803,427	98.4
2016	2015	35,102,340	34,887,089	99.4	47,214	34,934,303	99.5
2017	2016	39,631,940	37,991,955	95.9	62,509	38,054,464	96.0
2018	2017	42,810,803	40,940,537	95.6	860,484	41,801,021	97.6
2019	2018	46,146,136	44,107,935	95.6	912,471	45,020,406	97.6

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

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

Source: Broward County, Florida Revenue Collector

City of Deerfield Beach, Florida
Water Sold by Type of Customer
Last Ten Fiscal Years
(in thousands of gallons)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Residential - Single Family	\$ 828,961.00	\$ 838,122.00	\$ 747,798.00	\$ 772,444.00	\$ 745,569.00	\$ 784,548.00	\$ 790,967.00	\$ 853,859.00	\$ 796,740.00	\$ 794,050.00
Residential - Multi-Family	1,119,125.00	1,095,698.00	1,063,976.00	1,123,024.00	1,063,107.00	1,084,878.00	1,006,073.00	763,095.00	753,441.00	663,433.00
Commercial	518,014.00	515,713.00	513,810.00	557,271.00	532,985.00	554,552.00	592,708.00	546,010.00	596,111.00	540,127.00
Irrigation	532,637.00	489,519.00	505,949.00	551,942.00	556,219.00	548,671.00	520,962.00	579,577.00	578,262.00	596,566.00
Hydrants	777.00	1,764.00	44.00	98.00	345.00	9,795.00	793.00	7,988.00	5,102.00	8,862.00
Total	\$2,999,514.00	\$2,940,816.00	\$2,831,577.00	\$3,004,779.00	\$2,898,225.00	\$2,982,444.00	\$2,911,503.00	\$2,750,529.00	\$2,729,656.00	\$2,603,038.00
Total direct rate per 1,000 gallons	\$ 2.65	\$ 2.65	\$ 2.65	\$ 2.65	\$ 2.65	\$ 2.65	\$ 2.65	\$ 2.65	\$ 2.65	\$ 2.65

Source: City of Deerfield Beach, Department of Financial Services

City of Deerfield Beach, Florida
Water and Sewer Rates
Last Ten Fiscal Years

Fiscal Year	Water		Sewer	
	Monthly Base Rate			
2010	\$ 15.00	\$ 2.65	\$ 10.98	\$ 2.71
2011	15.00	2.65	10.98	2.71
2012	15.00	2.65	10.98	2.71
2013	15.00	2.65	10.98	2.71
2014	15.00	2.65	10.98	2.71
2015	15.00	2.65	10.98	2.71
2016	15.00	2.65	10.98	2.71
2017	15.00	2.65	10.98	2.71
2018	15.00	2.65	10.98	2.71
2019	15.00	2.65	10.98	2.71

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

Source: City of Deerfield Beach, Customer Service

City of Deerfield Beach, Florida
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita	Population	Personal Income
	General Obligation Bonds	Covenant Bonds	Capital Leases	Water and Sewer Bonds	Capital Leases	Loans and Notes					
2010	\$ 25,209,669	\$ 13,560,000	\$ 1,375,734	\$ 16,623,792	\$ 2,472,783	\$ 20,499,422	\$ 79,741,400	4.59	\$ 1,089	73,216	\$ 1,736,610,000
2011	23,797,434	13,125,000	882,697	16,019,116	1,649,043	19,167,958	74,641,248	4.00	995	75,018	1,863,871,000
2012	22,369,937	12,670,000	479,369	15,426,772	2,607,256	17,798,020	71,351,354	4.02	934	76,389	1,776,923,000
2013	21,128,368	25,265,000	231,996	14,827,383	1,760,609	16,388,471	79,601,827	4.33	1,041	76,473	1,836,793,000
2014	19,797,105	24,140,000	80,981	14,938,143	1,087,825	14,196,426	74,240,480	4.06	960	77,361	1,829,286,000
2015	18,533,690	22,980,000	-	14,042,421	639,800	14,196,426	70,392,337	3.96	918	76,662	1,779,325,000
2016	17,295,290	21,785,000	1,665,572	12,839,802	3,042,143	12,498,150	69,125,957	3.77	890	77,659	1,834,539,000
2017	16,977,148	20,921,705	1,296,968	12,112,720	831,697	10,884,734	63,024,972	3.34	793	78,042	1,852,951,000
2018	15,073,185	51,265,000	951,425	11,397,243	610,114	9,246,973	88,543,940	3.78	1,127	78,573	2,343,754,000
2019	14,262,255	56,186,812	601,070	10,595,004	9,696,445	7,579,659	98,921,245	4.79	1,244	79,497	2,066,445,000

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

City of Deerfield Beach, Florida
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligations Bonds</u>	<u>Less: Amounts Available in Debt Service Funds</u>	<u>Total</u>	<u>Percentage of Actual Taxable Value</u>	<u>Per Capita</u>
2010	\$ 25,209,669	\$ 288,157	\$ 24,921,512	0.25 %	\$ 340
2011	23,797,434	290,794	23,506,640	0.29 %	313
2012	22,369,937	290,782	22,079,155	0.29 %	289
2013	2,112,836	2,539,617	(426,781)	0.24 %	243
2014	19,797,105	2,513,964	17,283,141	0.22 %	223
2015	18,533,690	2,534,573	15,999,117	0.19 %	209
2016	17,295,290	2,400,835	14,894,455	0.18 %	223
2017	16,977,148	2,440,501	14,536,647	0.17 %	207
2018	15,073,185	6,507,301	8,565,884	0.10 %	140
2019	14,262,255	4,537,565	9,724,690	0.08 %	122

Source: City of Deerfield Beach, Financial Services Department

City of Deerfield Beach, Florida
Direct and Overlapping Governmental Activities Debt
As of September 30, 2019

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct Debt:			
General obligation bonds	\$ 14,262,255	100.00 %	\$ 14,262,255
Covenant bonds (1)	56,186,812	100.00 %	56,186,812
Capital leases	601,070	100.00 %	601,070
Total direct debt	71,050,137		71,050,137
Overlapping Debt:			
School Board of Broward County, Florida:			
Certificates of participation	\$ 1,494,419,000	3.74 %	55,891,271
Capital leases	68,850,000	3.74 %	2,574,990
Broward County, Florida (2)	493,615,000	3.74 %	18,461,201
Subtotal, overlapping debt	2,056,884,000		76,927,462
Total direct debt and overlapping debt	\$ 2,124,173		\$ 144,217,073

- (1) \$4,350,000 of covenant bonds are secured by and payable from the Florida Power and Light Company electric franchise fees. The remaining balance of covenant bonds are payable from all governmental activities revenue sources of the City, Except for ad valorem taxes.
- (2) Overlapping debt includes only general obligation debt secured by ad valorem taxes as of September 30, 2019.
- (3) Debt outstanding data provided by each government unit.

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

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

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

City of Deerfield Beach, Florida
Water and Sewer Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Gross		Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
	Revenues (A)	Expenses (B)		Escrow or Principal	Interest	Total (C)	
2010	\$ 24,685,434	\$ 15,503,529	\$ 9,181,905	\$ 1,667,284	\$ 1,452,922	\$ 3,120,206	2.94
2011	24,839,275	14,564,201	10,275,074	1,936,139	1,359,143	3,295,282	3.12
2012	24,277,472	13,681,310	10,596,162	1,962,273	1,293,540	3,255,813	3.25
2013	24,696,419	14,235,267	10,461,152	1,968,105	1,278,885	3,246,990	3.22
2014	24,810,180	17,417,474	7,392,706	2,081,285	1,152,032	3,233,317	2.29
2015	25,356,689	15,350,588	10,006,101	1,498,498	1,065,191	2,563,689	3.90
2016	25,077,553	15,838,252	9,239,301	2,238,878	877,272	3,116,150	2.97
2017	25,395,815	17,079,275	8,300,090	2,340,498	829,997	3,170,495	2.62
2018	25,434,035	16,904,326	8,529,709	2,402,352	875,366	3,277,718	2.60
2019	28,213,257	14,086,816	14,126,441	2,584,194	650,132	3,234,326	2.78

- A) Gross revenue for the purpose of determining debt service coverage, is equal to the sum of the operating revenues of the Water and Sewer Fund and total interest earnings.
- B) Expenses, for the purpose of determining debt service coverage, are equal to the total operating expenses of the Water and Sewer Fund less depreciation and less the general administrative charge.
- C) The debt service requirement for the Florida Municipal Loan Council Revenue bonds, Series 2008A is set forth in the tri-partite loan agreement between the City ("the Borrower"); Banc of America Public Capital Corporation ("the Purchaser"); and the Florida Municipal Loan Council ("the Issuer").
- D) The debt service requirements for the State of Florida Drinking Water Revolving Loan, as well as the State's Water Pollution Control Financing Corporation revolving loans are set forth in the 'Clean Water State Revolving Fund Agreement' between the City and the State of Florida, Department of Environmental Protection.

City of Deerfield Beach, Florida
Non-Ad Valorem Revenue
Anti-Dilution Test
September 30, 2019

<u>Revenues</u>	<u>FY2019</u>	<u>FY2018</u>	<u>Prior Two- Year Average</u>
Total Governmental Funds	\$ 117,159,246	\$ 110,622,478	\$113,890,862
Less: Ad Valorem Tax Revenues	(41,337,606)	(39,393,931)	(40,365,769)
Incremental Tax Revenues	(3,878,116)	(3,458,460)	(3,668,288)
Total Governmental Non-Ad Valorem Revenues	71,943,524	67,770,087	69,856,805
Less: Restricted Funds:			
Community Redevelopment Agency	(70,380)	(94,291)	(82,336)
General Construction Fund	(1,112,010)	(289,843)	(700,927)
Non-Major Governmental Funds	(5,797,212)	(5,689,202)	(5,743,207)
Adjusted Non-Ad Valorem Revenues	<u>\$ 64,963,922</u>	<u>\$ 61,696,751</u>	<u>\$ 63,330,335</u>

<u>Expenditures</u>	<u>FY2019</u>	<u>FY2018</u>	<u>Prior Two- Year Average</u>
Essential Expenditures:			
Public Safety	\$ 68,763,739	\$ 64,429,468	\$ 66,596,604
General Governmental	16,796,303	16,637,412	16,716,858
Total Essential Expenditures	85,560,042	81,066,880	83,313,462
Less: Ad Valorem Revenues Available to Pay Essential Expenditures	(41,337,606)	(39,393,931)	(40,365,769)
Adjusted Essential Expenditures	<u>44,222,436</u>	<u>41,672,949</u>	<u>42,947,693</u>

Net Non-Ad Valorem Revenues Available for Debt Service	<u>\$ 20,741,486</u>	<u>\$ 20,023,802</u>	<u>\$ 20,382,644</u>
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<u>Adjustments</u>	<u>FY2019</u>	<u>FY2018</u>	<u>Prior Two- Year Average</u>
Ad Valorem Revenue Restricted for Debt Service	\$ 2,564,594	\$ 2,519,724	\$ 2,542,159

Test 1 - Prior Two Year Average of Non-Ad Valorem Revenues Covers Projected MADS by 150%

Net Non-Ad Valorem Revenues available for debt service	\$ 20,382,644
Maximum Annual Non-Ad Valorem Debt Service	\$ 2,020,570
Coverage	1,008.76 %

Test 2 - Projected MADS does not exceed 20% of Governmental Fund Revenues, less ad valorem revenues restricted for debt service and debt proceeds

Two-Year Average Net Total Governmental Funds	\$ 111,348,703
Maximum Annual Non-Ad Valorem Debt Service	\$ 2,020,570
Coverage	1.81 %

City of Deerfield Beach, Florida
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	(1) Population	Personal Income**	(2) Per Capita Personal Income	(1) Median Age	(3) School Enrollment	(2) Unemployment Rate
2010	73,216	\$ 1,736,610	\$ 23,719	42.2	8,169	11.50 %
2011	75,018	1,850,526	24,668	43.3	8,278	9.00 %
2012	76,389	1,776,923	23,262	44.2	8,422	6.50 %
2013	76,473	1,836,793	24,019	43.3	7,496	5.80 %
2014	77,361	1,829,286	23,646	43.2	7,442	4.60 %
2015	76,662	1,779,325	26,210	42.1	7,961	4.60 %
2016	77,659	1,834,539	23,623	42.9	7,397	4.70 %
2017	78,042	1,852,951	23,743	43.5	7,285	3.70 %
2018	78,573	2,343,754	29,829	41.6	7,522	3.50 %
2019	79,497	2,066,445	25,994	42.5	6,861	2.60 %

Sources:

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

** Personal income data expressed in thousands

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

Employer	2019			2010		
	Employees	Rank	Percentage of Total Employment	Employees	Rank*	Percentage of Total Employment
Publix Corporation	1,784	1	5.14 %	1599	1	4.03 %
JM Family Enterprises	1,387	2	3.99 %	1010	3	2.55 %
Broward Health North	1,500	3	4.32 %	1455	2	3.67 %
UPS	492	4	1.42 %	504	6	1.27 %
City of Deerfield Beach	544	5	1.57 %	662	4	1.67 %
Target	380	6	1.09 %	-	-	- %
Republic National Distribution	377	7	1.09 %	-	-	- %
Peoples Trust	364	8	1.05 %	-	-	- %
Broward Sheriff Office	296	9	0.85 %	-	-	- %
List Industries	245	10	0.71 %	231	7	0.58 %
Sun-Sentinel	-	-	-	617	5	1.55 %
MAPEI	-	-	-	145	9	0.37 %
Medics Ambulance Service	-	-	-	174	8	0.44 %
Embassy Suites-Deerfield Beach	-	-	-	144	10	0.36 %
	<u>7,369</u>	-	<u>21.23 %</u>	<u>6,541</u>	N/A*	<u>16.49 %</u>

Sources: Employer's Human Resource Department

Florida Department of Economic Opportunity

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	58	62	66	64	63	73	66	60	62	64
Public safety										
Police										
Uniformed	123	126	126	126	126	127	127	130	135	135
Civilians	43	43	43	46	45	45	42	42	17	17
Fire/Rescue										
Firefighters and Officers	140	140	154	143	147	138	139	141	145	146
Bldg. inspection services	20	17	18	19	16	-	-	-	-	-
Civilians	20	20	2	2	6	5	5	2	1	1
Economic environment	1	1	1	1	1	1	1	2	2	2
Culture and recreation	86	65	64	70	66	72	75	94	53	53
Human services	40	37	38	39	40	39	40	39	22	23
Public works administration	3	1	-	-	-	-	-	-	-	-
Grounds maintenance	21	42	38	31	37	36	39	42	4	4
Parks	11	11	7	7	10	10	7	7	5	7
Water & sewer	68	65	60	58	58	60	56	69	81	81
Solid waste	60	49	53	55	54	64	75	68	68	68
Transportation										
Street maintenance	13	11	10	10	11	12	11	14	15	11
Total	707	690	680	671	680	682	683	710	610	612

Source: City of Deerfield Beach, Financial Services Department

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety										
Police:										
Physical arrests	4,195	2,926	2,432	2,435	2,729	2,563	2,616	2,600	2,552	2,136
Parking violations	19,638	17,446	16,603	15,248	15,315	20,084	19,980	17,982	17,413	18,474
Traffic violations	17,068	15,023	17,357	11,214	17,382	17,631	17,220	15,402	14,031	17,361
Fire/Rescue:										
Number of emergency responses	20,395	20,473	229,146	21,005	14,606	15,217	15,458	11,642	15,472	15,927
Inspections	6,099	6,147	7,033	5,400	5,332	7,653	3,916	2,420	3,193	2,651
Fire extinguished	147	156	115	162	152	139	162	185	145	130
Transportation										
Street maintenance:										
Streets resurfacing (miles)	3	2	-	13	28	22	-	-	-	11
Potholes repaired	2,212	2,212	1,800	800	556	204	200	436	577	403
Sidewalk repaired (feet)	2,700	3,200	13,900	12,000	5,705	8,555	3,920	2,894	3,911	4,781
Transit services										
Total route miles	92,167	83,458	99,846	64,570	142,690	106,942	140,124	116,317	148,424	143,705
Number of trips	27,672	23,329	25,368	87,205	97,743	91,902	86,048	79,836	43,020	71,996
Physical environment										
Number of burials	118	130	84	113	122	110	112	104	125	121
Culture and recreation										
Athletic field permits issued	73	70	99	65	246	493	1,344	1,682	116	-
Number of participants in arts & education classes	11,922	12,000	3,500	13,625	5,498	5,684	6,144	2,015	2,560	6,217
Number of special event permits issued	59	70	129	121	192	88	76	81	115	70
Attendance at special events	244,750	240,000	224,000	231,995	298,530	285,500	292,000	336,644	325,000	275,677
Human services										
Childcare:										
Average daily attendance	16	13	13	15	12	10	12	18	12	15
Number of meals served	27,997	18,956	15,639	20,491	15,785	18,381	18,467	15,098	18,505	6,302
Adult daycare:										
Average daily attendance	7	6	7	8	7	7	5	31	31	4
Alzheimer's daycare:										
Average daily attendance	27	23	18	25	27	24	28	139	151	34
Water										
New connections	15	32	12	8	10	10	5	32	34	287
Water main breaks	63	65	39	53	12	13	40	36	60	192
Average daily consumption (millions of gallons)	9	9	9	9	9	9	9	10	-	-
Permitted raw water withdrawal	14	14	14	14	14	14	12	17	9	-
Sewer										
Average daily sewage treatment (Thousands of gallons)	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	5,796	5,324
Solid waste										
Refuse collected (tons/day)	248	196	246	251	247	276	402	260	464	371
Recyclables collected (tons/day)	27	37	25	29	33	27	49	29	35	25

Source: Various City departments

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

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

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety										
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	129	126	126	126	126	130	130	130	130	130
Fire/Rescue:										
Stations	5	6	6	6	6	6	6	6	6	6
Rescue ambulances	8	8	8	6	6	6	6	6	6	6
Fire engines	6	6	6	4	4	4	4	4	4	4
Ladder/heavy squad trucks	2	2	1	1	1	1	1	1	1	1
Transportation										
Streets (miles)	146	146	146	146	146	146	146	146	146	146
Sidewalks (miles)	135	135	135	136	136	136	136	136	136	136
Streetlights (poles)	5,200	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Traffic signals	68	68	68	68	68	68	70	70	70	70
Culture and recreation										
Parks acreage	140	324	324	317	338	345	398	398	398	398
Parks	33	33	33	34	35	44	52	52	52	52
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	12	12	12	12	12	12	12	12	12	12
Community centers	3	2	2	2	2	3	3	3	3	3
Water										
Water main (miles)	232	232	232	232	232	232	234	234	234	234
Maximum daily capacity (millions of gallons)	35	35	35	35	24	24	24	24	24	24
Sewer										
Sanitary sewers (miles)	136	137	137	137	137	137	136	136	136	136
Storm sewers (miles)	48	48	48	48	48	48	48	48	48	48
Average daily treatment capacity (thousands of gallons)	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400
Solid waste										
Collection trucks	41	38	32	32	28	23	23	23	23	23

Source: Various City departments

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

COMPLIANCE REPORTS

CITY OF DEERFIELD BEACH, FLORIDA

CONTENTS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	132-133
Independent Auditors' Report on Compliance for Each Major Federal Program and State Project; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards and State Financial Assistance Required by Uniform Guidance and Chapter 10.550, Rules of the Auditor General	134-136
Schedule of Expenditures of Federal Awards and State Financial Assistance	137-138
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance	139
Schedule of Findings and Questioned Costs	140-143
Summary Schedule of Prior Audit Findings	144
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	145-147
Appendix A – Current Year and Prior Years Recommendations to Improve Financial Management	148-150
Independent Accountants' Report on Compliance Pursuant to Section 218.415 Florida Statutes	151

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

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

We have audited, in accordance with the 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, the business-type activities, each major fund and the aggregate remaining fund information of the City of Deerfield Beach, Florida (the City), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 27, 2020. Our report includes a reference to other auditors who audited the financial statements of the City of Deerfield Beach Municipal Firefighter's Pension Trust Fund, City of Deerfield Beach Non-Uniformed Employees' Retirement Plan and the City of Deerfield Beach Police Officer's 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 on internal control over financial reporting or compliance and other matters that are reported 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questions costs, as item 2018-002, which we consider to be a significant deficiency.

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*.

City's Response to Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questions costs and corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result 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.

Marcum LLP

Fort Lauderdale, FL
May 27, 2020

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

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

Report on Compliance for the Major Federal Program and each Major State Project

We have audited the City of Deerfield Beach, Florida's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the *State of Florida Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on the City's major federal program and each major state project for the year ended September 30, 2019. The City's major federal program and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards and state projects applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program and its state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.550, Rules of the Auditor General. Those standards, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal program and each major state project. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program and each Major State Project

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program and each major state project for the year ended September 30, 2019.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.550 Rules of the Auditor General

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated May 27, 2020, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors who audited the pension trust funds, as described in our report on the City's financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Marcum LLP

Fort Lauderdale, FL
May 27, 2020

CITY OF DEERFIELD BEACH, FLORIDA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Federal/State Agency, Pass-Through Entity Federal Program/State Project	CFDA/ CSFA No.	Contract/Grant Number	Expenditures
<i>U.S. Department of Health and Human Services</i>			
Indirect Programs:			
Pass-through the Broward County - Department of Elder Affairs:			
Title III, Part B - Grants for Supportive Services and Senior Centers - Aging Cluster	93.044	JA 118-06-2018	\$ 55,973
Title III, Part B - Grants for Supportive Services and Senior Centers - Aging Cluster	93.044	JA 119-06-2019	<u>164,992</u>
			<u>220,965</u>
Special Programs for the Aging			
Title III, Part E - National Family Caregiver Support	93.052	JA 118-06-2018	202,007
Title III, Part E - National Family Caregiver Support	93.052	JA 119-06-2019	<u>4,155</u>
			<u>206,162</u>
<i>Total Special Programs for the Aging Cluster</i>			<u>427,127</u>
Low-Income Home Energy Assistance Program Grants (LIHEAP)			
Home Energy Assistance	93.568	JP117-06-2018	15,041
Home Energy Assistance	93.568	JP118-06-2019	<u>18,081</u>
			<u>33,122</u>
<i>Total U.S. Department of Health and Human Services</i>			<u>460,249</u>
<i>U.S. Department of Housing and Urban Development</i>			
Direct Programs:			
Community Development Block Grant (CDBG):			
CDBG Entitlement Cluster	14.218	B14MC120046	6,900
CDBG Entitlement Cluster	14.218	B15MC120046	45,412
CDBG Entitlement Cluster	14.218	B16MC120046	1,650
CDBG Entitlement Cluster	14.218	B17MC120046	139,171
CDBG Entitlement Cluster	14.218	B18MC120046	<u>358,195</u>
<i>Total Community Development Block Grant (CDBG) Entitlement Cluster</i>			<u>551,328</u>
Community Housing Development Organization:			
Home Rehabilitation Program	14.239	None	<u>287,153</u>
<i>Total U.S. Department of Housing and Urban Development</i>			<u>838,481</u>
<i>U.S. Department of Homeland Security</i>			
Indirect Program:			
Passed through State of Florida			
Division of Emergency Management - Disaster Relief Funding, Hurricane Irma	97.036	4337	<u>2,249,911</u>
<i>U.S. Department of Transportation</i>			
Indirect Programs:			
Pass-through State of Florida - Florida Department of Transportation:			
Highway Planning and Construction Cluster	20.205	FM#420416-01-38-01	<u>--</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 3,548,641</u>

(Continued)

See notes to schedule of expenditures of federal awards and state financial assistance.

CITY OF DEERFIELD BEACH, FLORIDA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (CONTINUED)**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Federal/State Agency, Pass-Through Entity Federal Program/State Project	CFDA/ CSFA No.	Contract/Grant Number	Expenditures
<i>State of Florida Department of Elder Affairs</i>			
Alzheimer's Disease Initiative - Projects	65.002	JZ117-06-2018	\$ <u> --</u>
Alzheimer's Disease Initiative - Respite	65.004	JZ117-06-2019	217,071
Local Service Program	65.009	JL117-06-2018	101,089
Local Service Program	65.009	JL118-06-2019	<u> 38,735</u>
<i>Total Special Program for the Aging</i>			<u> 139,824</u>
<i>Total State of Florida Department of Elder Affairs</i>			<u> 510,741</u>
<i>State of Florida Department of Economic Opportunity</i>			
Division of Community Development -			
African American Memorial Park Grant	40.038	HL096	<u> 400,000</u>
<i>State of Florida Housing Finance Corporation</i>			
State Housing Initiatives Partnership Program	40.901	N/A	<u> 370,847</u>
<i>State of Florida Department of Transportation</i>			
HillsBoro Blvd. Landscape Beautification	55.003	G0Z10	<u> 82,068</u>
<i>State of Florida Department of Economic Opportunity</i>			
Fluoridation Grant	64.001	COHU2	<u> 84,575</u>
<i>Total Expenditures of State Financial Assistance</i>			<u> \$ 1,448,231</u>
<i>Total Expenditures of Federal Awards and State Financial Assistance</i>			<u> \$ 4,996,872</u>

See notes to schedule of expenditures of federal awards and state financial assistance.

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED SEPTEMBER 30, 2019

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) presents the expenditure activity of all federal awards and state financial assistance of the City of Deerfield Beach, Florida (the City) for the year ended September 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Chapter 10.550, *Rules of the Auditor General*. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate for federal programs allowed under the Uniform Guidance.

CITY OF DEERFIELD BEACH, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified Opinion*

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards and State Projects

Internal control over the major federal program and state projects:

Material weakness(es) identified? Yes No

Significant deficiency (ies) identified? Yes None reported

Type of auditors' report issued on compliance for the major federal programs and state projects: *Unmodified Opinion*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) and Chapter 10.557, *Rules of the Auditor General*? Yes No

Identification of major programs:

<u>Federal Program</u>	<u>CFDA No.</u>
United States Department of Homeland Security – Passed through State of Florida, Division of Emergency Management - Disaster Relief Funding, Hurricane Irma	97.036
<u>State Projects</u>	<u>CSFA No.</u>
Alzheimer's Disease Initiative - Respite Care	65.004
African American Memorial Park Grant	40.038

Dollar threshold used to distinguish between Type A and Type B federal programs and state projects: Federal: \$750,000
State: \$434,469

Auditee qualified as a low-risk auditee for federal awards? Yes No

CITY OF DEERFIELD BEACH, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY

SD 2018-002 – Financial Close and Reporting (Repeat Finding)

Criteria

The City should follow its Accounting Policies and Procedures to ensure the financial statement close process is completed in a timely manner.

Condition

The City is currently not performing its monthly and annual financial reporting closing process in a timely manner. We commenced audit fieldwork on January 28, 2019 for the audit of the year ended September 30, 2018, and many general ledger accounts were not properly reconciled or recorded.

Cause

The City is not prioritizing the importance to adhere to the monthly and year-end closing procedures that have been established to ensure all transactions are properly captured and reported in the general ledger in a timely manner.

Effect

A lack of completing required closing procedures led to preliminary misstatements to the financial statements and a significant number of adjusting journal entries and reversal entries to be posted after the commencement of the audit.

Prior Year's Recommendation

We believe that the year-end closing could proceed more quickly and smoothly by developing a logical order for closing procedures and assigning responsibility for completing the procedures to specific City personnel. In order to make the financial reports generated by the accounting system as meaningful as possible, the City should reconcile the general ledger accounts on a monthly basis. A benefit of monthly reconciliations is that errors do not accumulate but can be identified and attributed to a particular period, which makes it easier to perform future reconciliations. Also, it provides to accurate and timely financial reports which are relied upon City management for operational decisions.

CITY OF DEERFIELD BEACH, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

SIGNIFICANT DEFICIENCY (CONTINUED)

SD 2018-002 – Financial Close and Reporting (Repeat Finding) (continued)

Prior Year's Views of Responsible Officials and Planned Corrective Actions

Management agrees with the recommendations and have taken steps to correct this deficiency. In January 2017, the City began conversion of its Enterprise Resource Planning (ERP) software from Naviline to One Solution. This conversion was not as successful as staff had hoped, due to constant instability of the software. As a result, the conversion was not fully implemented, i.e., the Cash Receipts, Accounts Receivable, Payroll, Fixed Assets, and other modules were not converted as planned. Further, the information coming over from the unconverted modules was transferred via a process (called Webservice) that proved to be unstable at best. Some of the daily information that were to have been transferred was transferred untimely due to vendor project management/staff turnover and vendor management/ownership changes. As far back as February 21, 2018, the vendor was trying to apply a fix to its software that would enable the daily transactions to be transferred from Naviline to One Solution in a timelier manner. This had a significant negative impact on staff's ability to perform routine activities, such as preparing bank reconciliations, closing out the monthly reporting, as well as closing out our year-end accounting in contemplation of our annual financial audit. This was relayed to the City's external auditors. The software vendor has been recently more responsive to the City's needs. However, there still exists challenges because the other modules are on a different platform than One Solution. In spite of these challenges, during Fiscal 2019 staff has been able to close each month's accounting in a timely manner and plans to do so for the year-end accounting as well.

Current Year Status

City had a transition of management and therefore timely close of annual financial reporting closing processes was not addressed in the current year. We commenced audit fieldwork on January 20, 2010 for the audit of the year ended September 30, 2019, and many general ledger accounts were not properly reconciled or recorded. This resulted in several entries subsequent to receiving the trial balances.

CITY OF DEERFIELD BEACH, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

SIGNIFICANT DEFICIENCY (CONTINUED)

Current Year's Recommendation

We believe that the year-end closing could proceed more quickly and smoothly by developing a logical order for closing procedures and assigning responsibility for completing the procedures to specific City personnel. In order to make the financial reports generated by the accounting system as meaningful as possible, the City should reconcile the general ledger accounts on a monthly basis. A benefit of monthly reconciliations is that errors do not accumulate but can be identified and attributed to a particular period, which makes it easier to perform future reconciliations. Also, it provides to accurate and timely financial reports which are relied upon City management for operational decisions.

Current Year's Views Responsible Officials and Planned Corrective Actions

Management agrees with the recommendations and have taken steps to correct this deficiency. We have filled all but one position which recruitment has been delayed due to the COVID-19 response. With the new as well as seasoned staff, assignments have been delegated, schedules developed, and a monthly review process is in place.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

SECTION IV – STATE PROJECTS FINDINGS AND QUESTIONED COSTS

None

CITY OF DEERFIELD BEACH, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND STATUS

SIGNIFICANT DEFICIENCY

SD 2018-001 previously reported as 2015 -001 - was addressed and the finding will not be repeated.

SD 2018-002 - was not addressed and the finding will be repeated.

II. PRIOR YEAR FEDERAL AWARD AND STATE PROJECTS FINDINGS AND QUESTIONED COSTS

SIGNIFICANT DEFICIENCY

SD 2018-003 - was addressed and the finding will not be repeated.

SD 2018-004 - was addressed and the finding will not be repeated.

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

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

Report on the Financial Statements

We have audited the financial statements of the City of Deerfield Beach, Florida (the City), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated May 27, 2020. We did not audit the financial statements of the Pension Trust Funds, which represent 94%, 94% and 69%, respectively, of the assets, net position/fund balance and revenues/additions of the aggregate remaining fund information.

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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major Federal Program and State Project; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by Uniform Guidance and Chapter 10.550, Rules of the Auditor General; Schedule of Findings and Questioned Costs; Summary Schedule of Prior Audit Findings and Independent Accountants' Report on an 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 and schedules, which are dated May 27, 2020, 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. The status of recommendations made in the preceding annual financial audit report have been addressed in the summary schedule of prior audit findings and in Appendix A to this 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 information regarding the specific legal authority for the City and its component units is discussed in Note A to the financial statements.

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.b. 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 review of financial information provided by same. Our assessment was performed as of the fiscal 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 other than repeated prior year recommendation which is included in Appendix A.

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

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, please see Appendix A.

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, the Mayor and the City Commission, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Marcum LLP

Fort Lauderdale, FL
May 27, 2020

CITY OF DEERFIELD BEACH, FLORIDA

**APPENDIX A – CURRENT YEAR AND PRIOR YEARS RECOMMENDATIONS TO
IMPROVE FINANCIAL MANAGEMENT**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

No.	Current Year’s Observations	Observation Is Still Relevant	Observation Addressed or No Longer Relevant
None			
No.	Prior Year’s Observations		
MLC 2018-001	Utility Billing – Utility Tax Rate		Addressed
MLC 2018-002	Other Post-Employment Benefits		Addressed
ML 10-2	Segregation of Duties – Payroll related	Partially	

CITY OF DEERFIELD BEACH, FLORIDA

APPENDIX A – CURRENT YEAR AND PRIOR YEARS RECOMMENDATIONS TO IMPROVE FINANCIAL MANAGEMENT (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2019

ML 10-2 - SEGREGATION OF DUTIES - PAYROLL

Criteria

Internal control policies and procedures should be designed and in place to safeguard assets and help prevent errors or misappropriation of assets. A fundamental concept in an adequate system of internal control is the segregation of duties to ensure management or employees in the course of performing their assigned functions can prevent or detect and correct errors or misappropriation of assets in a timely manner. The same individual should not be able to initiate, process and record transactions.

Prior Year's Condition

We noted in our review of the processes and procedures related to the payroll system that there is a segregation of duties issue. The payroll accountant has access to the payroll data system, is charged with printing the checks with an electronic signature, and also delivers or mails the checks to the individual employees.

Cause

The City does not have a procedure in place to separate the two functions.

Effect

The City exposes itself to risk of error or misappropriation of assets when the same individual can initiate, process and record transactions.

Prior Year's Recommendation

We recommend that the City review its current policies and procedures to provide for appropriate segregation of duties for payroll processing.

Prior Year's Views of Responsible Officials and Planned Corrective Actions

Management agrees with the auditors' recommendation. The payroll data function will be moved to the Human Resources Department, while the Finance Department will maintain the disbursement function of the payroll process.

CITY OF DEERFIELD BEACH, FLORIDA

APPENDIX A – CURRENT YEAR AND PRIOR YEARS RECOMMENDATIONS TO IMPROVE FINANCIAL MANAGEMENT (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2019

Current Year's Status

Recommendation remains the same as prior year noted above.

Current Year's Views Responsible Officials and Planned Corrective Actions

Management concurs that the same person should not initiate, process, and record transactions. Human Resources sets up employees and enters payroll data including new hires, status changes, terminations, transfers, resignations, retirements and salary adjustments. All Personnel Actions Forms (PAFs) are entered into the system by the newly created Human Resources Payroll Specialist (HRPS). The HRPS position was filled in July 2019 and reports directly to the Chief Human Resources Officer. The position description and duties for the HRPS are separate and distinct from the Payroll Coordinator who reports to the Financial Services Manager in the Financial Services Department.

The timekeeping function is also segregated and approved at the departmental level. The timekeeper in each department enters time and attendance for approval by the Department Director/Supervisor. This action creates the initial submission of hours to be processed for payroll by the Payroll Coordinator. The Financial Services Payroll Coordinator review and verifies payroll reports for accuracy. The Payroll Coordinator's work is reviewed by the Financial Services Manager. Payroll checks are delivered to department representatives who sign for the checks and distribute accordingly.

With the vacancy of several key Financial positions (i.e., ACM, CFO, and Assistant Director of Financial Services) during the last quarter of FY2019, there was a delay in mirroring the role-based security functions within the software system. However, the actions taken to correct this issue did create the necessary separation requirements. Finalization of the proper role-based security was completed during FY2020 upon the hire of the City's new ACM, CFO, and additional Financial Services staff. The CFO who reports to the ACM for Administration will continue to review the adequacy of internal controls surrounding financial processes and implement policies and guidance to ensure adherence to such controls for the City.

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE PURSUANT TO
SECTION 218.415 FLORIDA STATUTES**

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

We have examined the City of Deerfield Beach, Florida's (the City) compliance with Section 218.415 Florida Statutes, Local Government Investment Policies for the year ended September 30, 2019. Management of the City is responsible for the City'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 judgement, 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 the specified requirements.

In our opinion, the City complied, in all material respects, with Section 218.415 Florida Statutes for the year ended September 30, 2019.

This report is intended solely to describe our testing of compliance with Section 218.415, Florida Statutes, and it is not suitable for any other purpose.

Marcum LLP

Fort Lauderdale, FL
May 27, 2020

AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared (Stephanie Tinsley), who being duly sworn, deposes and says on oath that:

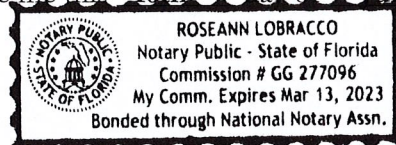
1. I am the Chief Financial Officer of (City of Deerfield Beach) which is a local governmental entity of the State of Florida;
2. (City of Deerfield Beach) adopted (Ordinance No. 2016/008 implementing an impact fee; and
3. (City of Deerfield Beach) has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.


(Stephanie Tinsley)

STATE OF FLORIDA
COUNTY OF (Broward County)

SWORN TO AND SUBSCRIBED before me this 16th day of June, 2020.



NOTARY PUBLIC Roseann LoBracco
Print Name Roseann LoBracco

Personally known or produced identification _____

Type of identification produced: _____

My Commission Expires:

March 13, 2023