



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended September 30, 2019

COMPREHENSIVE ANNUAL FINANCIAL REPORT CITY OF HOLLYWOOD, FLORIDA

For the Fiscal Year Ended September 30, 2019



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CITY OF HOLLYWOOD, FLORIDA
COMMISSION - MANAGER FORM OF GOVERNMENT
SEPTEMBER 30, 2019

CITY COMMISSION

JOSH LEVY, Mayor

TRACI CALLARI, Vice Mayor - District 3

CARYL SHUHAM, Commissioner - District 1

PETER HERNANDEZ, Commissioner - District 2

RICHARD BLATTNER, Commissioner - District 4

KEVIN BIEDERMAN, Commissioner - District 5

LINDA SHERWOOD, Commissioner - District 6

CITY MANAGER

WAZIR A. ISHMAEL, Ph.D.

CITY ATTORNEY

DOUGLAS GONZALES

Cover Photo: The Presidential Building

City of Hollywood, Florida

MISSION STATEMENT

***We are dedicated to providing municipal services
for our diverse community in an atmosphere
of cooperation, courtesy and respect.***

***We do this by ensuring all who live, work and play in the
City of Hollywood enjoy a high quality of life.***

DIVERSITY STATEMENT

***The City of Hollywood celebrates the diverse community
it serves and embraces the differences in both the
community
and workforce.***

***We are committed to the values of integrity, fairness
and inclusiveness in our decisions, behaviors
and service delivery.***



Government Finance Officers Association

**Certificate of
Achievement
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Presented to

**City of Hollywood
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO

The City of Hollywood has received a certificate of Achievement for the last 44 consecutive years, fiscal year ended 1975 through 2018. Hollywood became the 29th municipality in the United States and the second city in Florida to receive this award when its first certificate was obtained for the City's 1956 annual financial report.

CITY OF HOLLYWOOD, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED SEPTEMBER 30, 2019

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CITY OF HOLLYWOOD, FLORIDA

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May 29, 2020

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

Dear Honorable Mayor, Vice Mayor, and City Commissioners:

We are pleased to submit the Comprehensive Annual Financial Report ("CAFR") of the City of Hollywood, Florida, ("the City") for the fiscal year ended September 30, 2019. This report, presented in conformity with generally accepted accounting principles ("GAAP"), was prepared by the City's Department of Financial Services and audited by an independent firm of certified public accountants, Marcum LLP, as mandated by both local ordinances and state statutes. The independent auditor has issued an unmodified opinion that the financial statements fairly present the financial position of the City and comply with applicable reporting standards. The Independent Auditors' Report is located at the front of the Financial Section of the report.

The City is responsible for the accuracy of the data and the completeness and fairness of the presentation including all disclosures. Management has established an internal control structure designed to ensure the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States ("US"). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement. We believe the data, as presented, is accurate in all material respects and is reported in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds.

As a recipient of federal, state and county financial assistance, the City is also responsible for ensuring an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. The City is required to undergo an annual single audit performed under the provisions of the US Office of Management and Budget Uniform Guidance and Chapter 10.550, Rules of the Auditor General, State of Florida. The information related to the Single Audit, including the schedule of expenditure of federal awards and state financial assistance, findings and recommendations, and auditors' reports on the internal control and compliance with applicable laws and regulations are included in a separate report.

The City's financial statements have been prepared using the reporting model in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis ("MD&A"). MD&A provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it. The City's MD&A can be found immediately following the Independent Auditors' Report.

PROFILE OF THE CITY

The City of Hollywood, incorporated in 1925, is a full service municipality located in Broward County on the southeastern coast of the State of Florida. The City comprises 30 square miles including 6 linear miles of Atlantic Ocean beaches. The 2019 permanent population of the City of Hollywood is estimated to be 150,878 (Bureau of Economic and Business Research, University of Florida).

The City of Hollywood operates under a commission-manager form of government. The City Commission is composed of a mayor elected at large and six commissioners elected by district. The seven members of the City Commission serve four-year terms with the even numbered commission districts and the mayor elected during each presidential election year and the odd numbered commission districts elected during the Florida gubernatorial election year.

In addition to general government services, the City also provides community planning and development, public safety, public works, and culture and recreation services to its residents. Furthermore, the City's water and sewer, stormwater, sanitation, golf, parking operations and records preservation activities are reported as enterprise funds.

The financial reporting entity of the City includes all the funds of the City, as well as all of its component units and fiduciary funds. The Hollywood Community Redevelopment Agency ("CRA") and Emerald Hills Safety Enhancement District are component units, legally separate entities for which the City government is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations. The Downtown Community Redevelopment District ("DCRA") and the Beach Community Redevelopment District ("BCRA"), which are districts of the CRA, are being reported as special revenue funds, in accordance with State statutory requirements, using the blended method. The Emerald Hills Safety Enhancement District was created on August 30, 2017 by City Ordinance under State statutory authority and is presented as a discretely Presented Component Unit.

The City of Hollywood is required to adopt an annual budget in accordance with the City Charter and state statutes. The City Manager is charged with preparing a proposed budget for submission in July of each year for the fiscal year that begins the following October 1. Appropriations by department within funds and tax levies are adopted in September. The budget may be amended by resolution. The budget also authorizes the number of full-time equivalent positions available to City departments to deliver services.

The City has three defined-benefit pension plans: 1) the General Employees Retirement Fund, 2) the Police Officer's Retirement System and 3) the Firefighter's Pension Plan. A board of trustees administers each plan. The boards are composed of members elected by active employees and appointees of the Mayor and Commissioners. The Boards have responsibility for investment of the pension assets and determination of benefits as employees retire or seek other benefits under the plans. At September 30, 2019, the plans had total combined assets of \$922.6 million.

FACTORS AFFECTING ECONOMIC CONDITION

The City benefits from its strategic geographical location, relative affordability in the South Florida market, and its growing fiscal stabilization. The City's property taxable value for fiscal year 2019 was \$16.2 billion, an increase of 6.6% from prior year. The City's operating tax millage rate increased slightly from 7.4479 mills to 7.4665 mills in fiscal year 2019. However, for FY 2020, the operating tax millage rate will remain flat at 7.4665 mills. The total debt service millage rate is 0.4561 mills. The 2005 voted debt service millage rate decreased by 0.0127 mills to 0.2200 mills. This was offset by the addition of the voted debt service millage for the Series 2019 General Obligation Bond of 0.2361 mills. The total FY 2020 millage rate is 7.9226 mills. The increase in taxable assessed property values will also generate an increase in property tax collections. The City noted that several notable developments were completed during fiscal year 2019 such as Sintavia, LLC, Buro, Costa Hollywood, Hollywood Circle, Seaside Village, Toyota of Hollywood, Hyde Beach House and the Nevada Street Garage.

As noted in the MD&A, the City continues to achieve credit ratings associated with lower credit risk. Moody's has rated the City's most recent borrowing (Series 2019, General Obligation Bonds) at "Aa3". The City's other debt obligations are rated A1, A2, or higher. These ratings are of at least upper medium grades and low credit risk.

It is anticipated that the local and national economic picture will improve once the current challenges relating to the COVID-19 pandemic are addressed and daily routines return. As normalcy restores, we anticipate the City will continue to be and become one of the best places in the country to raise a family, start or expand a business, invest in real estate, seek high quality, cutting edge health care and enjoy the natural environment. Currently, Hollywood is committed to dealing with growing personnel and health care costs, the COVID-19 pandemic, and significant maintenance and infrastructure needs. The City is firmly committed to its ongoing reinvestment in our employees, our neighborhoods, our public infrastructure and facilities, and our City as a whole.

Relevant Financial Policies

One of the most important measures of the City's financial health is its fund balance. The restoration of the General Fund's fund balance reflects the positive financial results achieved after many difficult budget decisions made in prior years. The City's fund balance in the General Fund is the highest it has been in three decades, allowing the City to end fiscal year 2019 with an audited fund balance of \$85.6 million up from a low of \$4.3 million to start fiscal year 2012.

Having a healthy fund balance gives the City financial flexibility, makes it better able to meet its cash flow needs, mitigates current and future financial risks and ensures predictability of future services. The City is committed to continuing this progress and the City must continue to budget carefully for the years ahead in order to ensure the City's continued fiscal health.

Fund Balance Target: The City's Fund Balance Policy, adopted by City Commission resolution in fiscal year 2011, and last updated in August 2019, is compliant with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." In addition to providing compliance with GASB Statement No. 54, the City's Fund Balance Policy will assist in stabilizing the long-term financial position of the City by setting standards for the use and replenishment of fund balance reserves. This policy also provides structural balance to the City's budget by limiting the use of reserves to cover recurring expenditures.

- The Fund Balance Policy sets aside 17% of General Fund operating expenditures as reserves.
- The Fund Balance Policy sets an additional 5% of General Fund operating expenditures (within the committed fund balance definition) to provide for a disaster reserve to protect the City from adverse financial impacts in the event of unforeseen events.

Projections – Multi-year budget projections based on an enhanced budget forecast model are prepared by the City's Office of Budget and Performance Management to forecast out years. This tool allows the City to adjust revenue estimates and expenditure levels to prevent financial difficulties in the future. The Revenue Estimating Committee, established in 2012, continues to monitor revenue forecasts.

MAJOR INITIATIVES

Several important documents, most significantly the City's Comprehensive Plan, help guide the development future of the City based on (1) quality of life, (2) relationship to existing plans and regulations, (3) feasibility to prioritize policy and design alternatives and (4) geographic proximity to Port Everglades (over 80% of the Port is located in Hollywood), Fort Lauderdale-Hollywood International Airport (located only two miles from the City limits), and major transportation corridors (I-95, Turnpike, 441/SR7, etc.). While few vacant parcels exist in the City, many parcels can be characterized as "under-developed," and therefore appear to be poised for redevelopment.

Significant redevelopment activity in recent years includes the following initiatives:

- Sintavia – this Tier One metal additive manufacturer has opened a new 55,000 square foot advanced manufacturing facility in Hollywood within the Port 95 Commerce Park. The new facility offers large-scale AM production coupled with a robust aerospace quality management system. Their processes are critical for industries including Aerospace & Defense, Oil & Natural Gas, Automotive, and Ground Power Generation. The expansion brings more than 130 new jobs for skilled employees and support staff to Hollywood.
- Hyde Beach House – A \$300 million investment by the Related Group that includes 265 resort-condo units and 77 luxury condos overlooking the Intracoastal Waterway on the south end of Hollywood Beach completed in the fall of 2019.
- Kravet Showroom - Opened in September 2019, this 14,000 square foot interior design showroom anchors the new Hollywood Design Center which is currently under construction and will feature 43,000 square feet of high end interior design showrooms.
- Costa Hollywood – the former Hollywood Grande site on Hollywood Beach was redeveloped into one of South Florida's premiere mixed-use condo/hotel developments at an investment of approximately \$150 million. It features 304 condo hotel units, 11,000 square feet of retail space, 24,000 square feet of restaurant space, meeting space as well as a gym and spa along with a 225-car parking facility.
- Hollywood Circle – a 25-story mixed-use development was built on Young Circle and includes 397 upscale rental apartments ideal for those seeking an exciting urban environment. The development includes a uniquely branded 111-room boutique hotel, The Circ; a supermarket; and approximately 15,000 square feet of additional prime retail space at the street level. The project was completed in April 2018.
- The Preserve at Emerald Hills – this development on the former site of Lake Eden is a master planned community consisting of approximately 30 luxury townhomes and 77 luxury single family homes. The private community features open recreational space for residents. This \$60 million project was developed by MG3 Developers. Phase I is completed with homeowners moving in while Phase II gets underway.
- Parkview at Hillcrest – an approximately 243 acre residential development is a joint project between Pulte Homes, Inc. and Concord Wilshire consisting of 645 single family homes and townhomes.
- Toyota of Hollywood – this redevelopment consists of a brand new \$25 million dealership that includes a showroom, office, service area and a five story parking garage at an estimated 408,000 square feet.

- Seaside Village – this \$38 million project features 15 waterfront condo units and 8 luxury single family homes located adjacent to the Intracoastal Waterway in Hollywood's North Beach neighborhood and also includes a marina. The condos were completed in 2018 and 2019 along with 4 of the single family homes. The remaining 4 homes are under construction.
- Chewy.com – Chewy.com, a national online supplier of pet friendly merchandise, built out a new customer service center in Hollywood in October 2017. Located within the Hollywood Hills Shopping Center, Chewy.com leased and renovated an approximately 80,000 square foot facility for a customer care center and offices for the expanding company. The relocation brought more than 1,000 new jobs to the City, making Chewy.com one of the City's largest employers.
- Nevada Street Garage – a 304-space public garage on Hollywood Beach situated between Nebraska and Nevada Streets along the A1A and North Surf Road. The eight level garage features Real-Time Parking Space Availability, ParkMobile and Pay-By-Plate options, eight handicap accessible spots and four electric vehicle charging stations
- Buro Hollywood - Co-working space located in the heart of the emerging arts district in historic downtown Hollywood. The three-story 15,000 square feet has double height ceilings on the ground level with mezzanine space and classic art-deco features

Several major initiatives are underway in the City which includes infrastructure improvements and development of condominium, luxury rental and resort projects. Major initiatives include the following projects:

- State Road 7 Improvement Project – the US 441/State Road 7 in Hollywood now features six traffic lanes, landscaped safety medians, new lighting and sidewalks, bicycle lanes and bus bays. Additionally, sewer lines were installed to service the corridor. The \$200 million project was funded by the Florida Department of Transportation (FDOT), Broward Metropolitan Planning Organization and the City of Hollywood. The City worked with FDOT to develop required dry retention areas along the corridor into linear parks that will make State Road 7 visually appealing and safer for pedestrians, residents, businesses and motorists. Landscaping and mobility amenities are now being added.
- Hollywood Boulevard Complete Streets Project - Phase I, of this project which includes demolition, new elevations, installation of an underground drainage system, street lights, pavement, pedestrian walks, new parking configuration, mid-block crossings, street light mast arms and new center medians. Phase II will get underway in 2020 and includes the installation of new landscaping and irrigation.
- Young Circle Commons – construction is underway on this \$80 million project mixed-use development located at the southwest corner of Hollywood Boulevard and Young Circle. This development will include 166 upscale residential units, 103 hotel rooms with 30,000 square feet of retail space on the first floor.
- Parc Place – this is the proposed redevelopment of Block 58 in Downtown Hollywood adjacent to Young Circle, by BTI Partners. The redevelopment is planned mixed-use consisting of three towers with 433 apartments, 786 parking spaces and 20,160 SF of commercial space. The three-phase construction project consists of two towers 11 stories tall and one 25-storey tower.
- Quint (fka Sunset Harbor) - This 10-unit residential luxury waterfront development with a private marina is nearing completion. It occupies 0.47 acres within the 293-acre CRA Beach District and is located at 2800 N. Ocean Drive in Central Beach. These four-story townhomes have individual garages on the first floor of each unit. The development was previously owned by Sunset Harbor Residences, LLC and is now owned and operated by JQ Group of Companies
- ROC 441 – the estimated \$48 million mixed-use project will be located at the northeast corner of US 441 and Griffin Road in close proximity to the Seminole Hard Rock Hotel and Casino. The plan calls for an 8-story apartment building with 180 units, a Wawa with 16 fueling stations, a Wendy's restaurant, and a self-storage facility. This development will add to continued growth of new development along the US 441/State Road 7 corridor in Hollywood.
- Pinnacle at Peacefield – through a Public/Private Partnership, Pinnacle at Peacefield is an affordable senior-living project by Pinnacle Development. This \$15 million project will consist of 120 total affordable units for seniors in the Hollywood area. The site is conveniently located in close proximity to Downtown Hollywood and Hollywood Boulevard with easy access to transportation infrastructure. The project is nearing completion with leasing underway.
- Memorial Joe DiMaggio expansion – Memorial Healthcare System's Joe DiMaggio Children's Hospital is undergoing an approximately \$97 million expansion to add over 156,000 square feet to its existing facilities vertically by adding four floors. It will consolidate pediatric healthcare services (i.e. ICU, Operating Rooms, and Cardiac Surgery) on the same floor and expand private and semi-private rooms.
- Sol Van Buren – residential development to include seven two-story walk-up loft units on the ground floor, with the remaining units on the third floor and above.

- H3 Hollywood - a 14 story mixed-use project is under construction with 433 apartments, retail space and parking garage planned for the property at 2165 Van Buren Street in downtown Hollywood. This project is expected to be completed later this year.

The City remains committed to providing stellar services, continuing infrastructure improvements, maintaining regulatory controls, spurring economic development, increasing business recruitment and stimulating the marketplace citywide.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hollywood, Florida for its Comprehensive Annual Financial Report for the year ended September 30, 2018. This was the forty-fourth consecutive year the City has received this prestigious national award. The City received this recognition by publishing a report that was well organized and readable and satisfied both generally accepted accounting principles and applicable legal requirements.

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Financial Services Department as well as various City departments and component units. Additionally, credit should be given to the Mayor, Vice Mayor and the City Commissioners for their policy initiatives, interest and continued support.

Respectfully submitted,



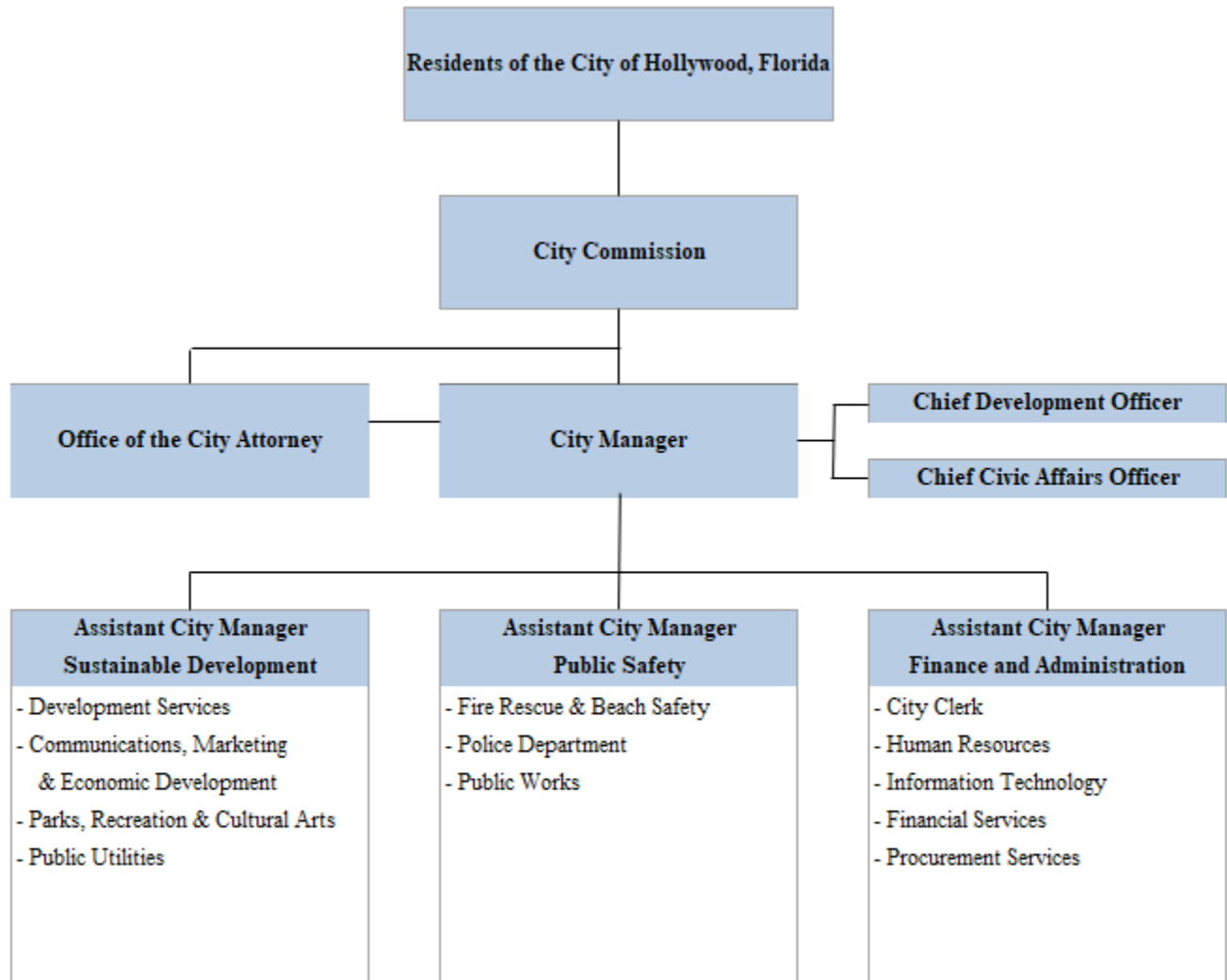
Wazir Ishmael, Ph.D.
City Manager



Cintya Ramos
Director, Financial Services Department

CITY OF HOLLYWOOD, FLORIDA

**ORGANIZATIONAL CHART
AS OF SEPTEMBER 30, 2019**



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, City Commission and City Manager
City of Hollywood, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Hollywood, Florida (the City), as of and for the fiscal 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 City of Hollywood Firefighters' Pension System and City of Hollywood Police Officers' Retirement System (collectively, the Plans), which represent 54%, 62% and 36%, 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 Plans 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, the discretely presented component unit, 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 fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 24, the schedules of changes in the City's net pension liability and related ratios, the schedules of City's proportionate share of the net pension liability, the schedules of City contributions – pensions, schedule of changes in the City's Total OPEB liability and related ratios, and the budgetary comparison schedules on pages 138 through 150 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 inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 statement, 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the 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 29, 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 29, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited – See accompanying independent auditors' report)

The City offers readers of its financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with the letter of transmittal and financial statements.

FINANCIAL HIGHLIGHTS

Under the Government-wide Statements Section:

- The liabilities and deferred inflows of resources of the City exceeded its assets and deferred outflows of resources at the close of fiscal year 2019 by \$340.2 million, net result of \$1,708.4 million in liabilities and deferred inflows of resources and \$1,368.1 million in assets and deferred outflows of resources.
- The City's total net position increased by approximately \$71.8 million in fiscal year 2019; governmental activities increased by \$30.8 million and business-type activities increased by \$40.9 million.
- The deficit in unrestricted net position for governmental activities was at \$830.6 million, an increase of the deficit of \$(51.0) million when compared to the prior year. The City's unrestricted net position was negatively impacted by the issuance of restricted bonds.
- The City's total long-term liabilities increased \$209.0 million during the current fiscal year primarily due to the increase in the City's Other Post-Employment Benefits Liability (OPEB) and the issuance of the Series 2019 General Obligations Bonds.

Under the Fund Statements Section:

- As of the end of fiscal year 2019, the City's governmental funds reported combined ending fund balances of \$196.1 million, an increase of \$75.5 million which was a result of the following:
 - Increase of \$13.5 million in the General Fund due primarily to an increase in property taxes of \$11.4 million, an increase in charges for services of \$9.2 million, increase in licenses and permits of \$0.5 million, increase in intergovernment of \$0.1 million, offset by an increase in expenditures of \$32.0 million
 - Decrease of \$(4.3) million in General Capital Outlay Fund due to ongoing capital projects. No new borrowing was done for the General Capital Outlay Fund in FY 2019.
 - Increase of \$70.0 million in Series 2019 General Obligations Bond Fund due to bond issuance.
 - Decrease of \$(11.9) million in the Beach Community Redevelopment Fund primarily due to decrease in property tax increment. No new borrowing was done for the Beach Community Redevelopment Fund.
 - Increase of \$2.4 million in the Downtown Community Redevelopment Fund was due to a decrease in expenditures.
 - Increase of \$5.7 million in other governmental funds was due to increase in intergovernmental revenue.
- During the year, the City's governmental expenditures and other financing uses totaled \$287.3 million compared to \$362.8 million generated in revenues and other financing sources.
- At the end of fiscal year 2019, fund balance for the General Fund was \$85.6 million or 38.6% of General Fund expenditures. Of this balance, \$6.3 million was restricted for building operations, \$11.1 million was committed for economic stabilization reserves, \$8.0 million was assigned for the subsequent year's budget and \$60.2 million was unassigned and available for new spending.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report follows a format consisting of four parts – Management's Discussion and Analysis (this section), the basic financial statements, Required Supplementary Information, and an optional section that presents combining statements for non-major governmental funds, non-major enterprise funds, internal

service funds and fiduciary funds. The basic financial statements include two kinds of statements that present different views of the City.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
 - The governmental fund statements tell how general government services like public safety were financed in the short-term, as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as the water and sewer utility.
 - Fiduciary fund statements provide information about the financial relationships – such as the retirement plans for the City's employees, in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of unaudited Required Supplementary Information that further explains and supports the information in the financial statements.

Following is a summary of the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Major features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City Government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire, and parks	City operations similar to private businesses, such as the water and sewer system	Instances in which the City is the trustee or agent for another entity's resources, such as the retirement plans for the City's employees
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenses, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses, and Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statements of Changes in Fiduciary Net Position
Accounting bases and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, financial and capital, short-term and long-term	Assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term debt	All assets and liabilities, financial and capital, short-term and long-term	All assets and liabilities, short-term and long-term
Type of inflow/outflow information	All revenues and expenditures regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter (60 days); expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenditures regardless of when cash is received or paid	All revenues and expenditures regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL STATEMENTS – The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

The statement of net position presents information on all of the City's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two 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 is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, transportation, economic environment, physical environment, culture and recreation and emergency and disaster relief. The business-type activities of the City include water and sewer, sanitation, stormwater, golf, parking and records preservation activities.

The government-wide financial statements include not only the City itself (the primary government), but also two districts of the legally separate Community Redevelopment Agency (CRA) and Emerald Hills Safety Enhancement dependent district. Financial information for the CRA component units is blended with the financial information presented for the primary government itself, since board members are the same as the members of the City Commission and the CRA provides services that exclusively benefit certain areas of the City. Financial information for the Emerald Hills Safety Enhancement District is discretely presented and is reported as a separate column on the government-wide financial statements to emphasize that it is legally separate from the primary government.

In addition, the City has three defined benefit pension plans and one defined contribution pension plan established for the exclusive benefit of its employees and beneficiaries. The CRA has a defined contribution plan for its employees. The pension plans are reported as fiduciary funds in the fund financial statements of this report, but are not included in the government-wide statements.

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. These statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. 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 essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as 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 similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains thirteen (13) individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, General Capital Projects Fund, 2019 GOB Capital

Projects, Beach Community Redevelopment Fund (BCRA) and Downtown Community Redevelopment Fund (DCRA) all of which are considered to be major funds. Data from the other seven (7) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the report.

The City adopts an annual appropriation budget for all funds. A budgetary comparison statement has been provided for the General Fund as Required Supplementary Information in this report to demonstrate compliance with the budget. Also included as Required Supplementary Information are budgetary comparison statements for the Beach Community Redevelopment Fund and the Downtown Community Redevelopment Fund reflecting annual appropriations adopted by the CRA Board.

PROPRIETARY FUNDS – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, stormwater, sanitation, golf, parking and records preservation operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its central services and insurance operations. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of its operations that are considered to be major funds of the City. Both internal service funds balances have been incorporated into the functions of the governmental activities that benefited from these services. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

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

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.

OTHER INFORMATION – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information such as budgetary comparison schedules for the General Fund and the CRA Funds and data concerning the City's progress in funding its obligation to provide pension and other postemployment benefits to its employees.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The two government-wide statements report the City's net position and how it has changed. Table 1 presents net position – the difference between the City's assets/deferred outflows and liabilities/deferred inflows.

- Over time, increases or decreases in net position may serve as one way to measure the City's financial health or position.
- Items that may affect revenues are economic conditions, changes in funding from intergovernmental and grant revenues and market impacts on investment income. Factors such as changes in service demand levels, salary increases and inflation affect expenses.
- Other nonfinancial factors such as changes in the City's property tax base and the condition of the City's infrastructure should be considered in assessing the overall health of the City.

Table 1
Summary of Net Position
As of September 30, 2019 and 2018
(\$ in thousands)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 284,385	\$ 217,124	\$ 255,909	\$ 245,331	\$ 540,293	\$ 462,455
Capital Assets	174,842	174,666	361,774	331,097	536,617	505,763
Total Assets	459,227	391,790	617,683	576,428	1,076,910	968,218
Deferred Outflows of Resources	249,931	136,598	41,306	15,570	291,236	152,168
Long-term Liabilities						
Outstanding	806,660	1,068,555	248,901	282,929	1,055,560	1,351,484
Other Liabilities	490,290	51,016	97,864	37,728	588,154	88,744
Total Liabilities	1,296,950	1,119,571	346,765	320,657	1,643,715	1,440,228
Deferred Inflows of Resources	54,227	81,672	10,452	10,506	64,678	92,178
Net Position:						
Net Investment in Capital Assets	69,416	71,886	219,044	186,154	288,460	258,040
Restricted	119,212	34,865	62,248	64,916	181,460	99,781
Unrestricted (Deficit)	(830,648)	(779,606)	20,480	9,765	(810,168)	(769,841)
Total Net Position	\$ (642,019)	\$ (672,855)	\$ 301,772	\$ 260,835	\$ (340,247)	\$ (412,020)

By far the largest portion of the City's assets (49.8%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt and any associated deferred inflows or outflows, 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.

A portion of the City's net position, \$181.5 million represents resources that are subject to external restrictions on how they may be used.

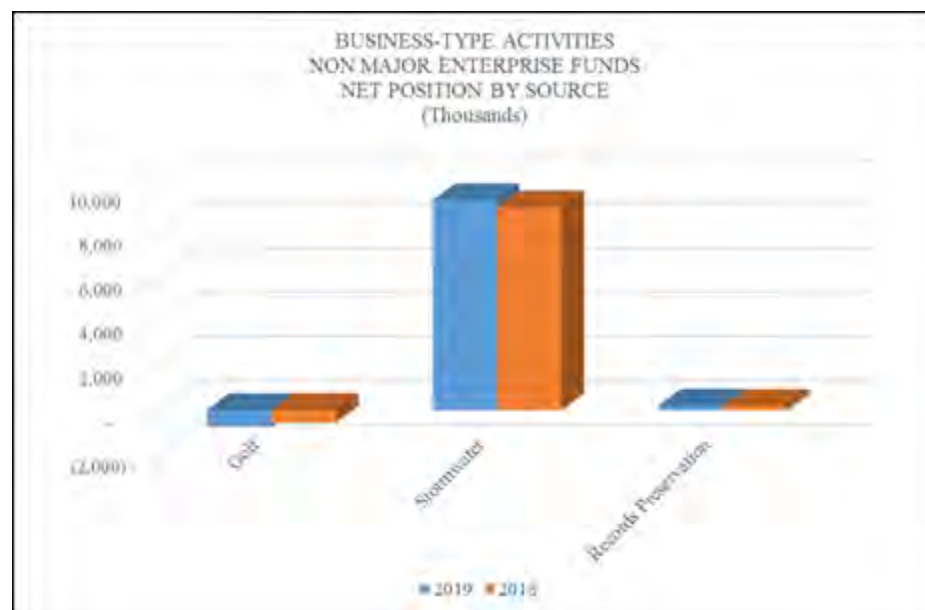
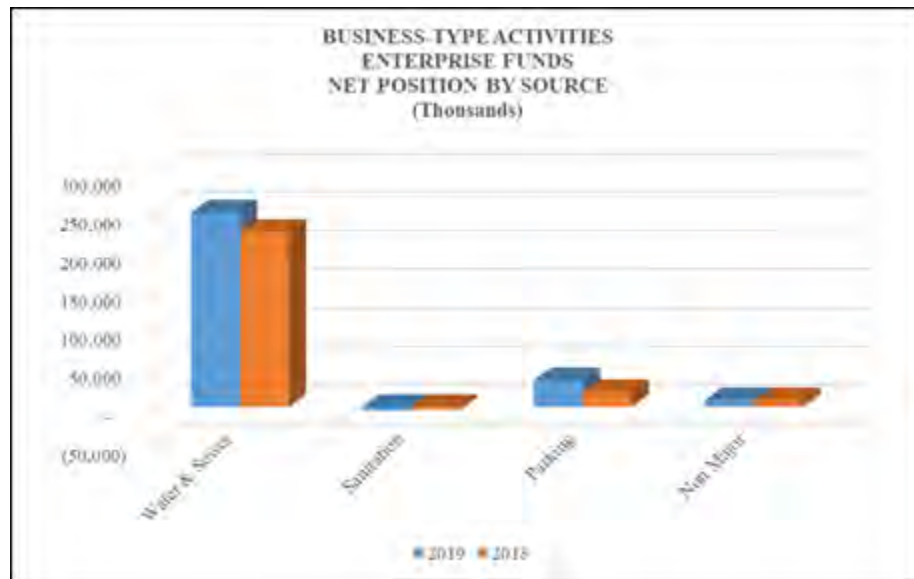
During the year, the City's governmental activities experienced an increase in total assets of \$30.8 million primarily as a result of an increase in investments. Long-term liabilities outstanding also experienced an increase of \$185.2 million primarily due to increases in net pension liability and other post employment benefit liability, and the issuance of the Series 2019 General Obligations Bonds.

Business-type activities had a increase in its net position by \$40.9 million due to decreased expenditures.

In summary, the combined net position of the City increased by \$71.8 million, substantially as a result of reduced expenditures and increased property tax and other revenues.

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The following charts illustrate net position for business-type activities.



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Table 2 presents a summary of the City's operations for fiscal year 2019 with comparative information for fiscal year 2018.

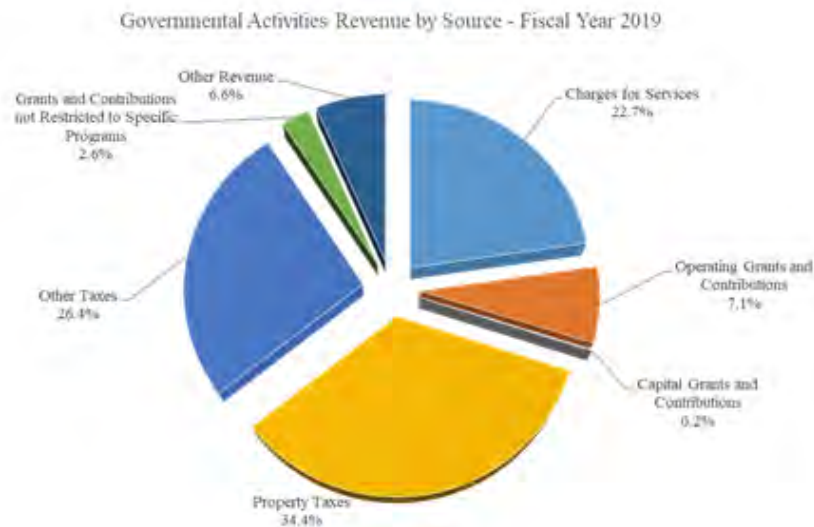
Table 2
Summary Changes in Net Position
As of September 30, 2019 and 2018
(\$ in thousands)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for Services	\$ 68,851	\$ 60,562	\$ 123,605	\$ 125,967	\$ 192,456	\$ 186,529
Operating Grants and Contributions	21,457	3,929	-	47	21,457	3,976
Capital Grants and Contributions	474	82	2,968	2,803	3,442	2,885
General Revenues:						
Property Taxes	104,372	92,955	-	-	104,372	92,955
Other Taxes	79,915	84,510	-	-	79,915	84,510
Grants and Contributions not Restricted to Specific Programs	8,025	7,842	-	-	8,025	7,842
Other	19,916	6,019	6,986	3,246	26,902	9,265
Total Revenues	<u>303,010</u>	<u>255,899</u>	<u>133,559</u>	<u>132,063</u>	<u>436,569</u>	<u>387,962</u>
Expenses:						
General Government	64,445	34,331	-	-	64,445	34,331
Public Safety	152,776	155,948	-	-	152,776	155,948
Public Works	16,012	13,047	-	-	16,012	13,047
Transportation	3,437	3,375	-	-	3,437	3,375
Economic Environment	6,602	6,767	-	-	6,602	6,767
Physical Environment	633	7,100	-	-	633	7,100
Culture and Recreation	15,386	14,850	-	-	15,386	14,850
Emergency and Disaster Relief	239	7,002	-	-	239	7,002
Interest and Fiscal Charges	4,872	4,509	-	-	4,872	4,509
Water	-	-	29,721	27,276	29,721	27,276
Sewer	-	-	43,645	42,248	43,645	42,248
Sanitation	-	-	13,547	12,804	13,547	12,804
Stormwater	-	-	2,605	2,472	2,605	2,472
Golf	-	-	2,081	2,088	2,081	2,088
Parking	-	-	8,768	7,280	8,768	7,280
Other	-	-	27	34	27	34
Total Expenses	<u>264,402</u>	<u>246,929</u>	<u>100,394</u>	<u>94,202</u>	<u>364,796</u>	<u>341,131</u>
Increase (Decrease) in Net Position Before Transfers	38,608	8,970	33,165	37,861	79,545	46,831
Transfers In (Out)	<u>(7,772)</u>	<u>6,980</u>	<u>7,772</u>	<u>(6,980)</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	30,836	15,950	40,937	30,881	71,773	46,831
Net Position - October 1	(672,855)	(351,551)	260,835	296,680	(412,020)	(54,871)
Restatement of Net Position	<u>(337,254)</u>	<u>(337,254)</u>	<u>(66,726)</u>	<u>(66,726)</u>	<u>(403,980)</u>	<u>(403,980)</u>
Net Position - September 30	<u>\$ (642,019)</u>	<u>\$ (672,855)</u>	<u>\$ 301,772</u>	<u>\$ 260,835</u>	<u>\$ (340,247)</u>	<u>\$ (412,020)</u>

GOVERNMENTAL ACTIVITIES – Governmental activities net position was (642.0) million. Net position increased by \$30.8 million due to revenues of \$303.0 million exceeding expenses and transfers of \$284.4 million. The following describes the changes in revenues and expenses:

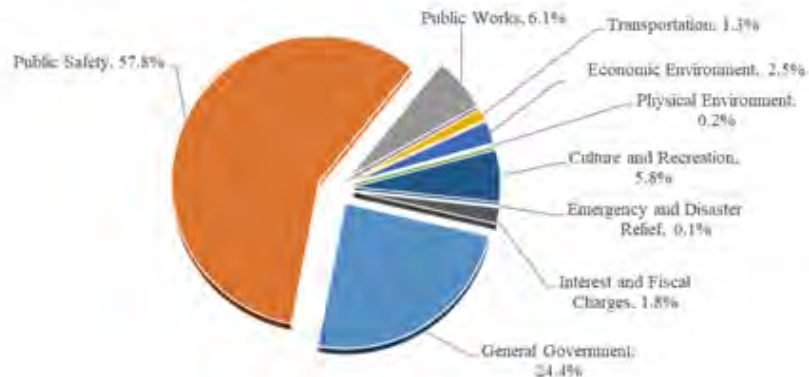
- Total revenues of \$303.0 million for governmental activities showed an overall increase of \$47.1 million primarily due to:
 - Increase in property taxes of \$11.4 million during the year, as a result of a 8.1% tax increase in the taxable assessed values with no increase in the operating millage rate levied.
 - Decrease of \$4.6 million of other taxes mainly due to decreased tax increments.
 - Increase of \$8.3 million in charges for services is due to increase in level of services provided.
 - Increase in other revenues and grants of \$13.9 million.
- Total expenses of \$264.4 million for governmental activities showed an overall increase of \$17.5 million due to:
 - Increase of \$30.1 million general government expenses from fiscal year 2019 mostly due to decrease in OPEB liability .
 - Decrease of \$3.2 million in public safety expenses during fiscal year 2019 was due to a changes in pension and OPEB liabilities.
 - Increase of \$3.0 million in public works in 2019 resulted from an overall increase in cost related to infrastructure for Public Works versus fiscal year 2018.
 - Decrease of \$6.8 million in Emergency Disaster Relief due to the effects of Hurricane Irma on the prior year expenses.
 - Increase of \$0.4 million in interest and fiscal charges due to repayment of various loans.

The following chart compares program revenues for governmental activites for fiscal year 2019:



The following chart illustrates expenses by source for governmental activities for fiscal year 2019.

Governmental Activities Expense by Source - Fiscal Year 2019

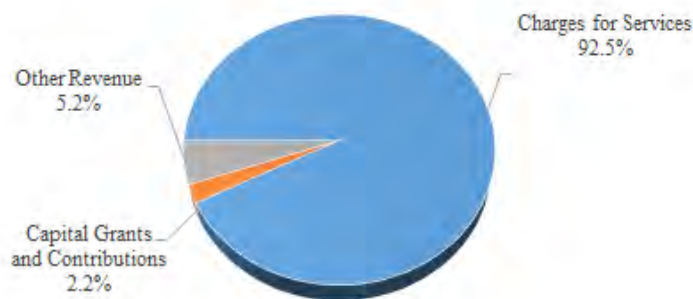


BUSINESS-TYPE ACTIVITIES – Business-type activities net position increased by approximately \$40.9 million due to charges for services exceeding the related operational expenses. Depreciation charges of \$18.9 million were \$0.8 million higher than the prior fiscal year. Operating expenses increased by \$6.2 million from 2018 to 2019.

During fiscal year 2019, business-type activities recorded transfers and contributions of approximately \$7.8 million for capital contributions received by the Parking Fund.

The following charts show revenues and expenses for business-type activities for fiscal year 2019.

Business-Type Revenue by Source - Fiscal Year 2019



Business-Type Expense by Source - Fiscal Year 2019



FINANCIAL ANALYSIS OF CITY FUNDS

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

GOVERNMENTAL FUNDS – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City. At the end of fiscal year 2019, total fund balance of the General Fund was \$85.6 million and was classified as \$6.3 million restricted, \$11.1 million committed, \$8.0 million assigned and \$60.2 million unassigned. The City's minimum unrestricted fund balance is 27.2 percent of General Fund operating expenditures. Non-spendable, Restricted, Committed, and Assigned Fund balances comprised 11.5 percent of General Fund operating expenditures.

The General Capital Projects fund balance of \$5.3 million represents unavailable assets held for sale and committed, and assigned funds for future capital projects.

The BCRA records overlapping governmental revenue and grants for financing redevelopment activity in the beach redevelopment district. Due to the multi-year nature of redevelopment activities, funds may be accumulated for the purpose of providing funding for ongoing or planned construction projects. Fund balance for this fund totaled approximately \$22.6 million at September 30, 2019 and is restricted for specified activities of the fund. Fund balance decreased by \$11.9 million during the current fiscal year primarily due to increases in capital outlay.

The DCRA records overlapping governmental revenue and grants for financing redevelopment activity in the downtown redevelopment district. Due to the multi-year nature of redevelopment activities, funds may be accumulated for the purpose of providing funding for ongoing or planned construction projects. Fund balance for this fund totaled approximately \$6.0 million at September 30, 2019 and is restricted for specified activities of the fund. Fund balance increased by \$2.4 million during the current fiscal year due to a decrease in expenditures.

PROPRIETARY FUNDS – The City's proprietary funds provide the same type of information found in the Government-wide Financial Statements, but in more detail.

Unrestricted net position of the Water and Sewer Utility Fund and Sanitation Enterprise Fund at the end of the fiscal year amounted to \$11.1 million and \$(4.8) million, respectively. The City's Regional Wastewater Treatment Facility provides services to residents of the City and those of six (6) other jurisdictions in southern Broward County. The terms and conditions of these services are set in Large User Wastewater Agreements entered into with those local governments. The Parking Enterprise Fund had unrestricted net position at fiscal year-end of \$0.3 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, the City budget was amended for the following purposes:

- Revenue budgets were increased by approximately \$0.6 million in total due to expected fiscal year 2019 collections exceeding original budget estimates for charges for services.
- Budget appropriations not including operating transfers in/out increased by \$2.2 million. This affected multiple divisions mainly, Building Inspection \$1.1 million, and Fire \$1.2 million.

Total revenues for the year were higher than the amended revenues by approximately \$24.1 million. The most significant variances were attributed to actual revenues above budget by \$6.2 million for charges for services, \$2.0 million for licenses and permits, \$2.3 million for intergovernmental revenues, \$1.2 million for charges for interest, and \$12.1 million for miscellaneous revenues. \$11.3 million of the miscellaneous revenues relates to proceeds received from the State for the City becoming compliant with the State's various pension statutes.

Overall, General Fund expenditures were less than final budgeted expenditures by \$29.2 million. This positive variance was due primarily to actual costs being less than expected; contingencies \$17.2 million, public safety for \$6.8 million, general government for \$3.7 million, public works for \$361.7 thousand, transportation for \$186.8 thousand, economic environment for \$271.6 thousand, culture and recreation for \$655.2 thousand.

The General Fund fund balance at year end was \$85.6 million or \$13.5 million higher than beginning fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS – The City's investment in capital assets for its governmental and business-type activities as of September 30, 2019, amounts to \$536.6 million (net of accumulated depreciation) as presented in Table 3. This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, streets, roads, and bridges. The total increase in the City's investment in capital assets for fiscal year 2019 was 6.1% or \$30.9 million (a 0.1% increase for governmental activities and a 9.3% increase for business-type activities).

The most notable capital asset event occurring during the year was a net increase of \$27.9 million in buildings and improvements. During the year, the Parking Fund placed \$14.2 million of improvements to the Nevada and Nebraska parking garages in service and the net remainder of the increases mainly relate to various improvements of the Water and Sewer System. The most significant improvements of the Water and Sewer System were improvements to the Johnson Street and Taft Street mains between 66th and 76th avenues.

Table 3
Capital Assets
As of September 30, 2019 and 2018
(\$ in thousands)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 40,650	\$ 42,901	\$ 6,285	\$ 6,285	\$ 46,935	\$ 49,186
Buildings and Improvements - net	72,130	74,049	314,823	284,782	386,953	358,831
Machinery and Equipment - net	21,587	14,619	1,926	1,610	23,513	16,229
Infrastructure - net	24,304	24,633	-	-	24,304	24,633
Construction in Progress	16,171	18,264	38,739	38,420	54,910	56,684
Total	<u>\$ 174,842</u>	<u>\$ 174,466</u>	<u>\$ 361,774</u>	<u>\$ 331,097</u>	<u>\$ 536,616</u>	<u>\$ 505,563</u>

Additional information on the City's capital assets can be found in Note II.E. of this report.

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LONG-TERM DEBT – At the end of fiscal year 2019, the City had total bonded debt outstanding of \$331.9 million. Of this amount, \$200.5 million is special obligation bonds and loans, \$9.1 million in capital leases and \$93.9 million in a general obligation note. The remainder of the City's debt represents bonds and loans secured solely by specified revenue sources (i.e., revenue bonds).

Table 4
Outstanding Debt
As of September 30, 2019 and 2018
(\$ in thousands)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds and Loans	\$ 93,900	\$ 36,435	\$ -	\$ -	\$ 93,900	\$ 36,435
Other Loans and Notes	7,920	10,745	933	1,357	8,853	12,102
Revenue Bonds and Loans	70,437	78,822	130,041	135,196	200,478	214,018
Capital Leases	5,943	7,794	3,179	5,246	9,122	13,040
Total Bonds, Notes, Loans, and Capital Leases	178,200	133,796	134,153	141,799	312,353	275,595
Bond Premium	17,073	7,871	2,500	3,477	19,573	11,348
Total	<u>\$ 195,273</u>	<u>\$ 141,667</u>	<u>\$ 136,653</u>	<u>\$ 145,276</u>	<u>\$ 331,926</u>	<u>\$ 286,943</u>

During fiscal year 2019, the City's total debt increased by \$45.0 million. Governmental activities total debt increased by \$53.6 million. The increase in governmental activities debt is mainly due to the issuance of the Series 2019 General Obligation Note. Business-type activities had a net decrease in total debt of \$8.6 million. The decrease is due to the normal repayment of existing debt.

The City achieved an "Aa3" rating from Moody's for its most recent borrowing, the \$60,045,000 General Obligation Bonds, Series 2019. The \$36,890,000 Capital Improvement Revenue and Refunding Bonds, Series 2016A maintained a rating of A1 from Moody's. The \$49,075,000 Community Redevelopment Agency Redevelopment Revenue and Refunding Bonds, Series 2015 maintained a rating of A2 from Moody's.

Additional information on the City's capital leases and long-term debt can be found in Notes II.H. and II.I. of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

At September 30, 2019, the economic outlook remained strong which is evidenced by the growth in the tax base of 43% over the past 5 years. The unemployment rate in the City is lower than the national average rate of 3.5%. The City has experienced record levels of developmental activities in the residential and commercial industries.

Inflationary trends in the region increased on average 3.2% for fiscal year 2019 which is higher than the 2.4% shown in similar national indices (i.e. Consumer Price Index).

All of these factors were considered in preparing the City's budget for fiscal year 2020. The budget was also developed using conservative assumptions of revenues and moderate growth for expenditures. The City adopted an operating millage rate of 7.4665 which is the same as 2019. As a result of a 6.7% increase in the City's taxable property values, property tax revenues are expected to increase by approximately \$6.7 million.

In March 2020, the Nation experienced the COVID-19 virus pandemic. As the Nation's health and economic future have become uncertain, the City is in the process of determining the impact of the virus.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Director of Financial Services, 2600 Hollywood Boulevard, Hollywood, Florida 33020.

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CITY OF HOLLYWOOD, FLORIDA

**STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

	Governmental Activities	Business-type Activities	Total	Component Unit Emerald Hills Safety District
ASSETS:				
Cash	\$ 117,914	\$ 101,530	\$ 219,444	\$ 83,366
Investments	241,291,604	150,007,700	391,299,304	-
Accounts Receivable - Net of Allowances	4,778,238	15,419,680	20,197,918	32,860
Notes Receivable - Net of Allowances	5,028,030	-	5,028,030	-
Reinsurance Receivable	290,479	-	290,479	-
Due from Other Governments	28,000,400	-	28,000,400	-
Internal Balances	(8,920,985)	8,920,985	-	-
Inventories of Supplies	240,610	1,800,068	2,040,678	-
Prepaid Items	1,188,365	-	1,188,365	-
Assets Held for Sale	932,516	-	932,516	-
Restricted Assets:				
Investments	11,437,707	79,206,509	90,644,216	-
Assessments - Net of Allowances	-	452,114	452,114	-
Capital Assets:				
Non Depreciable	56,821,402	45,024,734	101,846,136	-
Depreciable - Net	118,021,051	316,749,676	434,770,727	-
TOTAL ASSETS	459,227,331	617,682,996	1,076,910,327	116,226
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred Outflow General Employee	40,386,740	19,606,414	59,993,154	-
Deferred Outflow Police	68,476,163	-	68,476,163	-
Deferred Outflow Fire	40,757,630	-	40,757,630	-
Deferred Outflow FRS	418,475	-	418,475	-
Deferred Outflow for OPEB	97,773,769	21,473,226	119,246,995	-
Deferred Charge on Refunding	1,824,530	225,936	2,050,466	-
Deferred Derivative Instrument	293,545	-	293,545	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	249,930,852	41,305,576	291,236,428	-
LIABILITIES:				
Vouchers Payable	8,155,298	7,174,281	15,329,579	-
Accrued Wages	2,539,274	401,720	2,940,994	-
Construction Contracts	2,892,386	22,242	2,914,628	-
Due to Other Governments	-	146,419	146,419	-
Interest Payable	1,113,668	68,993	1,182,661	-
Unearned Revenue	454,690	-	454,690	-
Deposits Payable	1,021,440	33,097	1,054,537	-
Payable from Restricted Assets:				
Construction Contracts	-	5,722,813	5,722,813	-
Interest Payable	-	558,416	558,416	-
Deposits	-	10,676,870	10,676,870	-

(Continued)

CITY OF HOLLYWOOD, FLORIDA

(Continued)

STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Governmental Activities	Business-type Activities	Total	Component Unit Emerald Hills Safety District
LIABILITIES (Continued):				
Noncurrent Liabilities:				
Due Within One Year:				
Compensated Absences	\$ 3,094,984	\$ 617,487	\$ 3,712,471	\$ -
Claims Payable	5,202,836	-	5,202,836	-
Bonds, Loans and Leases Payable	18,425,082	14,630,457	33,055,539	-
Due in More Than One Year:				
Compensated Absences	11,528,518	1,401,085	12,929,603	-
Claims Payable	9,200,989	-	9,200,989	-
Bonds, Loans and Leases Payable	177,141,098	122,022,759	299,163,857	-
Other Liabilities	300,000	-	300,000	-
Total Other Postemployment Benefits Liability	608,489,035	125,476,876	733,965,911	-
Net Pension Liability:				
Net Pension Liability General Employee	128,254,766	57,811,235	186,066,001	-
Net Pension Liability Police	176,714,224	-	176,714,224	-
Net Pension Liability Fire	141,344,362	-	141,344,362	-
Net Pension Liability FRS	1,077,319	-	1,077,319	-
TOTAL LIABILITIES	1,296,949,969	346,764,750	1,643,714,719	-
DEFERRED INFLOWS OF RESOURCES:				
Deferred Inflow General Employee	4,512,820	1,805,198	6,318,018	-
Deferred Inflow Police	12,876,586	-	12,876,586	-
Deferred Inflow Fire	10,048,006	-	10,048,006	-
Deferred Inflow FRS	70,805	-	70,805	-
Deferred Inflow for OPEB	24,479,199	8,646,440	33,125,639	-
Other Unearned or Advanced Revenue	2,240,115	-	2,240,115	-
TOTAL DEFERRED INFLOWS OF RESOURCES	54,227,531	10,451,638	64,679,169	-
NET POSITION				
Net Investment in Capital Assets	69,416,461	219,043,659	288,460,120	-
Restricted for:				
Future Capital Projects	62,016,368	48,693,655	110,710,023	-
Future Debt Service	6,149,643	3,554,755	9,704,398	-
Future Grants and Special Programs	18,918,321	-	18,918,321	-
Future Community Redevelopment	10,531,018	-	10,531,018	-
Building Operations	6,299,550	-	6,299,550	-
Water and Sewer Rate Stabilization Reserve	-	10,000,000	10,000,000	-
Future Police Programs	14,364,632	-	14,364,632	-
Future Other Purposes	932,516	-	932,516	-
Unrestricted (Deficit)	(830,647,826)	20,480,115	(810,167,711)	116,226
TOTAL NET POSITION	\$ (642,019,317)	\$ 301,772,184	\$ (340,247,133)	\$ 116,226

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

CITY OF HOLLYWOOD, FLORIDA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

FUNCTIONS / PROGRAMS	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position			Component Unit Emerald Hills Safety District
		Charges for Services, Fees, Fines and Forfeitures	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
PRIMARY GOVERNMENT:								
GOVERNMENTAL ACTIVITIES:								
General Government	\$ 64,445,180	\$ 13,909,461	\$	\$	\$ (50,535,719)	\$	\$ (50,535,719)	\$ -
Public Safety:								
Police	88,995,146	1,241,166	384,961	-	(87,369,019)	-	(87,369,019)	-
Fire	57,515,773	35,654,720	370,076	19,043	(21,471,934)	-	(21,471,934)	-
Other Public Safety	6,265,317	12,759,345	-	-	6,494,028	-	6,494,028	-
Public Works	16,012,135	259,109	-	-	(15,753,026)	-	(15,753,026)	-
Transportation	3,436,888	-	258,146	454,661	(2,724,081)	-	(2,724,081)	-
Economic Environment	6,601,926	2,629,449	9,747,347	-	5,774,870	-	5,774,870	-
Physical Environment	633,495	961,756	-	-	328,261	-	328,261	-
Culture and Recreation	15,385,519	1,436,135	750,645	-	(13,198,739)	-	(13,198,739)	-
Emergency and Disaster Relief	239,140	-	9,945,843	-	9,706,703	-	9,706,703	-
Interest and Fiscal Charges	4,871,563	-	-	-	(4,871,563)	-	(4,871,563)	-
Total Governmental Activities	264,402,082	68,851,141	21,457,018	473,704	(173,620,219)		(173,620,219)	-
Business-type Activities:								
Water	29,721,382	38,887,006	-	552,215	-	9,717,839	9,717,839	-
Sewer	43,645,001	56,876,348	-	2,415,950	-	15,647,297	15,647,297	-
Sanitation	13,546,929	13,049,447	-	-	-	(497,482)	(497,482)	-
Stormwater	2,605,299	3,176,917	-	-	-	571,618	571,618	-
Golf	2,081,089	2,009,133	-	-	-	(71,956)	(71,956)	-
Parking	8,767,549	9,565,930	-	-	-	798,381	798,381	-
Other	26,977	40,926	-	-	-	13,949	13,949	-
Total Business-type Activities	100,394,226	123,605,707		2,968,165		26,179,646	26,179,646	-
Total Primary Government	\$ 364,796,308	\$ 192,456,848	\$ 21,457,018	\$ 3,441,869	(173,620,219)	26,179,646	(147,440,573)	-
Component Unit								
Emerald Hills Safety District	\$ 110,305	\$ -	\$ -	\$ -	-	-	-	\$ (110,305)
General Revenues:								
Taxes:								
Property Taxes Levied for General Purpose					100,692,431	-	100,692,431	-
Property Taxes Levied for Debt Service					3,680,051	-	3,680,051	-
Property Taxes Incremental					31,081,569	-	31,081,569	-
Utility Service Taxes					20,673,447	-	20,673,447	-
Franchise Taxes					13,006,671	-	13,006,671	-
Sales Tax					10,080,296	-	10,080,296	-
Gas Tax					2,773,464	-	2,773,464	-
Local Business Tax					2,299,405	-	2,299,405	-
Contributions not Restricted to Specific Programs					8,025,174	-	8,025,174	126,143
Investment Revenue					4,435,030	4,543,325	8,978,355	-
Miscellaneous					14,750,796	2,442,704	17,193,500	-
Gain on Sale of Capital Assets					729,152	-	729,152	-
Transfers					(7,771,707)	7,771,707	-	-
Total General Revenues and Transfers					204,455,779	14,757,736	219,213,515	126,143
Change in Net Position					30,835,560	40,937,382	71,772,942	15,838
Net Position - Beginning					(672,854,877)	260,834,802	(412,020,075)	100,388
Net Position - Ending					\$ (642,019,317)	\$ 301,772,184	\$ (340,247,133)	\$ 116,226

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

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CITY OF HOLLYWOOD, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	General	General Capital Projects	2019 GOB Capital Projects
ASSETS:			
Cash	\$ 11,200	\$ -	\$ -
Investments	62,097,122	3,011,272	69,089,041
Accounts Receivable - Net of Allowances	4,647,060	38,263	-
Notes Receivable - Net of Allowances	-	-	-
Due from Other Funds	11,799,618	-	-
Due from Other Governments	16,933,350	627,983	-
Inventories of Supplies	40,234	-	-
Assets Held for Sale	-	730,590	-
Prepays	-	-	1,132,209
Restricted Assets:			
Investments	-	2,919,120	-
TOTAL ASSETS	<u>\$ 95,528,584</u>	<u>\$ 7,327,228</u>	<u>\$ 70,221,250</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:			
LIABILITIES:			
Vouchers Payable	\$ 4,651,540	\$ 510,416	\$ 224,874
Accrued Wages and Leave	2,338,652	-	-
Construction Contracts Payable	-	1,025,369	-
Due to Other Funds	-	-	-
Due to Other Governments	-	-	-
Unearned Revenue	-	-	-
Deposits Payable	639,887	50,000	-
Total Liabilities	<u>7,630,079</u>	<u>1,585,785</u>	<u>224,874</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable or Advanced Revenue	2,273,897	454,661	-
FUND BALANCES:			
Nonspendable	40,234	-	1,132,209
Restricted	6,299,550	-	68,864,167
Committed	11,085,253	138,978	-
Assigned	8,022,845	5,147,804	-
Unassigned	60,176,726	-	-
Total Fund Balances	<u>85,624,608</u>	<u>5,286,782</u>	<u>69,996,376</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 95,528,584</u>	<u>\$ 7,327,228</u>	<u>\$ 70,221,250</u>

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

Beach Community Redevelopment	Downtown Community Redevelopment	Other Governmental Funds	Total Governmental Funds
\$ 200	\$ 200	\$ 20,200	\$ 31,800
16,171,833	5,943,605	18,544,893	174,857,766
-	-	25,000	4,710,323
-	-	30,332,352	30,332,352
-	144,000	-	11,943,618
-	-	10,439,067	28,000,400
-	-	-	40,234
-	-	201,926	932,516
-	-	-	1,132,209
8,518,587	-	-	11,437,707
<u>\$ 24,690,620</u>	<u>\$ 6,087,805</u>	<u>\$ 59,563,438</u>	<u>\$ 263,418,925</u>
\$ 1,239,133	\$ 88,307	\$ 184,095	\$ 6,898,365
45,597	6,284	11,650	2,402,183
810,405	-	-	1,835,774
-	-	10,204,510	10,204,510
(89)	89	-	-
-	-	2,087,915	2,087,915
-	3,577	327,976	1,021,440
<u>2,095,046</u>	<u>98,257</u>	<u>12,816,146</u>	<u>24,450,187</u>
-	-	40,096,906	42,825,464
-	-	-	1,172,443
22,595,574	5,989,548	14,732,621	118,481,460
-	-	190,671	11,414,902
-	-	1,554,662	14,725,311
-	-	(9,827,568)	50,349,158
<u>22,595,574</u>	<u>5,989,548</u>	<u>6,650,386</u>	<u>196,143,274</u>
<u>\$ 24,690,620</u>	<u>\$ 6,087,805</u>	<u>\$ 59,563,438</u>	<u>\$ 263,418,925</u>

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CITY OF HOLLYWOOD, FLORIDA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION SEPTEMBER 30, 2019

Total fund balances - governmental funds **\$ 196,143,274**

Amounts reported for Governmental Activities in the
Statement of Net Position are different because:

Capital assets, net of accumulated depreciation, are not financial resources,
and therefore are not reported in the funds. 165,325,112

Some liabilities are not due and payable in the current period
therefore, are not reported in the funds. Those liabilities consist of

Bonds payable	(186,295,844)	
Compensated absences	(13,846,320)	
Accrued interest payable	(959,651)	
Increase in CRA debt due to Derivative Instruments	(293,545)	
OPEB	(583,688,899)	
Net pension liability - General Pension	(112,356,354)	
Net pension liability - Police	(176,714,224)	
Net pension liability - Fire	(141,344,362)	
Net pension liability - FRS	<u>(1,077,319)</u>	
Total long-term liabilities		(1,216,576,518)

Unavailable revenue that meet the criteria for recognition in the
Statement of Activities. 16,914,249

In governmental funds, deferred outflows and inflows of resources relating to
pensions and deferred refunding costs are not reported because they are
applicable to future periods. In the statement of net position, deferred outflows
and inflows of resources relating to pensions are reported.

Deferred refunding costs	1,824,530	
Deferred outflows of resources relating to the General Employees Pension	35,343,344	
Deferred outflows of resources relating to the Police Pension	68,476,163	
Deferred outflows of resources relating to the Fire Pension	40,757,630	
Deferred outflows of resources relating to the FRS Pension	418,475	
Deferred outflows of resources relating to OPEB	94,027,615	
Deferred outflows of resources relating to Derivative Instruments	293,545	
Deferred inflows of resources relating to the General Employees Pension	(2,964,323)	
Deferred inflows of resources relating to the Police Pension	(12,876,586)	
Deferred inflows of resources relating to the Fire Pension	(10,048,006)	
Deferred inflows of resources relating to the FRS Pension	(70,805)	
Deferred inflows of resources relating to OPEB	<u>(19,297,917)</u>	
Total net deferred outflows and inflows		195,883,665

Internal Service funds are used by management to charge the costs of
fleet management, property management, central services, self insurance,
and communications to individual funds. The assets, liabilities, and Deferred Inflows
and Outflows of Resources of the Internal Service funds are included in governmental
activities in the statement of net position. 10,950,991

Adjustment to Enterprise Funds for Internal Service Funds look-back. (10,660,090)

Net Position of Governmental Activities \$ (642,019,317)

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

CITY OF HOLLYWOOD, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	General	General Capital Projects	2019 GOB Capital Projects
REVENUES:			
Property Taxes	\$ 100,587,681	\$ -	\$ -
Utilities Service Taxes	20,673,447	-	-
Franchise Taxes	13,006,671	-	-
Licenses and Permits	10,877,574	-	-
Intergovernmental	18,458,554	296,116	-
Charges for Services	58,398,878	864,407	-
Fines and Forfeitures	-	-	-
Investment Revenue	1,960,793	149,393	(3,624)
Miscellaneous	14,463,949	6,644	-
Total Revenues	<u>238,427,547</u>	<u>1,316,560</u>	<u>(3,624)</u>
EXPENDITURES:			
Current:			
General Government	41,980,848	786,682	-
Public Safety	151,334,027	50,163	-
Public Works	12,921,259	-	-
Transportation	2,350,637	475,218	-
Economic Environment	2,281,929	-	-
Physical Environment	-	-	-
Culture and Recreation	10,368,373	171,618	-
Emergency and Disaster Relief	-	-	-
Other	239,386	-	-
Capital Outlay:			
General Government	15,328	4,541,837	-
Public Safety	144,216	1,008,362	-
Transportation	-	1,252,045	-
Economic Environment	-	-	-
Physical Environment	-	-	-
Culture and Recreation	25,317	29,287	-
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	-	-	737,757
Total Expenditures	<u>221,661,320</u>	<u>8,315,212</u>	<u>737,757</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>16,766,227</u>	<u>(6,998,652)</u>	<u>(741,381)</u>

Beach Community Redevelopment	Downtown Community Redevelopment	Other Governmental Funds	Total Governmental Funds
\$ 12,971,061	\$ 4,299,438	\$ 3,680,051	\$ 121,538,231
-	-	-	20,673,447
-	-	-	13,006,671
-	-	-	10,877,574
10,352,821	3,503,865	10,195,980	42,807,336
-	-	318,305	59,581,590
-	-	159,317	159,317
871,902	142,284	117,361	3,238,109
51,701	28,515	112,099	14,662,908
<u>24,247,485</u>	<u>7,974,102</u>	<u>14,583,113</u>	<u>286,545,183</u>
9,507,051	2,959,878	1,958	55,236,417
-	-	1,462,614	152,846,804
-	-	-	12,921,259
-	-	14,358	2,840,213
883,371	231,461	2,595,140	5,991,901
364,249	68,022	-	432,271
474,728	-	682,858	11,697,577
-	-	239,140	239,140
-	-	10,608	249,994
11,732,640	-	-	16,289,805
1,471,009	-	186,858	2,810,445
-	45,288	275,772	1,573,105
1,269	4,489	-	5,758
4,523,512	-	-	4,523,512
-	-	-	54,604
5,475,000	2,299,103	6,079,020	13,853,123
1,725,341	457,695	2,774,805	5,695,598
<u>36,158,170</u>	<u>6,065,936</u>	<u>14,323,131</u>	<u>287,261,526</u>
<u>(11,910,685)</u>	<u>1,908,166</u>	<u>259,982</u>	<u>(716,343)</u>

(Continued)

CITY OF HOLLYWOOD, FLORIDA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	<u>General</u>	<u>General Capital Projects</u>	<u>2019 GOB Capital Projects</u>
OTHER FINANCING SOURCES (USES):			
Transfers In	\$ 6,623,902	\$ 2,750,000	\$ -
Transfers Out	(10,360,284)	(10,454)	-
Sale of Assets	498,329	6,000	-
Debt Issued	-	-	60,045,000
Premium on Debt Issued	-	-	10,692,757
Total Other Financing Sources (Uses)	<u>(3,238,053)</u>	<u>2,745,546</u>	<u>70,737,757</u>
Change in Fund Balances	13,528,174	(4,253,106)	69,996,376
Fund Balances - Beginning	<u>72,096,434</u>	<u>9,539,888</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ 85,624,608</u></u>	<u><u>\$ 5,286,782</u></u>	<u><u>\$ 69,996,376</u></u>

Beach Community Redevelopment	Downtown Community Redevelopment	Other Governmental Funds	Total Governmental Funds
\$ 37,980	\$ -	\$ 5,181,070	\$ 14,592,952
-	-	(849,485)	(11,220,223)
-	525,000	1,103,813	2,133,142
-	-	-	60,045,000
-	-	-	10,692,757
<u>37,980</u>	<u>525,000</u>	<u>5,435,398</u>	<u>76,243,628</u>
(11,872,705)	2,433,166	5,695,380	75,527,285
<u>34,468,279</u>	<u>3,556,382</u>	<u>955,006</u>	<u>120,615,989</u>
<u>\$ 22,595,574</u>	<u>\$ 5,989,548</u>	<u>\$ 6,650,386</u>	<u>\$ 196,143,274</u>

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

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CITY OF HOLLYWOOD, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Net Change in Fund Balances - Governmental Funds \$ 75,527,285

Amounts reported for governmental activities in the
Statement of Activities are different because

Governmental funds report capital outlays as expenditures.
However in the statement of activities the cost of those assets is
allocated over their estimated useful lives and reported as
depreciation expense. In the current period, these amounts are:

Capital outlay	25,257,229	
Contributions proprietary funds, net	(14,679,658)	
Deletions	(1,797,791)	
Depreciation expense	(9,573,511)	
Excess of capital outlay over depreciation expense		(793,731)

The issuance of long-term debt (e.g. bonds, loans) provides current financial
resources to governmental funds, while the repayment of the principal of
long-term obligations is an expenditure in the 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.

In the current year, these amounts consist of:

Bonds principal retirement	13,853,123	
Bond principal proceeds	(60,045,000)	
Bond premium proceeds	(10,692,757)	
Amortization of unamortized refunding costs	(276,396)	
Amortization of net bond premium(s)	1,430,274	
Increase in OPEB liability	(22,102,773)	
Total long term-debt retirements, issuances, and related transactions		(77,833,529)

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

These activities consist of:

Decrease in compensated absences	877,690	
Increase in accrued interest expense	(6,229)	
Total additional expense		871,461

In government funds, pension costs are recognized when employer
contributions are made. In the statement of activities, pension
costs are recognized on the accrual basis. This year,
the difference between accrual-basis pension costs
and actual employer contribution was:

General Employee pension	(3,684,830)	
Police pension	9,095,722	
Fire pension	2,486,662	
FRS pension	(215,717)	
		7,681,837

CITY OF HOLLYWOOD, FLORIDA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

Unearned revenue that meet the revenue recognition criteria in the Statement of Activities, but not the fund statements, i.e. property taxes.		14,087,869
Internal Service funds are used by management to charge the costs of fleet management, property management, central services, self insurance, and communications to individual funds:		
Internal Service Funds Change in Net Position	12,831,031	
Look-Back adjustment to internal services funds incorporated into the governmental activities	<u>(1,536,663)</u>	
Total internal service fund activity		<u>11,294,368</u>
Changes in Net Position of Governmental Activities		<u>\$ 30,835,560</u>

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

CITY OF HOLLYWOOD, FLORIDA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 SEPTEMBER 30, 2019

	Business Activities - Enterprise Funds		
	Water and Sewer Utility	Sanitation Enterprise	Parking Enterprise
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
ASSETS:			
CURRENT ASSETS:			
Cash	\$ 700	\$ -	\$ 800
Investments	113,976,611	9,123,787	15,406,911
Accounts Receivable - Net of Allowances	12,654,528	2,230,395	-
Reinsurance Receivable	-	-	-
Inventories of Supplies	1,800,068	-	-
Prepaid Items	-	-	-
Restricted Assets:			
Investments	15,949,530	895,886	-
Total Current Assets	144,381,437	12,250,068	15,407,711
NONCURRENT ASSETS:			
Restricted Assets:			
Investments	62,248,410	-	112,683
Total Restricted Assets	62,248,410	-	112,683
Capital Assets:			
Land	3,697,837	63,890	1,561,650
Buildings	51,197,766	1,165,148	46,950,399
Improvements	587,507,264	92,240	1,857,747
Machinery and Equipment	5,043,055	21,395	2,572,065
Accumulated Depreciation	(368,082,474)	(1,278,295)	(16,023,483)
Construction in Progress	38,739,235	-	-
Total Capital Assets	318,102,683	64,378	36,918,378
Other Assets:			
Assessments - Net of Allowances	452,114	-	-
Total Noncurrent Assets	380,803,207	64,378	37,031,061
Total Assets	525,184,644	12,314,446	52,438,772
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Outflow - General Employee Pension	15,818,553	979,788	1,933,244
Deferred Outflow for OPEB	14,945,395	1,332,113	4,298,285
Deferred Charge on Refunding	225,936	-	-
Total Deferred Outflows of Resources	30,989,884	2,311,901	6,231,529
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	556,174,528	14,626,347	58,670,301

Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
\$ 100,030	\$ 101,530	\$ 86,114
11,500,391	150,007,700	66,433,838
534,757	15,419,680	67,915
-	-	290,479
-	1,800,068	200,375
-	-	56,156
-	16,845,416	-
12,135,178	184,174,394	67,134,877
-	62,361,093	-
-	62,361,093	-
962,122	6,285,499	-
2,935,048	102,248,361	1,141,350
12,514,983	601,972,234	-
1,550,960	9,187,475	46,749,704
(11,274,142)	(396,658,394)	(38,373,713)
-	38,739,235	-
6,688,971	361,774,410	9,517,341
-	452,114	-
6,688,971	424,587,617	9,517,341
18,824,149	608,762,011	76,652,218
874,829	19,606,414	5,043,396
897,433	21,473,226	3,746,154
-	225,936	-
1,772,262	41,305,576	8,789,550
20,596,411	650,067,587	85,441,768

CITY OF HOLLYWOOD, FLORIDA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Business Activities - Enterprise Funds		
	Water and Sewer Utility	Sanitation Enterprise	Parking Enterprise
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
LIABILITIES:			
CURRENT LIABILITIES:			
Vouchers Payable	\$ 4,281,748	\$ 2,329,649	\$ 368,685
Accrued Wages and Leave	318,759	17,295	46,665
Compensated Absences	529,490	20,913	15,039
Construction Contracts	-	-	-
Due to Other Funds	-	-	-
Due to Other Governments	-	-	142,180
Interest Payable	-	-	60,527
Claims Payable	-	-	-
Deposits Payable	-	-	5,825
Payable from Restricted Assets:			
Matured Bonds and Interest	558,416	-	-
Construction Contracts	5,610,130	-	112,683
Deposits	9,780,984	895,886	-
Bonds Payable - Net	7,702,275	-	9,108
Capital Lease Obligations	333,334	-	212,447
Loans Payable	5,840,683	-	451,838
Total Current Liabilities	<u>34,955,819</u>	<u>3,263,743</u>	<u>1,424,997</u>
NONCURRENT LIABILITIES:			
Compensated Absences	1,063,514	33,360	253,947
Claims Payable	-	-	-
Bonds Payable - Net	63,124,874	-	179,050
Capital Lease Obligations	1,608,325	-	1,025,048
Loans Payable	54,780,296	-	481,026
Other Postemployment Benefits Liability	96,838,624	8,857,191	14,466,746
Net Pension Liability - General Employee	47,234,995	2,369,985	5,425,177
Total Noncurrent Liabilities	<u>264,650,628</u>	<u>11,260,536</u>	<u>21,830,994</u>
Total Liabilities	<u>299,606,447</u>	<u>14,524,279</u>	<u>23,255,991</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflow - General Employee Pension	1,232,412	61,835	141,549
Deferred Inflow for OPEB	3,201,678	4,774,602	478,300
	<u>4,434,090</u>	<u>4,836,437</u>	<u>619,849</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>304,040,537</u>	<u>19,360,716</u>	<u>23,875,840</u>
NET POSITION:			
Net Investment in Capital Assets	178,770,286	64,378	34,447,178
Restricted for:			
Future Capital Projects	48,693,655	-	-
Future Debt Service	3,554,755	-	-
Rate Stabilization	10,000,000	-	-
Unrestricted (Deficit)	<u>11,115,295</u>	<u>(4,798,747)</u>	<u>347,283</u>
TOTAL NET POSITION	<u>\$ 252,133,991</u>	<u>\$ (4,734,369)</u>	<u>\$ 34,794,461</u>

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

Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
\$ 194,199	\$ 7,174,281	\$ 1,256,931
19,001	401,720	137,091
52,045	617,487	256,797
22,242	22,242	-
1,739,105	1,739,105	-
4,239	146,419	-
8,466	68,993	154,017
-	-	5,202,836
27,272	33,097	-
-	558,416	-
-	5,722,813	1,056,612
-	10,676,870	-
-	7,711,383	58,880
-	545,781	1,208,884
80,772	6,373,293	39,492
<u>2,147,341</u>	<u>41,791,900</u>	<u>9,371,540</u>
50,264	1,401,085	520,386
-	-	9,200,989
-	63,303,924	3,941,688
-	2,633,373	3,945,614
824,140	56,085,462	82,233
5,314,315	125,476,876	24,800,136
2,781,078	57,811,235	15,898,412
8,969,797	306,711,955	58,389,458
<u>11,117,138</u>	<u>348,503,855</u>	<u>67,760,998</u>
369,402	1,805,198	1,548,497
191,860	8,646,440	5,181,282
<u>561,262</u>	<u>10,451,638</u>	<u>6,729,779</u>
<u>11,678,400</u>	<u>358,955,493</u>	<u>74,490,777</u>
5,761,817	219,043,659	-
-	48,693,655	-
-	3,554,755	-
-	10,000,000	-
<u>3,156,194</u>	<u>9,820,025</u>	<u>10,950,991</u>
<u>\$ 8,918,011</u>	<u>\$ 291,112,094</u>	<u>\$ 10,950,991</u>

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CITY OF HOLLYWOOD, FLORIDA

**RECONCILIATION OF THE STATEMENT OF NET POSITION OF PROPRIETARY FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

Net Position - Proprietary Funds	\$ 291,112,094
Adjustment to Enterprise Funds for Internal Service Funds look-back	<u>10,660,090</u>
Net Position of Business-type Activities	<u><u>\$ 301,772,184</u></u>

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

CITY OF HOLLYWOOD, FLORIDA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water and Sewer Utility</u>	<u>Sanitation Enterprise</u>	<u>Parking Enterprise</u>
OPERATING REVENUES:			
Intergovernmental	\$ 49,020	\$ -	\$ -
Charges for Sales and Services	94,834,467	13,010,882	8,598,975
Fines and Forfeitures	-	27,965	771,293
Miscellaneous	879,867	10,600	195,662
Total Operating Revenues	<u>95,763,354</u>	<u>13,049,447</u>	<u>9,565,930</u>
OPERATING EXPENSES:			
Personal Services and Benefits	29,691,041	1,320,959	4,295,625
Supplies, Services and Claims	22,960,744	12,332,054	2,931,594
Depreciation	16,984,751	652	1,513,847
Total Operating Expenses	<u>69,636,536</u>	<u>13,653,665</u>	<u>8,741,066</u>
Operating Income (Loss)	<u>26,126,818</u>	<u>(604,218)</u>	<u>824,864</u>
NONOPERATING REVENUES (EXPENSES):			
Investment Revenue	3,852,449	202,031	295,693
Interest Expense	(4,971,055)	-	(144,235)
Gain/Loss on Disposals	-	-	-
Other Income (Expense)	1,880,083	-	564,216
Total Nonoperating Revenues (Expenses)	<u>761,477</u>	<u>202,031</u>	<u>715,674</u>
Income (Loss) Before Contributions and Transfers	<u>26,888,295</u>	<u>(402,187)</u>	<u>1,540,538</u>
CONTRIBUTIONS:			
Capital Contributions	(527,018)	-	14,205,064
Contributions - Large Users	1,462,152	-	-
Impact Fees	1,506,013	-	-
TRANSFERS IN (OUT):			
Transfers In	350,882	-	-
Transfers Out	(4,662,597)	(771,253)	(349,159)
Total Transfers In (Out)	<u>(4,311,715)</u>	<u>(771,253)</u>	<u>(349,159)</u>
Change in Net Position	<u>25,017,727</u>	<u>(1,173,440)</u>	<u>15,396,443</u>
Net Position - Beginning	<u>227,116,264</u>	<u>(3,560,929)</u>	<u>19,398,018</u>
Net Position - Ending	<u>\$ 252,133,991</u>	<u>\$ (4,734,369)</u>	<u>\$ 34,794,461</u>

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

Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
\$ -	\$ 49,020	\$ -
4,952,994	121,397,318	68,520,208
-	799,258	-
273,982	1,360,111	3,499,912
<u>5,226,976</u>	<u>123,605,707</u>	<u>72,020,120</u>
1,566,167	36,873,792	7,865,096
2,748,007	40,972,399	52,976,219
440,472	18,939,722	3,344,136
<u>4,754,646</u>	<u>96,785,913</u>	<u>64,185,451</u>
<u>472,330</u>	<u>26,819,794</u>	<u>7,834,669</u>
193,152	4,543,325	1,196,921
(29,681)	(5,144,971)	(323,614)
(1,600)	(1,600)	137,601
-	2,444,299	450,233
<u>161,871</u>	<u>1,841,053</u>	<u>1,461,141</u>
<u>634,201</u>	<u>28,660,847</u>	<u>9,295,810</u>
-	13,678,046	1,001,610
-	1,462,152	-
-	1,506,013	-
-	350,882	2,862,000
(474,212)	(6,257,221)	(328,390)
<u>(474,212)</u>	<u>(5,906,339)</u>	<u>2,533,610</u>
<u>159,989</u>	<u>39,400,719</u>	<u>12,831,030</u>
<u>8,758,022</u>	<u>251,711,375</u>	<u>(1,880,039)</u>
<u>\$ 8,918,011</u>	<u>\$ 291,112,094</u>	<u>\$ 10,950,991</u>

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CITY OF HOLLYWOOD, FLORIDA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION OF PROPRIETARY FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,2019**

Net Change in Net Position - Proprietary Funds	\$ 39,400,719
Net revenue of the Internal Service Funds (funds used to charge the costs of certain activities to individual funds) is reported with Governmental Activities.	
Consolidated adjustment to Enterprise Funds for Internal Service Funds look-back	<u>1,536,663</u>
Changes in Net Position of Business-type Activities	<u>\$ 40,937,382</u>

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

CITY OF HOLLYWOOD, FLORIDA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water and Sewer Utility</u>	<u>Sanitation Enterprise</u>	<u>Parking Enterprise</u>
CASH FLOWS FROM OPERATING			
ACTIVITIES:			
Cash Received from Customers, Employees and Other Governments	\$ 99,711,026	\$ 13,229,905	\$ 9,697,105
Payments to Suppliers for Goods and Services	(20,458,617)	(11,435,028)	(2,647,446)
Payments to Employees for Services	(23,922,379)	(1,571,018)	(3,079,753)
Payments for claims and judgements	-	-	-
Payments for Interfund Services	-	-	-
Other Operating Receipts	49,020	-	-
Net Cash Provided (Used) by Operating Activities	<u>55,379,050</u>	<u>223,859</u>	<u>3,969,906</u>
CASH FLOWS FROM NONCAPITAL			
FINANCING ACTIVITIES:			
Transfers In	350,882	-	-
Transfers Out	(4,662,597)	(771,253)	(349,159)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(4,311,715)</u>	<u>(771,253)</u>	<u>(349,159)</u>
CASH FLOWS FROM CAPITAL AND			
RELATED FINANCING ACTIVITIES:			
Proceeds from Bonds and Other Borrowings	7,174,296	-	-
Principal Paid on Bonds, Notes and Equipment Contracts	(12,597,301)	-	(667,767)
Interest Paid on Bonds, Notes and Equipment Contracts	(6,167,798)	-	(162,504)
Proceeds from Sale of Equipment	-	-	-
Acquisition and Construction of Capital Assets	(37,136,594)	-	(651,221)
Impact Fees, Special Assessments, Other Capital Receipts	3,962,980	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(44,764,417)</u>	<u>-</u>	<u>(1,481,492)</u>
CASH FLOWS FROM INVESTING			
ACTIVITIES:			
Investment Revenue	<u>3,852,449</u>	<u>202,031</u>	<u>295,693</u>
Net Cash Provided (Used) by Investing Activities	<u>3,852,449</u>	<u>202,031</u>	<u>295,693</u>
 Net Increase (Decrease) in Cash	10,155,367	(345,363)	2,434,948
 Cash and Investments - beginning of year	<u>182,019,884</u>	<u>10,365,036</u>	<u>13,085,446</u>
 Cash and Investments - end of year	<u>\$ 192,175,251</u>	<u>\$ 10,019,673</u>	<u>\$ 15,520,394</u>
Classified as:			
Current assets	\$ 113,977,311	\$ 10,019,673	\$ 15,520,394
Restricted assets	78,197,940	-	-
	<u>\$ 192,175,251</u>	<u>\$ 10,019,673</u>	<u>\$ 15,520,394</u>

Other		Governmental
Enterprise		Activities -
Funds	Total	Internal
		Service
		Funds
\$ 5,243,745	\$ 127,881,781	\$ 73,200,764
(2,869,996)	(37,411,087)	(17,285,730)
(1,552,881)	(30,126,031)	(8,217,183)
-	-	(35,552,747)
79,330	79,330	-
-	49,020	-
900,198	60,473,013	12,145,104
-	350,882	2,862,000
(474,212)	(6,257,221)	(328,390)
(474,212)	(5,906,339)	2,533,610
-	7,174,296	-
(78,293)	(13,343,361)	(1,338,456)
(30,300)	(6,360,602)	(385,469)
-	-	137,601
(483,163)	(38,270,978)	(3,312,536)
-	3,962,980	-
(591,756)	(46,837,665)	(4,898,860)
193,152	4,543,325	1,196,921
193,152	4,543,325	1,196,921
27,382	12,272,334	10,976,775
11,573,039	217,043,405	55,543,177
\$ 11,600,421	\$ 229,315,739	\$ 66,519,952
\$ 11,600,421	\$ 151,117,799	\$ 66,519,952
-	78,197,940	-
\$ 11,600,421	\$ 229,315,739	\$ 66,519,952

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CITY OF HOLLYWOOD, FLORIDA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water and Sewer Utility</u>	<u>Sanitation Enterprise</u>	<u>Parking Enterprise</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ 26,126,818	\$ (604,218)	\$ 824,864
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	16,984,751	652	1,513,847
Provision for Uncollectible Accounts	(8,912)	(27,966)	-
Pension Expense Adjustment	2,846,882	375,685	233,399
OPEB Expense Adjustment	3,464,371	(611,076)	971,675
Change in Assets, Liabilities and Deferred Inflows/Outflows:			
(Increase) Decrease in Accounts Receivable	3,334,084	132,749	130,975
(Increase) Decrease in Reinsurance Receivable	-	-	-
(Increase) Decrease in Inventory	(310,984)	-	-
(Increase) Decrease in Prepaid Items	-	-	35,025
Increase (Decrease) in Vouchers Payable	2,813,111	897,026	255,461
Increase (Decrease) in Accrued Wages and Leave	(542,591)	(14,668)	10,798
Increase (Decrease) in Claims Payable	-	-	-
Increase (Decrease) in Due from Other Governments	-	-	(6,338)
Increase (Decrease) in Due from Other Funds	-	-	-
Increase (Decrease) in Deposits Payable	671,520	75,675	200
Total Adjustments	<u>29,252,232</u>	<u>828,077</u>	<u>3,145,042</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 55,379,050</u>	<u>\$ 223,859</u>	<u>\$ 3,969,906</u>
NONCASH CAPITAL FINANCING AND INVESTING ACTIVITIES:			
Changes in Bond discount/premium	\$ (973,351)	\$ -	\$ 3,767
Change in Deferred Refunding costs	(108,039)	-	-
Capital Contributions	<u>(527,018)</u>	<u>-</u>	<u>14,205,064</u>
Total Noncash Capital Financing Activities	\$ (1,608,408)	\$ -	\$ 14,208,831

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

<u>Other</u>		Governmental
Enterprise		Activities -
Funds	Total	Internal
		Service
		Funds
<u>\$ 472,330</u>	<u>\$ 26,819,794</u>	<u>\$ 7,834,669</u>
440,472	18,939,722	3,344,136
(6,060)	(42,938)	-
(175,938)	3,280,028	(373,966)
217,351	4,042,321	121,538
24,726	3,622,534	1,180,645
-	-	-
-	(310,984)	(57,196)
-	35,025	(56,156)
(122,306)	3,843,292	191,619
(28,126)	(574,587)	(99,660)
-	-	59,475
316	(6,022)	-
79,330	79,330	-
(1,897)	745,498	-
<u>427,868</u>	<u>33,653,219</u>	<u>4,310,435</u>
<u>\$ 900,198</u>	<u>\$ 60,473,013</u>	<u>\$ 12,145,104</u>
\$ -	\$ (969,584)	\$ -
-	(108,039)	60,075
-	13,678,046	1,001,610
<u>\$ -</u>	<u>\$ 12,600,423</u>	<u>\$ 1,061,685</u>

CITY OF HOLLYWOOD, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2019

	Total Pension Plans
ASSETS:	
Investments	
U.S. Government Securities	\$ 40,420,444
Money Market Funds	22,516,205
Corporate Equities	356,192,747
Corporate Bonds and Other	87,424,510
Mutual Funds	315,192,709
Pooled Investment Funds	<u>87,192,728</u>
Total Investments	908,939,343
Contributions Receivable	7,379,064
Interest Receivable	934,482
Accounts Receivable	1,260,903
Intergovernmental Revenue: State excise tax rebate	1,467,281
Prepaid Items	<u>2,581,327</u>
 TOTAL ASSETS	 <u>922,562,400</u>
LIABILITIES:	
Vouchers Payable	8,437,197
Voucher Payable - Purchase of Investment	84,049
Due to Brokers	<u>5,156,215</u>
 TOTAL LIABILITIES	 <u>13,677,461</u>
NET POSITION:	
Restricted for Pension Benefits	<u><u>\$ 908,884,939</u></u>

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

CITY OF HOLLYWOOD, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Total Pension Plans
ADDITIONS:	
Contributions:	
City	\$ 72,916,853
Local	7,405,798
Members	8,422,047
Total Contributions	<u>88,744,698</u>
State Excise Tax Rebate	1,467,281
Investment Income:	
Net Increase in Fair	
Value of Plan Investments	20,088,457
Interest and Dividends	15,172,417
	<u>35,260,874</u>
Less: Investment Expense	<u>(3,417,735)</u>
Net Investment Income	31,843,139
Other Income	61,794
Total Additions	<u>122,116,912</u>
DEDUCTIONS:	
Pension Benefits	96,118,612
Refund of Contributions	670,641
Administrative Expenses	2,130,539
Total Deductions	<u>98,919,792</u>
Change in Net Position	23,197,120
Net Position Restricted for Pension	
Benefits - Beginning of Year	<u>885,687,819</u>
Net Position Restricted for Pension	
Benefits - End of Year	<u>\$ 908,884,939</u>

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

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CITY OF HOLLYWOOD, FLORIDA

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FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of the City of Hollywood, Florida's (the City) Significant Accounting Policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies are considered essential and should be read in conjunction with the accompanying financial statements.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable or has operational responsibility. Component units, although legally separate entities, are in substance part of the City's operations.

The basic financial statements include both government-wide and fund financial statements. The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements focus on short-term results of operations and financing decisions at a specific fund level.

Internal service funds of a government (which traditionally provide services primarily to other funds of the government) are presented, in summary form, as part of the proprietary fund financial statements. Since the principal users of the internal services are the City's governmental activities, financial statements of internal service funds are consolidated into the governmental activities column when presented at the government-wide level. The costs of these services are allocated to the appropriate functional activity.

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 is a political subdivision of the State of Florida, located in Broward County along the lower southeast coast of the State. The City is governed by an elected mayor and six elected commissioners. The City operates under a commission-manager form of government. The City, which was incorporated in 1925 under Section 25-11519, 1925 Laws of Florida, is approximately 30 square miles in area. In addition to the general government, public safety, public works, culture and recreation services provided to its residents, the City operates and provides water and sewer, stormwater, sanitation, golf, parking services and records preservation activities.

The Downtown Community Redevelopment Agency (DCRA) and Beach Community Redevelopment Agency (BCRA) are districts of the Hollywood Community Redevelopment Agency (CRA), which is legally separate from the City. The CRA was established in accordance with Florida Statutes Chapter 163 PART III COMMUNITY REDEVELOPMENT to finance and redevelop the City's designated redevelopment areas. The CRA, whose board members are the same as the members of the City Commission, provides services that exclusively benefit the City's downtown and beach areas. The City has financial and operational responsibility of the CRA. The DCRA and BCRA are blended as other governmental fund component units into the primary government.

The Hollywood Employees' Retirement Fund, Hollywood Firefighters' Pension System and City of Hollywood Police Officers' Retirement System account for separate pension plans for general employees, fire and police personnel, respectively. Each plan is administered by a board of trustees. The pension plans are reported as fiduciary funds in the basic financial statements of this report, but are not included in the government-wide statements. Each of these pension plans issues a publicly available financial report.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

In addition, the City has the following dependent districts:

Central Residential Neighborhood Improvement District No. 1 – created on September 7, 1988 by City Ordinances O-88-52 and O-88-78 under State statutory authority Section 163.506 F.S. for the purpose of neighborhood improvement.

City of Hollywood 441 Corridor Business NID No. 2 – created on November 7, 1988 by City Ordinances O-88-53 and O-88-79 under State statutory authority Section 163.506 F.S. for the purpose of neighborhood improvement.

Emerald Hills Safety Enhancement District – created on August 30, 2017 by City Ordinance O-2018-13 under State statutory authority Section 189.02 F.S. for the purpose of safety enhancement.

Emerald Hills Safety Enhancement District had reportable activity in the 2019 fiscal year and is presented as a discretely presented component unit.

- 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 units. 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 are 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 operational 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 revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements governmental activities column, a reconciliation is presented, which briefly explains the adjustments necessary to reconcile funds based on financial statements with the governmental

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

activities column of the government-wide presentation. Under this basis, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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, other post-employment benefits, pensions, and claims and judgments, are recorded only when payment is due.

Property taxes, utilities service taxes, franchise taxes, licenses, intergovernmental revenues, emergency transportation and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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 general government, except those required to be accounted for in another fund.

The GENERAL CAPITAL PROJECTS FUND accounts for general capital improvements financed from various governmental fund resources.

The 2019 GOB GENERAL CAPITAL PROJECTS FUND accounts for general capital improvements financed from various governmental fund resources. This fund is determined as major by management for public interest purpose.

The BEACH COMMUNITY REDEVELOPMENT FUND accounts for capital projects funded via the Series 2019 General Obligation Bond.

The DOWNTOWN COMMUNITY REDEVELOPMENT FUND accounts for governmental revenue and grants for financing redevelopment projects within the downtown redevelopment district. This fund is determined as major by management for public interest purpose.

The City reports the following major proprietary funds:

The WATER AND SEWER UTILITY FUND accounts for the operations of the City's regional water and sewer utility system.

The SANITATION ENTERPRISE FUND accounts for solid waste fees, franchise and recycling revenues, as well as related collection and disposal costs. This fund is determined as major by management for public interest purpose.

The PARKING ENTERPRISE FUND accounts for on-street and parking garage operations. Fund determined as major by management for public interest purpose.

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 proprietary fund function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

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

The City maintains two different types of proprietary funds; enterprise funds and internal service funds. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for 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 nonoperating revenues and expenses. Activities accounted for in the City's major enterprise funds are noted above.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles, information technology and communications systems as well as its insurance operations.

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

D. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS AND NET POSITION

1. **POOLED CASH AND INVESTMENTS** – The City's cash and demand deposits are considered to be cash on hand. The City has established an investment policy in accordance with Section 218.415, State Statutes that allows the City to invest in relatively low risk securities. Investments are stated at fair value based on quoted market prices. Resources of all funds, with the exception of the pension funds, have been combined into investment pools for the purpose of maximizing investment yields. Investment revenue is comprised of interest and realized and unrealized gains and losses on investments. Investment revenue on pooled investments is allocated monthly based upon equity balances of the respective funds. As required by GASB Statements these notes include a presentation of deposit and investment risk disclosures.

2. **ACCOUNTS AND PROPERTY TAX RECEIVABLES** – All accounts and property tax receivables are shown net of an allowance for uncollectibles. Accounts receivable in excess of 90 days comprise the accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 100% of outstanding property taxes at September 30, 2019.

Real and personal property values are assessed on a county-wide basis by the Broward County Property Appraiser as of January 1, each year. Taxable value of property within the City is certified by the Property Appraiser on July 1. The City levies a property tax millage rate upon that taxable value to provide revenue required for the fiscal year beginning October 1. Taxes for the fiscal year beginning October 1 are billed in the month of November, subject to a 1% per month discount for the period November through February, and are due not later than March 31. On April 1, unpaid amounts become delinquent with interest and penalties added thereafter. Beginning June 1, tax certificates representing delinquent amounts are sold by Broward County, with remittance to the City for its share of those receipts.

3. **REINSURANCE RECEIVABLE** – The City uses reinsurance to reduce its exposure to large losses on certain lines of insurance as described in Note III.C. Amounts expected to be

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

received from the re-insurers for claims due under these policies are recorded as such at fiscal year end in the Insurance Fund.

4. **DUE TO/DUE FROM** – Activity between funds 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 non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balance outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

5. **INVENTORIES** – Inventories are maintained on a perpetual system and are stated at cost (using the average cost method). Inventories in all funds are recorded as expenditures or expenses when consumed.
6. **ASSETS HELD FOR SALE** – The assets held for sale represent lands and buildings purchased by the City and the DCRA with the expressed intent to sell. These lands and buildings are recorded at the lower of cost or net realizable value. See Note III.B. for listing of assets held for sale.
7. **RESTRICTED ASSETS** – Certain revenue bond proceeds in various funds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet or statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. Certain notes receivable have been pledged as collateral as required by the U.S. Department of Housing and Urban Development for Section 108 funds loaned to the City and are also reflected as restricted assets in the City's financial statements. Restricted assets in business-type activities originate due to City ordinance bond covenants and other agreements that require segregation and restriction of these assets. See Note III.A. for listing of major components.
8. **CAPITAL ASSETS** – Capital assets, which include property, plant, equipment, intangible, 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 financial statements. Infrastructure assets are capitalized based on the accumulated amounts charged to specific capital projects on an annual basis. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of one (1) 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 asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, net of interest earned, during the construction phase of capital assets of business-type activities is not included as part of the capitalized value of the assets constructed due to early implementation of GASB 89.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

The City records impairment losses on long lived assets used in operations when events or circumstances indicate the assets might be impaired. No impairment losses have been recorded.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15 to 40
Building Improvements	5 to 40
Infrastructure	20 to 50
Vehicles	3 to 20
Office Equipment	2 to 15
Computer Software/Hardware	2 to 6

9. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports the following deferred outflows of resources: interest rate swap, deferred charge on refunding, deferred pension outflows, and deferred OPEB outflows. The interest rate swap represents the fair value balance of the outstanding derivative instrument. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or the refunding debt. The City also reports deferred outflows for pensions due to pension contributions made subsequent to the pension plan's actuarial measurement date and will be expended in the following fiscal year, changes in actuarial assumptions, and the difference between expected and actual experience. The deferred outflows relating to changes in assumptions and the difference between expected and actual experience are amortized over the average, expected remaining service lives of all employees that are provided with pension benefits. Deferred outflows relating to OPEB represent changes in actuarial assumptions and are amortized over a closed period equal to the average of the remaining services lives of all active and inactive employees that are provided with OPEB.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position applicable to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City reports the following deferred inflows of resources: Unearned revenues, deferred pensions, and deferred other postemployment benefits (OPEB). Unearned revenues are deferred and recognized as revenues in the period that the amounts become available. Deferred inflows of resources relating to pensions account for the net difference between projected and actual earnings on pension plan investments which are deferred and amortized over a closed five year period. Deferred Inflows related to OPEB are due to change in assumptions which are deferred, and amortized similarly to the deferred outflows of resources for OPEB.

10. COMPENSATED ABSENCES – It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. A portion of accumulated sick pay benefits are paid upon separation, based on number of years of service. All vacation pay and applicable portion 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

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

11. **LONG-TERM OBLIGATIONS** – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond Issuance costs are expended as incurred except for any bond insurance costs.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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 on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures. Payments related to the swap are netted by each party to the other and made on a quarterly basis.

12. **UNEARNED REVENUE** – Unearned revenue is recorded for governmental fund receivables that are not both measurable and available. In addition, inflows that do not yet meet the criteria for revenue recognition, such as contract revenue collected in advance, are recorded as deferred inflow of resources in the government-wide and the fund statements.
13. **FUND EQUITY** – The Governmental Accounting Standards Board Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions” (GASB 54) established consistency in the fund balance information reported by many governments and enables financial statement users to readily interpret reported fund balance information. This pronouncement requires governmental fund balances be classified as nonspendable, restricted, committed, assigned or unassigned. The City has disclosed information about governmental fund balance reporting as required in the Notes to the Financial Statements.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the City Commission has provided otherwise in its commitment or assignment actions.

Net position of the government-wide and proprietary funds is categorized as investment in capital assets, reduced by accumulated depreciation, any outstanding debt incurred and related deferred inflows/outflows to acquire, construct or improve those assets excluding un-expended bond proceeds, restricted or unrestricted to arrive at net investment in capital assets. This category represents net position related to property, plant, equipment, intangible, and infrastructure. The restricted category represents the balance of net position restricted by requirements of debt indentures and other externally imposed constraints or by legislation in excess of the related liabilities payable from restricted assets. Unrestricted net position consists of all net position that does not meet the definition of either of the other two components.

14. **ESTIMATES** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows/outflows and disclosure of

CITY OF HOLLYWOOD, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from management's estimates.

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

NOTE II – DETAILED NOTES ON ALL FUNDS

- A. CASH – The City's bank balances, including balances for its component unit, the Hollywood Community Redevelopment Agency, and the three City-sponsored employee pension plans (reported as fiduciary funds), were entirely insured either by federal depository insurance or via the banks' participation as qualified public depositories pursuant to Florida Statutes, Chapter 280, "Security for Public Deposits" as of September 30, 2019. The City's cash and demand deposits are considered to be cash on hand.
- B. INVESTMENTS – The City's comprehensive investment policy was established in accordance with Section 218.415, Florida Statutes and has been revised periodically as required to reflect changes to those statutes. The investment policy applies to all investments held or controlled by the City with the exception of the three City-sponsored employee pension plans and its debt issuances where there are other existing policies or indentures in effect for the investment of related funds. The City maintains an internal cash and investment pool which most funds participate in. In addition, the City separately invests cash and debt proceeds related to capital projects so that it may time the duration of investment maturities with the anticipated project cash flows. The City also separately invests any debt-related cash reserves that are required by debt covenant, in accordance with the terms of the respective debt agreements. The City's total deposits and investments, including their investment maturities, are shown in this note classified by pooled versus non-pooled investments. The capital project and debt reserve related investments are subclassified to differentiate the investments of the City (primary government unit) and the City's Community Redevelopment Agency (component unit).

The City's investment policy allows for the following investments: SBA Investment Pool, United States government securities, United States government agencies, federal instrumentalities, interest bearing time deposits or savings accounts, including certificates of deposit and demand deposits, repurchase agreements, commercial paper, mutual funds consisting of United States government obligations, registered investment companies (money market mutual funds) and intergovernmental investment pools. The City did not invest in any repurchase agreements, commercial paper or mutual funds during 2019.

The City maintains three defined benefit pension plans covering substantially all full-time employees. These plans have updated their investment policies pursuant to Section 112.661 Florida Statutes. The investment of these pension plans are managed in accordance with the plan provisions as established by each pension board. Pension investments are carried at fair value, except as noted below, which is determined as follows: securities traded on a national 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; commercial paper, time deposits and money market funds are reported at cost. Alternative investments which include real estate investment trusts and private equity, where no readily ascertainable value exists, management in consultation with the general partner and investment advisors, has determined the fair values for the individual investments based upon the assets most recent available financial information.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

At September 30, 2019, the City and its three employee pension plans (Fiduciary Funds) had the following maturities and credit ratings for cash and investments:

	Investment Maturities					
	Reported Value	Less Than 1 Year	1 - 5 Years	Credit Rating	Average Maturity in Months	Percent Distribution
CITY CASH & INVESTMENTS:						
Pooled Cash:						
Demand Deposits	\$ 39,542,681	\$ 39,542,681	\$ -			8.20 %
Money Market	84,680,403	84,680,403	-			17.58
Sweep account	384,822	384,822				0.08
Non-Pooled Cash:						
Insurance Fund:						
Cash with Payaing Agent-Cigna	85,614	85,614	-			0.02
Money Market						
Capital Projects/Bond Related Reserves:						
Money Market						
Golf Enterprise Funds						
Orangebrook cash	100,000	100,000	-			0.02
Total City Cash	<u>124,793,520</u> *	<u>124,793,520</u>	<u>-</u>			
Pooled Investments:						
Demand Deposits	354,740	354,740	-			0.07
Certificates of Deposit	67,455,778	67,455,778	-		3.46	13.99
Florida Corporative Liquid Assets						
Securities Systems (FLCLASS)	92,233,375	92,233,375	-	AAAm	2.57	19.13
Local Government Investment Pool	45,199,283	45,199,283	-		1.23	9.38
Master Concentration Sweep Account	4,672,094	4,672,094	-			0.97
U. S. Government Instrumentalities:						
Federal Farm Credit Bank	14,993,652	14,993,652	-	Aaa/AA+	1.30	3.11
Federal Home Loan Mortgage Corp.	9,990,079	9,990,079	-	Aaa/AA+	1.20	2.07
Federal National Mortgage Assoc.			-			
Total Pooled Investments	<u>234,899,001</u>	<u>234,899,001</u>	<u>-</u>			
Non-Pooled Investments:						
Community Redevelopment Agency:						
Demand Deposits	11,054,969	11,054,969	-			2.29
Money Market	6,223,235	6,223,235	-			1.29
Beach CRA Account Sweep	15,580,829	15,580,829	-			3.23
Total Community Redevelopment Agency	<u>32,859,033</u>	<u>32,859,033</u>	<u>-</u>			
Capital Projects/Bond Related Reserves:						
Demand Deposits	79,554,384	79,554,384	-			16.50
Money Market	10,000,000	10,000,000	-			2.07
Total Non-Pooled Investments	<u>122,413,417</u>	<u>122,413,417</u>	<u>-</u>			<u>100.00 %</u>
Total City Investments	<u>357,312,418</u>	<u>357,312,418</u>	<u>-</u>			
Total City Cash & Investments	<u>\$ 482,105,938</u>	<u>\$ 482,105,938</u>	<u>\$ -</u>			

* Variance with Financial Statement is due to petty cash amounts held by various City departments totaling \$57,026

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 - 5 Years</u>	<u>6 - 10 Years</u>	<u>More Than 10 Years</u>
FIDUCIARY FIXED INCOME INVESTMENTS:					
U. S. Government Securities:					
U. S. Treasuries:					
Fire Pension Fund	\$ 8,806,638	-	-	\$ 8,806,638	-
Police Retirement Fund	12,595,386	3,288,956	1,045,081	8,261,349	-
Total U. S. Treasuries	<u>21,402,024</u>	<u>3,288,956</u>	<u>1,045,081</u>	<u>17,067,987</u>	<u>\$ -</u>
U. S. Government Agencies:					
Fire Pension Fund	9,648,207	-	-	9,648,207	-
Police Retirement Fund	9,370,213	3,635,585	5,520,630	85,027	128,971
Total U. S. Government Agencies	<u>19,018,420</u>	<u>3,635,585</u>	<u>5,520,630</u>	<u>9,733,234</u>	<u>128,971</u>
Total U. S. Government Securities	<u>40,420,444</u>	<u>6,924,541</u>	<u>6,565,711</u>	<u>26,801,221</u>	<u>128,971</u>
Corporate Bonds and Notes:					
Fire Pension Fund	35,807,509	-	-	35,807,509	-
Police Retirement Fund	51,617,001	3,681,625	21,148,396	21,786,980	-
Total Corporate Bonds and Notes	<u>87,424,510</u>	<u>3,681,625</u>	<u>21,148,396</u>	<u>57,594,489</u>	<u>-</u>
Bond Mutual Funds					
General Employee Retirement Fund	31,273,165	-	-	31,273,165	-
Total Bond Mutual Funds	<u>31,273,165</u>	<u>-</u>	<u>-</u>	<u>31,273,165</u>	<u>-</u>
Total Fiduciary Fixed Income Investments	<u>\$ 159,118,119</u>	<u>\$ 10,606,166</u>	<u>\$ 27,714,107</u>	<u>\$ 115,668,875</u>	<u>\$ 128,971</u>

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

1. **INTEREST RATE RISK** – Interest rate risk is the risk that changes in the 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 to change in the market interest rates. As a means of limiting its exposure to interest rate risk, the City diversifies its investments by security type and institution. The City also attempts to match investment maturities with known cash needs and anticipated cash flow requirements. In addition, the City's investment policy limits the maturities to three years from the date of purchase. The City's Certificates of Deposit have a "weighted average maturity" of 3.46 months for the non-pension portion and U. S. Government Instrumentalities have a "weighted average maturity" of 2.50 months. The City's investments in U. S. Government Instrumentalities are all callable within a shorter period hence allowing the City to address any rising interest rate risk quicker than full maturity.

As a means of limiting their exposure to interest rate risk, the employee pension plans diversify their investments by security type and institution, and limit holdings by type of investment and with any one issuer. Information about the sensitivity of the fair values of the funds' debt securities to market interest rate fluctuations is provided by the above table that shows the distribution of the funds' fixed income investments by maturity at September 30, 2019.

2. **CREDIT RISK** – 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. The City's investment policy limits its investment to a grade of A or higher. The majority of the City's investments were comprised of demand deposits, money market accounts and certificates of deposit at September 30, 2019 (\$457.13 million of \$482.11 million). Remaining investments (\$24.98 million) were held in U.S. Government Instrumentalities that had a rating of Aaa/AA+ by Moody/S&P at September 30, 2019.

Investment policies for the pension plans limit equity securities to those listed on a national securities exchange or traded in the over-the-counter market and quoted in the National Association of Securities Dealers Automatic Quotation Service. Investments in any issuing company are limited to not more than five percent (5%) of the market value of the assets. Fixed income portfolios are to be invested in marketable securities rated in the highest four (4) quality grades as established by one or more of the nationally recognized bond rating services.

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

The following table discloses credit ratings by fixed income investment type for the City's three pension plans at September 30, 2019, as applicable:

	Fair Value	Percentage of Portfolio
EMPLOYEES RETIREMENT FUND:		
Bond Mutual Fund	\$ 97,459,957	100.00 %
Total Employees Retirement Fund Fixed Income Securities	97,459,957	100.00
FIRE PENSION FUND:		
U. S. Government Guaranteed (a)	18,454,845	34.00
Quality Rating of Credit Risk Debt Securities:		
A	35,807,509	66.00
Total Fire Pension Fund Fixed Income Securities	54,262,354	100.00
POLICE RETIREMENT FUND:		
U. S. Government Guaranteed (a)	21,965,599	30.00
Quality Rating of Credit Risk Debt Securities:		
Aaa	4,165,642	6.00
Aa1	2,771,671	4.00
Aa3	1,567,866	2.00
A1	4,990,116	7.00
A2	16,550,356	22.00
A3	17,068,987	23.00
Baa1	3,048,371	4.00
Baa2	1,453,992	2.00
Total Credit Risk Debt Securities	51,617,001	70.00
Total Police Retirement Fund Fixed Income Securities	73,582,600	100
Total Combined Pension Funds Fixed Income Securities	\$ 225,304,911	
COMBINED PENSION FUNDS:		
U. S. Government Guaranteed (a)	137,880,401	61.00
Quality Rating of Credit Risk Debt Securities:		
Aaa	4,165,642	2.00
Aa	4,339,537	2.00
A	74,416,968	33.00
BBB	4,502,363	2.00
Total Credit Risk Debt Securities	87,424,510	39.00
Total Combined Pension Funds Fixed Income Securities	\$ 225,304,911	100 %

(a) Obligations of the U.S. government or obligations explicitly or implicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

3. **CUSTODIAL CREDIT RISK** – This is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The City's investment policy requires securities, with the exception of certificates of deposit and overnight repurchase agreements (one business day), to be held with a third party custodian; and that all securities purchased by, and all collateral obtained by or on behalf of the City be properly designated as an asset of the City. The securities are held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the federal government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. As of September 30, 2019, the City's investment portfolios were held with a third party custodian as required by the City's investment policy.

Consistent with the pension plans' investment policies, pension plan investments are held by third party safekeeping custodians selected by their boards of trustees and registered in the plans' name, except for certificates of deposit and other time deposits, which are collateralized in accordance with Florida Statutes.

4. **CONCENTRATION OF CREDIT RISK** – The City's investment policy has established asset allocation limits on the following investments designed to reduce concentration of credit risk of the investment portfolio. A maximum of 100% of available funds may be invested in the SBA Investment Pool and United States government securities. Ninety percent (90%) of available funds may be invested in United States government agencies and instrumentalities, one hundred percent (100%) of available funds may be invested in non-negotiable interest bearing time deposits or savings accounts, twenty percent (20%) of available funds may be invested in each of the following categories: repurchase agreements, highest grade commercial paper, mutual funds consisting of U.S. government obligations, registered investment companies and intergovernmental investment pools.

The investment policies of the pension plans contain limitations on the amount that can be invested in any one issuer as well as portfolio allocation ranges and maximum percentages by types of investments. There were no individual investments that represent five percent (5%) or more of the Fire Pension Fund's or Police Retirement Fund's net position at September 30, 2019. The General Employee's Retirement Fund held certain investments that exceed 5 percent or more of the Plan's net position. These investments included:

Investment	% of Plan Net Position	%
S&P 500 Index Fund - Non Lending	20.40	%
Wellington Trust Company - CTF International	14.70	
Baird Core Plus Bond Fund	9.40	
Neuberger Berman - Short Duration	7.00	
Morgan Stanley - Prime Property Fund, LLC	6.30	
Extended Equity Market Index - Non Lending	5.60	
Neuberger Berman - Crossroads XXI Fund	5.20	

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

5. INVESTMENT VALUATION – GASB 72 establishes a hierarchical disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the specific characteristics of the investment.

Fair value represents the prices 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. Investments with readily available actively quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and lesser degree of judgment used in measuring fair value.

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 – Investments not traded on an active market but for which observable market inputs are available for an asset, either directly or indirectly, as of the reporting date.

Level 3 – Investments not traded in an active market and for which no significant observable market inputs are available as of the reporting date.

The City and the three pension plans have established a framework to consistently measure the fair value of assets and liabilities in accordance with applicable accounting, legal and regulatory guidance. This framework has been provided by establishing a valuation policy and procedures that will provide reasonable assurance that applicable assets and liabilities are carried at fair value. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and considers factors specific to the investment.

Net asset value (NAV) is a common measurement of fair value for level 1, level 2 and level 3 investments. A fund's NAV is simply its assets less its liabilities, and is often reported as a per share amount for fair value measurement purpose. The plans would multiply the NAV per share owned to arrive at fair value. Level 1 investments in funds such as mutual funds report at a daily NAV per share and are actively traded. NAV also comes into play for level 2 and 3 investments. As a matter of convenience (or referred to in accounting literature as a "practical expedient"), the plan can use the NAV per share for investment in a non-governmental entity that does not have a readily determined fair value, such as an alternative investment. Investments measured at NAV as a practical expedient would be excluded from the fair value hierarchy because the valuation is not based on actual market inputs but rather is quantified using the fund's reported NAV as a matter of convenience.

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

The following tables summarize the valuation of the City's and the three pension plans' investments in accordance with the above mentioned fair value hierarchy levels as of September 30, 2019:

City of Hollywood Investments

Investment by Fair Value Level	September 30, 2019	Fair Value Measurements Using:		
		Quoted Price in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government Instrumentalities:				
Federal Farm Credit Bank	\$ 14,993,652	\$ -	\$ 14,993,652	\$ -
Federal Home Loan Mortgage Corp.	9,990,079	-	9,990,079	-
Total Investment by Fair Value Level	24,983,731	\$ -	\$ 24,983,731	\$ -
Investments Measured at the Net Asset Value (NAV):				
Florida Cooperative Liquid Assets Securities System (FLCLASS)	92,233,375			
Total Investment measured at the NAV	92,233,375			
Demand Deposits	130,506,774			
Money Market	100,903,638			
Certificates of Deposit	67,455,778			
Sweep accounts	20,637,745			
Cash with paying agent - Cigna	85,614			
Florida Prime - SBA Local Government Surplus Trust Fund	45,199,283			
Orangebrook Demand Deposit	100,000			
Total Investments	\$ 482,105,938			

U.S. Government Instrumentalities – U.S. Government Instrumentalities are organizations that serve a public purpose and are closely tied to the federal government but are not government agencies. They are either private companies or chartered directly by the federal government. These underlying securities have significant other observable inputs and as such are considered level 2. Security prices were obtained from a pricing service, Interactive Data Corporation (IDC) and market closing price was used to determine fair value.

Investments Measured at the NAV:	Fair Value	Redemption Frequency	Notice Period
Florida Cooperative Liquid Assets Securities Systems (FLCLASS)	\$ 92,233,375	Daily	Same day
	<u>\$ 92,233,375</u>		

Florida Cooperative Liquid Assets Securities System (FLCLASS) is an external local government investment pool created by interlocal agreement under F.S. 163.01. The pool is supervised by an appointed Board of Trustees comprised of eligible participants of the program. The Board acts as the liaison between the participants, the custodian, and the program administrator. The fund is an S&P AAAM rated money market product offering a fiscally conservative diversification option for Florida local governments. The objective of the fund is to provide investors with liquidity, stable share price and as high a level of current income as is consistent with preservation of principal and liquidity. The weighted average maturity is 77 days as of September 30, 2019.

Florida PRIME is a government investment pool exclusive for governmental agencies within the State of Florida. The pool is supervised by Federated Investors. The portfolio invests primarily in bank instruments, repurchase agreements, commercial paper, and corporate fixed income securities. The objective of the fund is to provide investors with a liquid investment

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

product with competitive yields. The weighted average maturity is 37 days as of September 30, 2019.

Employees Retirement Fund Investments

Investment by Fair Value Level	September 30, 2019	Fair Value Measurements Using		
		Quoted Price in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Bond Mutual Fund	\$ 31,273,165	\$ 31,273,165	\$ -	\$ -
Fixed Income Composite	54,674,645	15,179,444	39,495,201	-
Domestic Stocks	14,174,422	13,022,201	1,152,221	-
Large Cap Equity				
Investment Fund	68,078,016	-	68,078,016	-
Small Cap Equity				
Investment Fund	18,634,325	-	18,634,325	-
International Equity Investment Fund	62,310,430	-	62,310,430	-
Total Investments by Fair Value Level	249,145,003	<u>\$ 59,474,810</u>	<u>\$ 189,670,193</u>	<u>\$ -</u>
Investments Measured at the Net Asset Value (NAV):				
Private Equity Investment Funds	29,510,965			
Private Debt Investment Funds	11,512,147			
Real Estate Investment Funds	32,976,375			
Infrastructure Investment Funds	9,630,983			
Total Investments Measured at NAV	83,630,470			
Money Market (exempt)	8,383,368			
Total Investments	<u>\$ 341,158,841</u>			

Bond Mutual Fund – Valued at the daily closing price as reported by the General Employees Retirement System (Plan). Mutual fund held by the Plan is open-ended and is registered with the Securities and Exchange Commission.

Fixed Income Composites - Valued by using one or more of the following methods: security exchange quotations/listed market prices, by using pricing services, by obtaining broker-dealer quotations, using independent review of good-faith estimates of fair value through third party appraisers, and lastly by utilizing a pricing method approved by the pricing committee.

Domestic Stocks – Valued at the closing price reported for similar assets in active markets.

Equity Investment Funds – Valued at market prices for similar assets in active markets.

At present the Plan does not value any of its investments using level 3 inputs.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Investments Measured at NAV	Fair Value	Unfunded Commitments	Redemption Frequency	Notice Period
Private Equity Investment Funds:				
NB Crossroads Fund XXI - Asset Allocation, LP	\$ 17,385,745	\$ 6,600,000	Not Eligible	N/A
HarbourVest Dover Fund IX, LP	7,576,813	3,000,000	Not Eligible	N/A
GoldPoint Co-Investment VI, LP	4,548,407	5,635,105	Not Eligible	N/A
Total Private Equity Investment	<u>29,510,965</u>	<u>15,235,105</u>		
Debt Investment:				
AG Direct Lending Fund II, LP	<u>11,512,147</u>	<u>1,140,000</u>	Not Eligible	N/A
Real Estate Investment Funds:				
AG Realty Value Fund X	665,175	9,250,000	Not Eligible	N/A
Morgan Stanley - Prime Property Fund, LLC	20,845,291	-	Quarterly	90 Days
Principal Enhanced Property Fund, LP	<u>11,465,909</u>	<u>29,830,000</u>	Quarterly	90 Days
Total Investment in Real Estate Funds	<u>32,976,375</u>	<u>39,080,000</u>		
Private Infrastructure Investment Fund:				
IFM Global Infrastructure Investment Fund	<u>9,630,983</u>	-	Quarterly	90 Days
Total Investments Measured at NAV	<u>\$ 83,630,470</u>	<u>\$ 55,455,105</u>		

Private Equity Investment Fund – NB Crossroads Fund XXI – Assets Allocation, LP was formed in January 15, 2015 as a Delaware limited partnership for the purpose of acquiring, holding, selling and exchanging, either directly or indirectly, interest in limited partnerships or other pooled investment vehicles that are organized to make investments in large-cap buyout, mid-cap buyout, special situations and venture/growth capital investment funds, as well as securities, including co-investments. The general partner of the fund uses the best information it has reasonably available to determine or estimate fair value. Valuations of the investments are reviewed and approved quarterly by the general partner. Valuation methods employed are comparable public company valuation, comparable transaction valuation analysis and other methodologies, as appropriate. This fund is not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of five to ten years.

HarbourVest Dover Fund IX, LP is a closed-end fund. The goal is to provide investors with attractive risk adjusted returns by leveraging the firm's proven strategy of constructing a well-diversified portfolio of secondary investments with a focus on the less efficient segments of the secondary market. HarbourVest's investment and accounting teams measure fair value on a quarterly basis. The following methods are used for partnership investments fair value principles and are applied by managers in their financial reports in accordance with U.S. GAAP; publicly traded and quoted securities shall be valued at the closing price at the end of the valuation period; for non-marketable securities and direct investments the value is most likely to be an existing price in an orderly arm's length transaction between market participants as of the valuation date, using one of the acceptable valuation methods under U.S. GAAP (Guideline Company Method, Similar Transaction Method or Discounted Cash Flow). This fund is not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of five to ten years.

Private Debt Investment Fund – AG Direct Lending Fund II, LP is a Delaware limited partnership which commenced operations on November 14, 2016. The Partnership has been established to capitalize on investment opportunities available in the middle market direct lending. The Partnership intends to provide corporate financing support to North American middle-market companies, focusing on senior debt and other debt instruments, including

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

unitranche facilities, second lien debt, mezzanine loans and equity co-investments. The fair value of the investment in this fund has been determined using NAV per unit of the ownership interest in the partners' capital. This fund is not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of five to ten years.

Private Real Estate Investment Fund – Principal Enhanced Property Fund, LP is an open-end fund that will seek to make investments in stabilized, income producing assets, plus value-added and development projects in accordance with the investment guidelines. All properties invested in at September 30, 2019 were located throughout the United States. Principal will use a third-party appraisal firm, with approximately 25% of the portfolio appraised each quarter. Principal will use the appraised value and updated quarterly valuations for purpose of determining the fund's gross asset value and net asset value. The fair value of the investment in this fund has been determined using the NAV per unit of the ownership interest in the partners' capital.

Morgan Stanley Prime Property Fund, LLC (The Company) is an open-end fund established for the purpose to acquire, own, hold for investment and ultimately dispose of investments in real estate and real estate related assets with the intention of achieving current income, capital appreciation or both. All properties invested in at September 30, 2019 were located throughout the United States. An independent appraiser will perform quarterly appraisals of the fund's underlying properties and is reviewed by asset managers. The fund determines individual investment values based on such appraisals. These processes are designed to assure that valuation is prepared using reasonable inputs and assumptions which are consistent with market data or with assumptions that would be used by a third party participant and assume highest and best use of the real estate investment. The fair value of the investment in this fund has been determined using the NAV per unit of the ownership interest in the fund.

Private Infrastructure Investment Fund – IFM Global Infrastructure Investment Fund seeks to acquire and maintain a well-diversified portfolio of infrastructure investments. The strategy is to subject investment decisions to rigorous fundamental analysis and a disciplined investment process. The goal is to construct and maintain portfolios which consist of long-term, core infrastructure assets. Infrastructure investments are valued at the end of each quarter by independent valuation firms. The valuation method is employed for each asset at the discretion of the appointed independent valuer but must fall within the standards prescribed under AASB 139, U.S. GAAP ASC 820 and ASC 825 as appropriate. IFM Investors' infrastructure investments are typically valued on a discounted cash flow approach by the independent valuers. Discount rates are also determined by the valuer. Valuations are cross-checked with public market information and recent transactions.

GoldPoint Partners Co-Investment VI, LP was formed on July 1, 2017 as a Delaware limited partnership. The fund will seek a highly diversified portfolio of middle market transactions by primarily targeting Co-Investments alongside Core Partners with fund size less than \$5 billion. The fund will typically invest \$10 million to \$40 million in any given transaction, although smaller or larger investments may be made where appropriate. The Fund targets opportunities where the sponsor has relevant expertise, a quantifiable history of successful investing, and a proven ability to add tangible value to the target company. The Fund seeks to invest in companies that have proven management teams, strong and sustainable cash flows, and competitive advantages in industries with barriers to entry. A high priority will be placed on companies that have minimal exposure to cyclical downturns, a low threat of obsolescence or rapid technological change, and limited customer and geographic concentrations. The fund's limited partners include public and private pension funds, financial institutions, insurance companies, endowments, family offices and high-net worth individuals. The partners of the fund uses the best information it has reasonably available to determine or estimate fair value. Valuation methods employed are comparable public company valuation,

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

comparable transaction valuation analysis and other methodologies, as appropriate. Redemptions are generally not permitted for this Fund.

AG Realty Value Fund X, L.P is a Delaware limited partnership which was formed on February 5, 2018, and commenced operations on August 2, 2018. Investments in real estate limited partnerships/companies include equity interests in limited partnerships and limited liability companies for the purpose of investing in real estate. The General Partner primarily utilizes an income valuation approach methodology including discounted cash flow analyses or direct capitalization analyses to value the Partnership's real estate investments. Unlevered cash flows utilized in discounted cash flow analyses are derived from property rental revenue less operating expenses, real estate taxes and capital and other costs, plus projected sales proceeds in the year of exit.

Fire Pension Fund Investments

Investment by Fair Value Level	September 30, 2019	Fair Value Measurement Using:		
		Quoted Price in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government Securities	\$ 8,806,638	-	\$ 8,806,638	-
U.S. Government Agencies	9,648,207	-	9,648,207	-
Corporate Bonds	15,375,364	-	15,375,364	-
International Fixed Income Investment Fund	4,104,701	4,104,701	-	-
Domestic Fixed Income Investment Fund	4,187,906	4,187,906	-	-
Domestic Stocks	63,045,251	63,045,251	-	-
Domestic Equity Investment Fund	56,572,823	56,572,823	-	-
International Equity Investment Fund	20,111,317	20,111,317	-	-
International Stock	22,532,721	22,532,721	-	-
Timber Investment Fund	6,724,494	-	-	6,724,494
Temporary Investments	7,935,500	7,935,500	-	-
Total Investments by Fair Value Level	219,044,922	\$ 178,490,219	\$ 33,830,209	\$ 6,724,494
Investments Measured at the Net Asset Value (NAV):				
Real Estate Investment Funds	25,267,327			
Domestic Fixed Income Investment Fund	12,139,538			
Total Investments Measured at NAV	37,406,865			
Pooled Investment Fund	1,244,918			
Total Investments Measured at Fair Value	\$ 257,696,705			

Debt Securities – Debt securities classified in Level 1 or Level 2 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used by International Data Pricing and Reference Data, LLC to value securities based on the securities' relationship to benchmark quoted prices.

Fixed Income Funds – Valued using pricing models maximizing the use of observable input for similar securities. This includes basing value on yield currently available on comparable securities of issues with similar credit ratings.

Equity Funds – Valued at market prices for similar assets in active markets.

Common Stock – Valued at quoted market prices for identical assets in active markets.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

The Timber Investment Fund known as the Sustainable Woodlands Fixed II, LP records its investments in timber and timberlands at fair value which is determined using Level 3 inputs. The fair value of timber and timberlands is determined by adjusting the latest third party appraisals for recent activity. A summary of quantitative information regarding significant unobservable inputs (Level 3) to the latest third party appraisals follows:

Income Approach – In order to value timberlands using the income approach, which is the most prevalent method for valuing timber and timberlands, independent third party appraisers (Appraisers) develop cash flow models. A model requires the Appraisers, in conjunction with the limited partnership management, to develop estimates around the future growth and harvest of timber, a forecast of future timber and timberlands prices, a reliable estimate of the cash flows necessary to sustain the existing inventory and the development of an appropriate discount rate.

Discount Rate – A significant unobservable input used in the income approach to valuation is the discount rate, which is the interest rate used to convert a stream of future cash flows to present value, and which represents the risk-adjusted required return the particular asset should earn. Current timber models project cash flows over 3 – 20 year periods and use a reversion value to estimate the fair value of timber and timberland assets. One method used for estimating the discount rate for modeling is the capital asset pricing model (CAPM), which uses a risk-free rate of return, timberland beta and market risk premium estimates to determine the appropriate rates on recent transactions and other market based information to estimate discount rates for each valuation.

Future Timber Pricing – A significant unobservable input used in the income approach to valuation is market selling prices for merchantable timber during the estimated year of harvest. Income approach models use estimated income for the expected volumes of timbers to be harvested during the discount period and such valuation methodology requires an estimate of the sales price of timber during the year of final harvest and thinning (where appropriate). Future price projections are based on a number of factors, including but not limited to local market dynamics, projected macroeconomic climates, assumptions around current and forecasted demand, estimates of housing starts and expected product mix.

Investments Measured at NAV:	Fair Value	Unfunded Commitments	Redemption Frequency	Notice Period
Real Estate Investment Funds:				
U.S. Real Estate Investment Fund, LLC	\$ 12,058,835	\$ -	Quarterly	90 Days
JPMCB Special Situation Property Fund	13,208,492	-	Quarterly	45 Days
Total Real Estate Investment Funds	25,267,327	-		
Domestic Fixed Income Investment Fund:				
Crescent Direct Lending Levered Fund	5,955,933	1,413,376	Indefinite	90 Days
LBC Credit Partners, IV, L.P. Fund	6,183,605	5,262,925	Indefinite	90 Days
Total	12,139,538	6,676,301		
Total Investments Measured at NAV	<u>\$ 37,406,865</u>	<u>\$ 6,676,301</u>		

Real Estate Investment Funds – are open end, commingled private real estate and net lease portfolios. These real estate-based funds are structured as limited partnerships. Their primary focus is to invest in well-based income producing properties and leases within major U.S. markets. The fair values of the investments in these funds have been determined using the NAV per unit of the Plan's ownership interest in partners' capital. The investments of the fund are valued quarterly. Withdrawal requests must be made on an average of 60 days in advance and may be paid in one or more installments.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Crescent Direct Lending Levered Fund is intended to:

- Generate high current income while preserving capital by investing all capital contributions in the master fund and participating in its indirect investments primarily in senior secured loans (including first lien, unitranche and second lien loans) of private U.S. lower middle-market companies and in other permitted investments, including swap and hedging transactions; and
- To enter into and perform any contracts and agreements and carry on any activities necessary in the fund for, or incidental to, the accomplishment of the foregoing purpose.
- Investments in the fund are valued at cost or fair value on the most recent practicable date, less outstanding indebtedness incurred to acquire, or for the purpose of acquiring, the investments;

For commodities, valuation is based on the initial margin or option premium deposited with the futures commission merchant. Swap agreements and similar financial contracts are valued at fair value of cost (not notional amount).

“Fair Value” shall mean a) with respect to securities (other than marketable securities) that are traded in the interdealer market, external pricing sources, to the extent available, including broker/dealer quotes or pricing services, as determined in good faith by the general partner, b) with respect to marketable securities:

- That are primarily traded on a securities exchange, the closing sale price on the principal securities exchange on which they are traded on the date of determination or, if no sales occurred on such date, the mean between the closing bid and asked prices on such date and
- The principal market for which is or is deemed to be the over-the-counter market, the closing sales price on the date of determination as published by NASDAQ or any similar organization, or if such price is not so published on any such date, the mean between the closing bid and asked prices, if available, on such date, which prices may be obtained from any reputable pricing service broker or dealer.

The Plan understands that no market exists for these investments and it is not registered as an investment company under the Investment Company Act of 1940.

LBC Credit Partners, IV, L.P. Fund

- The fund will originate and manage a diversified portfolio of secured, middle market loans to North American borrowers. LBC defines middle market companies as those with revenues of typically less than \$750 million EBITDA of \$5 million to \$50 million. LBC provides transitional capital fund acquisitions, refinancing, growth, recapitalizations, and turnarounds on a sponsored or unsponsored basis. LBC stresses cash flow sustainability and proven business models when selecting borrowers and prefers secured debt to unsecured debt and equity. While their strategy is industry agnostic, LBC avoids service companies with low competitive barriers and trends to avoid the retail, general distribution and real estate development sectors. Typical investments will range in size and maturity between \$10 million and \$50 million and three to seven years, respectively. The Fund will target 45-55 investments.
- LBC employs a value oriented investment approach; seeking to maximize current return while providing downside protection. As such, LBC intends to structure the majority of its investments as secured debt with either a first or second lien on the company's assets which provides the potential to create a recovery floor. LBC typically seeks to obtain all of the rights and remedies of a senior secured lender and in the case of a junior secured

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

transaction, lien subordination rather than debt subordination so as to reduce the risk of payment blockage. LBC also focuses on negotiating strict inter-creditor provision that can limit debt layering and maximize their rights in the event of a bankruptcy.

- LBC seeks to structure its investments with floating rate coupons linked to short-term market base rates (typically LIBOR or the Prime Rate), which helps reduce interest rate risk. The components of the investment yield will typically consist of up-front fees (1% to 3%), cash-pay interest (7% to 15%), PIK interest (up to 3%) and ancillary and recurring fees including anniversary servicing, and monitoring fees (up to 3%). Opportunistically structures may also include conversion rights, warrants, and other types of equity yield enhancements, including equity participations, which could yield on those investments by an additional 2% to 5%.
- Lastly, loan agreements will typically contain covenants designed to maintain the credit risk profile of the borrower in an effort to protect the rights of the fund to receive timely payments of principal and interest and to preserve the enterprise value of the borrower.

Police Retirement Fund Investments

Investment by Fair Value Level	September 30, 2019	Fair Value Measurement Using:		
		Quoted Price in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government Securities	\$ 21,965,599	\$ 12,595,386	\$ 9,370,213	\$ -
Corporate Bonds and Notes	51,617,001	-	51,617,001	-
Equity Securities - Common Stocks	130,936,883	130,936,883	-	-
REITs	2,288,879	2,288,879	-	-
Comingled Equity Funds	46,530,451	46,530,451	-	-
Total Investments by Fair Value Level	253,338,813	\$ 192,351,599	\$ 60,987,214	\$ -
Investments Measured at the Net Asset Value (NAV):				
Real Estate Funds	33,443,460			
Hedge Fund	9,168,687			
Total Investments Measured at NAV	42,612,147			
Money Market Funds (exempt)	14,132,837			
Total Investments Measured at Fair Value	\$ 310,083,797			

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

Common Stocks – Valued at the closing price reported on the New York Stock Exchange.

Commingled Equity Funds – Valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

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

Corporate Bonds and Notes – 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.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Real Estate Funds – 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.

Hedge Fund – Value based on the net asset value per share, without further adjustment. Net asset value is based upon the fair value of the underlying investment.

Money Market Funds – Considered short-term investment reported at amortized cost.

The Fund's valuation methods for investments measured at the net asset value ("NAV") per share (or its equivalent) as of September 30, 2019 are as follows:

Investments Measured at NAV	Fair Value	Unfunded Commitments	Redemption Frequency	Notice Period
Real Estate Fund (1)	\$ 23,177,864	\$ -	Quarterly	90 Days
Real Estate Fund (2)	10,265,596	-	Quarterly	10 Days
Hedge Fund (3)	9,168,687	-	Quarterly	95 Days
Total Investments Measured at NAV	<u>\$ 42,612,147</u>	<u>\$ -</u>		

- (1) Real Estate Fund – The fund is an open-end, real estate investment fund investing primarily in core institutional office, retail, industrial, and multi-family properties located throughout the United States. The investment is valued at NAV and its redemption must be received by the fund 90 days prior to quarter end.
- (2) Real Estate Fund – This 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 U.S. The investment is valued at NAV and its redemption must be received by the fund 10 days prior to quarter end.
- (3) Hedge Fund – This fund is an open-end, diversified portfolio of private investment entities and/or separately managed accounts managed by investment managers specialized primarily in activist related alternative investment strategies. The investment is valued at NAV and its redemption must be received by the fund 95 days prior to quarter end.

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

- C. RECEIVABLES – As of year-end, receivables for the City's individual major funds and nonmajor and internal service funds in the aggregate, including the applicable allowances for collectible accounts are as follows:

Governmental Activities						
	Taxes	Accounts	Reinsurance	Inter-governmental	Less: Allowance for Uncollectibles	Net Total Accounts Receivable
General	\$ 2,441,071	\$ 5,062,332	\$ -	\$ 16,933,350	\$ (2,856,343)	\$ 21,580,410
General Capital Projects	-	44,763	-	627,983	(6,500)	666,246
Beach Community Redevelopment	-	-	-	-	-	-
Downtown Community Redevelopment	-	175,967	-	-	(175,967)	-
Other Governmental	-	25,000	-	10,439,067	-	10,464,067
Internal Service	-	67,915	290,479	-	-	358,394
	<u>\$ 2,441,071</u>	<u>\$ 5,375,977</u>	<u>\$ 290,479</u>	<u>\$ 28,000,400</u>	<u>\$ (3,038,810)</u>	<u>\$ 33,069,117</u>
Business-type Activities						
	Accounts	Assessments	Less: Allowance for Uncollectibles	Net Total Accounts Receivable		
Water & Sewer Utility	\$ 14,695,350	\$ 452,114	\$ (2,040,822)	\$ 13,106,642		
Sanitation Enterprise	2,731,206	-	(500,811)	2,230,395		
Parking Enterprise	61,546	-	(61,546)	-		
Other Enterprise	643,118	-	(108,361)	534,757		
	<u>\$ 18,131,220</u>	<u>\$ 452,114</u>	<u>\$ (2,711,540)</u>	<u>\$ 15,871,794</u>		

Governmental funds report a deferred inflow of resources in connection with receivables and revenue received in advance that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenues in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Deferred Inflow	Unearned
Local Business Taxes and Other Charges (General Fund)	\$ (2,273,897)	\$ -
Grant Revenue (General Capital Projects)	(454,661)	-
Deferred Grant and Contract Revenue (Nonmajor Funds)	(40,096,906)	(2,087,915)
Total Deferred Inflow/Unearned Revenue for Governmental Funds	<u>\$ (42,825,464)</u>	<u>\$ (2,087,915)</u>

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CITY OF HOLLYWOOD, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

D. NOTES RECEIVABLE – The notes receivable balances are comprised of the following:

	<u>2019</u>
GOVERNMENTAL ACTIVITIES:	
Downtown Community Redevelopment:	
Long-term Loans	\$ 3,500,000
Less: Allowance for Uncollectibles	<u>(3,500,000)</u>
Notes Receivable - Net	<u>-</u>
 Nonmajor Governmental Funds:	
Current Loans	-
Long-term Loans	30,918,030 (a)
	<u>30,918,030</u>
Less: Allowance for Uncollectibles	<u>(585,678)</u>
Notes Receivable - Net	<u>30,332,352</u>
 Total Notes Receivable - Net	 <u><u>\$ 30,332,352</u></u>

The notes receivable reported in the Special Programs Fund and Local Housing Assistance Trust Fund consist of collateralized home improvement loans. The deferred loans represent individual borrowings (limited to \$70,000) which are repayable without interest at time of sale or transfer of the property. The notes receivable in the Downtown Community Redevelopment Fund consist of loans to developers and others to assist in approved projects. Loans are secured by mortgages on real property and repayable over various time periods at various interest rates.

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

E. CAPITAL ASSETS – Capital asset activity for the year ended September 30, 2019 was as follows:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 42,901,224	\$ -	\$ 2,250,678	\$ -	\$ 40,650,546
Construction in Progress	18,263,971	23,946,420	26,039,535	-	16,170,856
Total Capital Assets, Not Being Depreciated	61,165,195	23,946,420	28,290,213	-	56,821,402
Capital Assets, Being Depreciated:					
Buildings and Improvements	184,484,912	4,683,009	-	-	189,167,921
Machinery and Equipment	73,409,338	11,581,265	2,734,066	1,012	82,257,549
Infrastructure	105,334,135	1,189,107	674,329	-	105,848,913
Total Capital Assets, Being Depreciated	363,228,385	17,453,381	3,408,395	1,012	377,274,383
Less Accumulated Depreciation For:					
Buildings and Improvements	110,235,692	6,802,529	-	-	117,038,221
Machinery and Equipment	58,790,608	4,602,843	2,724,402	1,012	60,670,061
Infrastructure	80,701,110	1,512,275	668,335	-	81,545,050
Total Accumulated Depreciation	249,727,410	12,917,647 (1)	3,392,737	1,012	259,253,332
Total Capital Assets, Being Depreciated - Net	113,500,975	4,535,734	15,658	-	118,021,051
Governmental Activities Capital Assets - Net	<u>\$ 179,186,246</u>	<u>\$ 28,482,154</u>	<u>\$ 28,305,871</u>	<u>\$ -</u>	<u>\$ 174,842,453</u>

(1) Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 476,719
Public Safety - Police	398,231
Public Safety - Fire	1,347,356
Other Public Safety	14,574
Public Works	1,715,124
Transportation	18,514
Economic Environment	2,770,910
Physical Environment	11,873
Culture and Recreation	2,820,210
Capital Assets Held by the Government's Internal Service Funds are Charged to the Various Functions Based on Their Usage of the Assets	3,344,136
Total Governmental Activities Depreciation Expense	<u>\$ 12,917,647</u>

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Business-type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 6,285,499	\$ -	\$ -	\$ -	\$ 6,285,499
Construction in Progress	38,419,603	37,136,049	36,816,417	-	38,739,235
Total Capital Assets, Not Being Depreciated	44,705,102	37,136,049	36,816,417	-	45,024,734
Capital Assets, Being Depreciated:					
Buildings and Systems	655,739,733	48,480,862	-	-	704,220,595
Machinery and Equipment	8,646,799	818,201	276,514	(1,012)	9,187,474
Total Capital Assets, Being Depreciated	664,386,532	49,299,063	276,514	(1,012)	713,408,069
Less Accumulated Depreciation For:					
Buildings and Systems	370,957,814	18,439,478	-	-	389,397,292
Machinery and Equipment	7,036,782	500,244	274,913	(1,012)	7,261,101
Total Accumulated Depreciation	377,994,596	18,939,722 (1)	274,913	(1,012)	396,658,393
Total Capital Assets, Being Depreciated - Net	286,391,936	30,359,341	1,601	-	316,749,676
Business-type Activities Capital Assets - Net	\$ 331,097,038	\$ 67,495,390	\$ 36,818,018	\$ -	\$ 361,774,410

(1) In the business type activities \$1,650,900 of the cost of construction in progress was not capitalized.

Business-type Activities:	
Water and Sewer	16,984,751
Sanitation	652
Parking	1,513,847
Nonmajor Enterprise Funds	440,472
Total Business-type Activities Depreciation Expense	<u>\$ 18,939,722</u>

F. CONSTRUCTION COMMITMENTS – The City has outstanding commitments for construction and acquisition of capital assets. These commitments were fully funded through bond proceeds and other reserves for the respective funds at September 30, 2019:

General Capital Projects	\$ 1,115,286
Beach Community Redevelopment	17,582,115
Downtown Community Redevelopment	213,299
Water and Sewer Utility	57,571,935
Nonmajor Enterprise Funds	43,424
	<u>\$ 76,526,059</u>

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

G. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS – The composition of interfund balances as of September 30, 2019, is as follows:

Due From	Due to:		
	General Fund	Downtown Community Redevelopment Agency	Total
Special Programs Fund	\$ -	\$ 144,000	\$ 144,000
Police Grants Fund	145,134	-	145,134
Emergency and Disaster Fund	9,915,379	-	9,915,379
Golf Enterprise Fund	1,739,105	-	1,739,105
Total Due From	<u>\$ 11,799,618</u>	<u>\$ 144,000</u>	<u>\$ 11,943,618</u>

The above mainly represents cash advanced by the General Fund to other Funds which are outstanding at September 30, 2019.

	Transfers In:						Total Transfers Out
	General Fund	General Capital Projects Fund	Beach Community Redevelopment Fund	Nonmajor Governmental Funds	Water and Sewer Utility	Internal Service Funds	
Transfers Out:							
General Fund	\$ -	\$ 2,750,000	\$ -	\$ 4,748,284	\$ -	\$ 2,862,000	\$ 10,360,284
General Capital Projects Fund	-	-	-	10,454	-	-	10,454
Nonmajor Governmental Funds	389,173	-	37,980	422,332	-	-	849,485
Water and Sewer Utility	4,662,597	-	-	-	-	-	4,662,597
Sanitation Enterprise Fund	771,253	-	-	-	-	-	771,253
Parking Enterprise Fund	349,159	-	-	-	-	-	349,159
Nonmajor Enterprise Funds	123,330	-	-	-	350,882	-	474,212
Internal Service Funds	328,390	-	-	-	-	-	328,390
Total Transfers In	<u>\$ 6,623,902</u>	<u>\$ 2,750,000</u>	<u>\$ 37,980</u>	<u>\$ 5,181,070</u>	<u>\$ 350,882</u>	<u>\$ 2,862,000</u>	<u>\$ 17,805,834</u>

Bond covenants and City financial policies require use of interfund transfers to move financial resources from funds designated to receive them to funds required to expend them. Business-type fund payments-in-lieu of taxes are also reported as interfund transfers to the General Fund. The \$2.75 million transfer between the General Fund and the General Capital Project Fund is to fund capital projects. Of the \$5.18 million transferred into the Nonmajor Governmental Funds, \$5.17 million represents transfers for debt service. The remainder was to fund special programs. The \$6.62 million of transfers into the General Fund were primarily to offset administrative costs and road repair costs. The \$2.86 million transferred into the Internal Service Funds are primarily to fund capital asset acquisitions.

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

H. CAPITAL LEASES – The City has entered into master lease purchase agreements and other lease agreements as lessee for financing the acquisition of fleet vehicles, equipment and other improvements. The value of assets acquired under capital leases totals approximately \$19.7 million which is comprised of approximately \$12.9 million in gross value and \$3.4 million in net book value of equipment and approximately \$6.9 million in gross value and \$2.7 million in net book value of improvements. Future minimum lease payments and the present value of net minimum lease payments as of September 30, 2019 are as follows:

<u>Fiscal Year</u>	<u>Minimum Lease Payments</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2020	\$ 1,601,366	\$ 664,327
2021	1,607,557	684,256
2022	1,476,530	708,022
2023	1,055,119	725,928
2024	740,098	747,706
Total Minimum Lease Payments	6,480,670	3,530,239
Less: Amount Representing Interest	(537,993)	(351,085)
Present Value of Net Minimum Lease Payments	<u>\$ 5,942,677</u>	<u>\$ 3,179,154</u>

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

- I. LONG-TERM DEBT – Summarized below are the City's debt issued to finance the acquisition and construction of major capital facilities that were outstanding as of September 30, 2019:

1. GOVERNMENTAL ACTIVITIES DEBT:

\$43,922,000 General Obligation Refunding Note, Series 2015 – Note was issued on July 9, 2015 for the purpose of refunding, on a current basis, the outstanding Series 2005 General Obligation Bonds and certain costs of issuing the note. Note was issued under the provisions of applicable governing law and Resolution R-2015-224 enacted by the City Commission on July 8, 2015. Revenue for ad valorem taxes levied on all taxable property in the City will be used to pay the debt service on the note through its maturity date (June 1, 2030). The interest rate on the note is fixed at 2.92%. The refunding resulted in an economic gain of \$5,407,232.

- Annual debt service requirements to maturity for the General Obligation Refunding Note, Series 2015

Fiscal Year ending September 30,	Principal	Interest	Total
2020	\$ 2,657,000	\$ 988,566	\$ 3,645,566
2021	2,729,000	910,982	3,639,982
2022	2,813,000	831,295	3,644,295
2023	2,892,000	749,155	3,641,155
2024	2,977,000	664,709	3,641,709
2025-2029	16,244,000	1,967,905	18,211,905
2030	3,543,000	103,456	3,646,456
	<u>\$ 33,855,000</u>	<u>\$ 6,216,068</u>	<u>\$ 40,071,068</u>

- \$8,595,000 PNC Bank Refunding Revenue Note, Series 2017 – Note was issued on February 3, 2017 for the purpose of refunding, on a current basis, the outstanding Series 2012 FFGFC Refunding Revenue Bonds. Note was issued with the same terms and conditions as the bonds with bi-annual payments starting July 1, 2017 through maturity on July 1, 2022. The interest rate on the note is fixed at 2.60% per annum. There was no economic gain from the refunding.
- Annual debt service requirements to maturity for the PNC Refunding Revenue Note, Series 2017:

Fiscal Year Ending September 30,	Principal	Interest	Total
2020	\$ 1,215,000	\$ 97,370	\$ 1,312,370
2021	1,250,000	65,780	1,315,780
2022	1,280,000	33,280	1,313,280
	<u>\$ 3,745,000</u>	<u>\$ 196,430</u>	<u>\$ 3,941,430</u>

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

- \$6,515,000 Pinnacle Public Finance, Inc. Refunding Revenue Note, Series 2017 – Note was issued on February 3, 2017 for the purpose of refunding, on a current basis, the outstanding Series 2014 FFGFC Refunding Revenue Bonds. Note was issued with the same terms and conditions as the bonds with bi-annual payments starting July 1, 2017 through maturity on July 1, 2024, resulting in no economic gain. The interest rate on the note is fixed at 2.37% per annum.
- Annual debt service requirements to maturity for the Pinnacle Public Finance Refunding Revenue Note, Series 2017:

Fiscal Year Ending September 30,	Principal	Interest	Total
2020	\$ 885,000	\$ 94,208	\$ 979,208
2021	745,000	73,233	818,233
2022	765,000	55,577	820,577
2023	780,000	37,446	817,446
2024	800,000	18,960	818,960
	<u>\$ 3,975,000</u>	<u>\$ 279,424</u>	<u>\$ 4,254,424</u>

- \$36,890,000 Capital Improvement Revenue and Refunding Bonds, Series 2016A – On March 3, 2016 the City issued Series 2016A bonds for the purpose of advance refunding various City outstanding debts, construction of various capital projects citywide, acquisition of vehicles and equipment, and to pay for issuance costs related to the bonds. Of the \$44,469,136 of proceeds and premiums plus \$1,635,339 of other available resources, \$24,808,874 was used for advance refunding (of which \$4,914,208 in principal plus \$133,866 in interest and costs related to refunding business-type activity FFGFC series notes), \$21,000,000 for capital items and the remaining balance for costs related to the debt. The Series 2016A bonds are secured by the City's half-cent sales tax revenue and the City's simplified communications tax revenue. The coupon interest rate on these bonds is 5.0% for the first payment, decreasing to 3.0% on the last payment on July 1, 2031.
- Annual debt service requirements to maturity for the Government Activities portion of the Capital Improvement Revenue and Refunding Bonds, Series 2016A:

Fiscal Year Ending September 30,	Principal	Interest	Total
2020	\$ 1,083,203	\$ 1,556,397	\$ 2,639,600
2021	1,276,472	1,502,237	2,778,709
2022	1,339,397	1,438,413	2,777,810
2023	2,593,395	1,371,443	3,964,838
2024	2,723,739	1,241,773	3,965,512
2025-2029	16,589,639	3,797,728	20,387,367
2030-2034	6,944,186	382,762	7,326,948
	<u>32,550,031</u>	<u>11,290,753</u>	<u>43,840,784</u>
Premium/(Discount)	4,473,437	-	4,473,437
	<u>\$ 37,023,468</u>	<u>\$ 11,290,753</u>	<u>\$ 48,314,221</u>

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

- \$49,075,000 Community Redevelopment Agency Redevelopment Revenue and Refunding Bonds, Series 2015 – On October 29, 2015, the City of Hollywood's Beach Community Redevelopment Agency (BCRA) issued the Series 2015 bonds for the purpose of refunding the Redevelopment Revenue Bond – Series 2004, advance refunding of the Redevelopment Revenue Bond – Series 2007, construction of a new parking garage at Nebraska and Nevada Streets, undergrounding of overhead utilities and streetscape beautification for six blocks from Oklahoma to Taft Street, fully fund the Series 2015 Debt Service Reserve Fund, and to pay for issuance costs related to the bonds. Of the \$55,287,321 of proceeds and premium plus \$3,816,694 of other available resources,
- \$39,205,979 was used in the refunding, \$14,000,000 was for capital items, \$5,528,732 was to fund the Series 2015 debt service reserve, and the remaining balance was for costs related to the debt. The Series 2015 bonds are payable solely from and secured by BCRA revenues and assets. The City and BCRA have also entered into an Interlocal Agreement pursuant to which the City covenants to pledge certain designated non-ad valorem revenues of the City to the payment of the Series 2015 bonds under certain conditions. The coupon interest rate on these bonds is 2.0% for the first payment, then increasing to 5.0% for the remaining payments with a final maturity date of March 1, 2024.
- Annual debt service requirements to maturity for the community Redevelopment Agency Redevelopment Revenue and Refunding Bonds, Series 2015:

Fiscal Year Ending September 30,	Principal	Interest	Total
2020	\$ 5,745,000	\$ 1,444,125	7,189,125
2021	6,035,000	1,149,625	7,184,625
2022	6,335,000	840,375	7,175,375
2023	6,655,000	515,625	7,170,625
2024	6,985,000	174,625	7,159,625
	<u>31,755,000</u>	<u>4,124,375</u>	<u>35,879,375</u>
Premium/(Discount)	<u>1,907,067</u>	<u>-</u>	<u>1,907,067</u>
	<u>\$ 33,662,067</u>	<u>\$ 4,124,375</u>	<u>\$ 37,786,442</u>

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

- \$33,500,000 Community Redevelopment Agency Loans – Loans committed to fund certain redevelopment projects and/or redevelopment incentives of the Downtown Community Redevelopment Agency as approved by its governing board. The DCRA has pledged its tax increment revenues for repayment of these loans. The interest rates on \$2,500,000, \$4,000,000 and \$2,000,000 of these loans are fixed at 5.44%, 5.61% and 2.84%. The interest rates on the remaining outstanding borrowings are variable and equal to the one month London Interbank Offered Rate (LIBOR) as published periodically in the Wall Street Journal plus 1.75%. Interest rate on these borrowings was 3.93% at September 30, 2019.
- Annual debt service requirements to maturity for the Community Redevelopment Agency Loans

Fiscal Year ending September 30,	Principal	Interest	Total
2020	\$ 1,686,667	\$ 328,413	\$ 2,015,080
2021	1,696,667	220,481	1,917,148
2022	1,706,667	113,003	1,819,670
2023	686,667	23,644	710,311
2024	354,999	7,597	362,596
	<u>\$ 6,131,667</u>	<u>\$ 693,138</u>	<u>\$ 6,824,805</u>

- On September 22, 2006, the Downtown District of the Hollywood Community Redevelopment Agency issued its Promissory Note, Series 2006A (2006A Note) in the principal amount of \$20,500,000 for the purpose of refunding its Promissory Notes Series, 2004B, 2005A and 2005B (Previous Notes) also totaling \$20,500,000. The 2006A Note and the Previous Notes carry the same interest rate, 175 basis points over the 1-month LIBOR, and all were issued as bank loans/lines of credit by the same financial institution. The only cost of issuance for both the 2006A Note and the Previous Notes was limited to minimal counsel fees which were fully expended the year transactions were entered into. There was no gain or loss as a result of this refunding which basically consolidated three notes into one with no other financial reporting effect. This transaction constitutes an interest rate swap which is accounted for as an effective hedge as further described below.
- On September 22, 2006 the DCRA entered into a fixed payer swap with Bank of America for the purpose of fixing its debt payments to manage the interest rate risk associated with variable rate debt. The swap is related to the 2006A Note described above, resulting in a synthetic fixed rate debt. The swap's notional amount as of September 30, 2006 was \$20,500,000. The swap has an effective date of September 22, 2006 and a termination date of November 1, 2022. The DCRA pays a fixed rate of 7.075% and receives the 1-month LIBOR plus 1.75%. Payments are netted by each party to the other and made on a quarterly basis. There was no cash paid or received when the swap was initiated.

At September 30, 2019, the underlying swap with Bank of America had a fair value of (\$293,545). The notional value of \$4,441,666 of this borrowing is included in bonds, loans and leases payable in the statement of net position. This fair value was obtained from the counterparty's mark to market report submitted to the DCRA.

The swap counterparty's ratings at September 30, 2019 by Moody's/Standard and Poor's were A2/A-. The DCRA will have a market breakage risk if it decides to unwind the swap in a lower rate environment. The transaction has no basis risk since the swap payments the DCRA receives match the payments it is making on the underlying loan and both use the same index. There is no tax risk since the swap is indexed to LIBOR, a taxable index.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Using rates at September 30, 2019, the debt service requirements of the DCRA's variable-rate debt and related swap are as follows. As rates vary, variable-rate bond interest payments will vary.

Fiscal Year	Principal	Interest	Swap Rate Interest	Total
2020	\$ 1,366,667	\$ 145,298	\$ 116,574	\$ 1,628,539
2021	1,366,667	91,650	73,532	1,531,849
2022	1,366,667	38,001	30,489	1,435,157
2023	341,665	1,118	897	343,680
	<u>\$ 4,441,666</u>	<u>\$ 276,067</u>	<u>\$ 221,492</u>	<u>\$ 4,939,225</u>

- \$5,585,000 U.S. Department of Housing and Urban Development Section 108 Loan Guarantee Program (HUD Section 108 Loans) – Funds committed to finance several major housing rehabilitation programs anticipated and/or underway in the City. Funds may be used only for payment of approved HUD Section 108 activity costs. The initial variable interest rate on this borrowing is set on the first day of each month at twenty (20) basis points above the LIBOR – three months as published on that day in the Wall Street Journal or certain other recognized financial publications. Interest on the unpaid principal balance is due and payable quarterly on the first day of February, May, August and November. Interest rate on this borrowing was approximately 2.55% at September 30, 2018. Annual principal payments continue through maturity on August 1, 2021.

Fiscal Year Ending September 30,	Principal	Interest	Total
2020	\$ -	\$ 4,664	\$ 4,664
2021	200,000	3,498	203,498
	<u>\$ 200,000</u>	<u>\$ 8,162</u>	<u>\$ 208,162</u>

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

- \$60,045,000 General Obligation Bonds, Series 2019 – On September 10, 2019, the City issued the Series 2019, General Obligations bonds. The bond was issued at a premium of \$10,692,757. The bond is payable semiannually commencing on January 1, 2020 and on each January 1 and July 1 thereafter. The bonds mature on July 1, 2044. The bonds are secured by the City's ad valorem taxes. Interest on the bonds varies from 4.00% to 5.00%. The purpose of the bonds are to fund capital projects relating to:
 - Neighborhood Infrastructure and Resiliency Projects -\$15,398,905
 - Public Safety Projects - \$12,853,297
 - Parks, Open Space, Golf and Recreational and Cultural Arts - \$41,747,798 and
 - Issuance costs \$737,757

Annual debt service requirements to maturity for the General Obligation Bonds, Series 2019:

Fiscal Year Ending September 30,	Principal	Interest	Total
2020	\$ 1,880,000	\$ 2,014,069	\$ 3,894,069
2021	1,360,000	2,542,600	3,902,600
2022	1,425,000	2,474,600	3,899,600
2023	1,495,000	2,403,350	3,898,350
2024	1,570,000	2,328,600	3,898,600
2025-2029	9,120,000	10,382,500	19,502,500
2030-2034	11,590,000	7,889,550	19,479,550
2035-2039	14,260,000	5,224,600	19,484,600
2040-2044	17,345,000	2,135,800	19,480,800
	<u>60,045,000</u>	<u>37,395,669</u>	<u>97,440,669</u>
Premium/(Discount)	10,692,757	-	10,692,757
	<u>\$ 70,737,757</u>	<u>\$ 37,395,669</u>	<u>\$ 108,133,426</u>

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

2. BUSINESS-TYPE ACTIVITIES DEBT:

- \$47,160,000 Water and Sewer Refunding Revenue Bonds, Series 2014 – On November 25, 2014 the City issued Water and Sewer Refunding Revenue Bonds, Series 2014. The bonds were issued for the purpose of providing funds to refund and defease the outstanding Series 2003 Water and Sewer Refunding and Improvement Revenue Bonds and to pay issuance costs and other costs. The bonds mature of October 1, 2023 and are collateralized by a pledge of utility system revenues and carry interest rates from 2.0% to 5.0%.
- Annual debt service requirements to maturity for the Water and Sewer Refunding Revenue Bonds Series 2014:

Fiscal Year Ending September 30,	Principal	Interest	Total
2020	\$ 5,435,000	\$ 1,135,750	\$ 6,570,750
2021	5,710,000	864,000	6,574,000
2022	5,990,000	578,500	6,568,500
2023	5,580,000	279,000	5,859,000
	<u>22,715,000</u>	<u>2,857,250</u>	<u>25,572,250</u>
Premium/(Discount)	1,858,037	-	1,858,037
	<u>\$ 24,573,037</u>	<u>\$ 2,857,250</u>	<u>\$ 27,430,287</u>

- \$52,345,000 Water and Sewer Improvement Revenue Bonds, Series 2010 – On January 27, 2010 the City issued Water and Sewer Improvement Revenue Bonds, Series 2010 ("Series 2010 Bonds") totaling \$52,345,000. The bonds issued were comprised of \$4,185,000 of Series 2010A Bonds and \$48,160,000 Series 2010B Bonds (Build America Bonds – Direct Payment). The Series 2010 Bonds are being issued for the purpose of providing funds, together with other available funds, to (i) finance the acquisition, construction and equipping of certain improvements and upgrades to the City's water and sewer utility system; (ii) fund the 2010 Reserve Subaccount of the Reserve Account; and (iii) pay certain costs of issuance with respect to Series 2010 Bonds. Interest rates on the Series 2010A Bonds range from 2% to 3%. The bonds mature on October 1, 2039. Interest from Series 2010A Bonds is excludable from gross income for federal income tax purposes. Interest rates on the Series 2010B bonds range from 4.687% to 6.056%. Interest from 2010B Bonds is not excludable from gross income for federal income tax purposes.
- Annual debt service requirements to maturity for the Water and Sewer Improvement Revenue Bonds Series 2010:

Fiscal Year Ending September 30,	Principal	Interest	Total
2020	\$ 1,335,000	\$ 2,961,336	\$ 4,296,336
2021	1,390,000	2,885,161	4,275,161
2022	1,445,000	2,802,372	4,247,372
2023	1,505,000	2,714,863	4,219,863
2024	1,575,000	2,608,791	4,183,791
2025-2029	9,065,000	11,269,267	20,334,267
2030-2034	11,415,000	7,727,413	19,142,413
2035-2039	14,410,000	3,208,149	17,618,149
	<u>\$ 42,140,000</u>	<u>\$ 36,177,352</u>	<u>\$ 78,317,352</u>

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

- \$61,525,891 State of Florida Revolving Fund Loans – Funds borrowed and outstanding to finance the construction of a reuse wastewater system and new water supply wellfields. Currently, the State has committed to loan the City a total of approximately \$87.3 million for qualifying projects under this loan program. The loans are collateralized by a pledge of the reuse system and utility system revenues. The final loan matures on December 15, 2040. Interest accrues at rates of 1.21% and 3.34% annually.

Annual debt service requirements to maturity for the State of Florida Revolving loans:

Fiscal Year Ending September 30,	Principal	Interest	Total
2020	\$ 5,921,455	\$ 1,252,900	\$ 7,174,355
2021	5,788,762	1,137,262	6,926,024
2022	5,675,420	1,037,128	6,712,548
2023	5,820,283	892,264	6,712,547
2024	5,271,458	744,840	6,016,298
2025-2029	16,467,571	2,255,903	18,723,474
2030-2034	11,046,454	960,338	12,006,792
2035-2039	4,839,698	177,657	5,017,355
2040-2041	694,790	7,847	702,637
	<u>\$ 61,525,891</u>	<u>\$ 8,466,139</u>	<u>\$ 69,992,030</u>

- \$36,890,000 Capital Improvement Revenue and Refunding Bonds, Series 2016A – On March 3, 2016 the City issued Series 2016A bonds for the purpose of advance refunding FFGFC Series 2006 loans and to pay for issuance costs related to the bonds. Only \$3,728,700 of the \$36,890,000 face value of the borrowing relates to business-type activities. The bonds mature on July 1, 2031.

Annual debt service requirements to maturity for the business type portion of the Capital Improvement Revenue and Refunding Bonds, Series 2016A:

Fiscal Year Ending September 30,	Principal	Interest	Total
2020	\$ 121,797	\$ 175,003	\$ 296,800
2021	143,528	168,913	312,441
2022	150,603	161,737	312,340
2023	291,605	154,207	445,812
2024	306,261	139,627	445,888
2025-2029	1,865,361	427,022	2,292,383
2030-2031	780,814	43,038	823,852
	<u>3,659,969</u>	<u>1,269,547</u>	<u>4,929,516</u>
Premium/(Discount)	642,301	-	642,301
	<u>\$ 4,302,270</u>	<u>\$ 1,269,547</u>	<u>\$ 5,571,817</u>

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

- \$4,090,122 Promissory Note, Series 2009A – Funds were borrowed to refinance an existing variable rate loan outstanding. Funds were originally borrowed to finance the acquisition and construction of two public parking garages in the City's downtown area. Principal and interest payments are due annually beginning December 1, 2009 through maturity on December 2, 2020. The interest rate on the note is fixed at 6.46%.

Annual debt service requirements to maturity for the Promissory Note, Series 2009A:

Fiscal Year Ending September 30,	Principal	Interest	Total
2020	\$ 451,838	\$ 60,263	\$ 512,101
2021	481,027	31,074	512,101
	<u>\$ 932,865</u>	<u>\$ 91,337</u>	<u>\$ 1,024,202</u>

3. DEFEASANCE OF LONG-TERM DEBT:

- In fiscal year 1993, the City issued \$137,125,000 Water and Sewer Revenue Bonds – Series 1993 (Series 1993 Bonds) to defease Series 1991 Bonds outstanding in an aggregate principal amount of \$130,779,873. The Series 1993 Bonds were refunded, on a current basis, in November 2003. As a result, the Series 1991 Bonds are considered to be defeased and the liability for the debt has been removed from the Water and Sewer Utility Fund's financial statements. At September 30, 2019, outstanding Water and Sewer Revenue Bonds (including prior year's refunding) of \$35,520,000 are considered to be defeased.
- On February 3, 2018, the City issued \$8,595,000 PNC Bank Refunding Revenue Note, Series 2018 and the \$6,515,000 Pinnacle Public Finance, Inc. Refunding Revenue Note, Series 2018 for the sole purpose of replacing the lender. First Florida Governmental Financing Commission is in the process of dissolution and to achieve this goal it cannot have any debt under its name outstanding. To accommodate their dissolution the City refunded, on a current basis, the Series 2012 FFGFC Refunding Revenue Bond with the \$8,595,000 PNC Bank Refunding Revenue Note, Series 2018 and Series 2014 FFGFC Refunding Revenue Bonds with the \$6,515,000 Pinnacle Public Finance, Inc. Refunding Revenue Note, Series 2018 for the same terms and conditions that existed under the FFGFC borrowings. No economic gains or change in time resulted. Nominal issue charges were incurred for the refunding, \$30,500 for Pinnacle and \$33,500 for PNC, these costs will be offset by cost reduction in future years where the City no longer pays the FFGFC administration cost (ranging from \$30,000 to \$50,000 a year).

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

4. **CHANGES IN LONG-TERM LIABILITIES** – The following is a summary of changes in the long-term liabilities for the year ended September 30, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds and Loans Payable:					
General Obligation					
Notes, Series 2015	\$ 36,435,000	\$ -	\$ 2,580,000	33,855,000	\$ 2,657,000
PNC Refunding Note, Series 2017	5,405,000	-	1,660,000	3,745,000	1,215,000
Pinnacle Refunding Note, Series 2017	4,840,000	-	865,000	3,975,000	885,000
Capital Improvement Bonds, Series 2016A	33,161,300	-	611,269	32,550,031	1,083,203
General Obligation Bond, Series 2019	-	60,045,000	-	60,045,000	1,880,000
Redevelopment Revenue Bonds	37,230,000	-	5,475,000	31,755,000	5,745,000
Redevelopment Loans	8,430,769	-	2,299,103	6,131,666	1,686,667
HUD Section 108 Loans	500,000	-	300,000	200,000	-
Bond Premium/(Discount)	7,870,853	10,692,757	1,490,349	17,073,261	1,875,442
Total Bonds, Notes and Loans Payable	<u>133,872,922</u>	<u>70,737,757</u>	<u>15,280,721</u>	<u>189,329,958</u>	<u>17,027,312</u>
Other Liabilities:					
Compensated Absences	15,663,901	2,091,043	3,131,442	14,623,502	3,094,984
Claims and Judgments	14,344,350	35,612,222	35,552,747	14,403,825	5,202,836
Capital Lease Obligations	7,794,118	-	1,851,441	5,942,677	1,397,770
Other Liabilities	300,000	-	-	300,000	-
Other Postemployment Benefits Liability	488,002,772 (1)	120,486,263	-	608,489,035	-
Net Pension Liability					
General	110,463,642	17,791,124	-	128,254,766	-
Police	188,200,890	-	11,486,666	176,714,224	-
Fire	140,310,955	1,033,407	-	141,344,362	-
FRS	912,174	165,145	-	1,077,319	-
Total Other Liabilities	<u>965,992,802</u>	<u>177,179,204</u>	<u>52,022,296</u>	<u>1,091,149,710</u>	<u>9,695,590</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 1,099,865,724</u>	<u>\$ 247,916,961</u>	<u>\$ 67,303,017</u>	<u>\$ 1,280,479,668</u>	<u>* \$ 26,722,902</u>

* Variance between long-term liability on Statement of Net Position and this note is due to fair value of the DCRA swap agreement related to Series 2006A Promissory Note of (\$293,545).

Payments on the bonds and loans payable that pertain to the City's governmental activities are made by the Debt Service Fund, except for the capital lease obligations, which are being repaid directly from an Internal Service Fund and other funds. The compensated absences liability attributable to governmental activities will be liquidated primarily by the General Fund. The General Fund comprises 92% of the governmental activities compensated absences.

The claims and judgments liability is generally liquidated through the City's Insurance Internal Service Fund (See Note III.C). That fund finances the payment of claims by charging other funds based on management's assessment of the relative insurance risk that should be assumed by individual funds. Currently, the General Fund and Water and Sewer Utility bear approximately 77% and 17% respectively of all insurance costs; no other individual fund is charged more than 5% of the total amount.

The General Fund has been used to liquidate on average approximately 60% of the City's General Employees' net pension liability and 100% of the Police and Fire Pensions. Required contributions for the City's other postemployment benefit obligations are based on a pay-as-you-go basis of which approximately 77% is assigned to the General Fund.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-Type Activities:					
Bonds and Loans Payable:					
Water and Sewer Revenue Bonds, Series 2014 (a)	\$ 27,895,000	\$ -	\$ 5,180,000	\$ 22,715,000	\$ 5,435,000
Water and Sewer Revenue Bonds, Series 2010 (a)	43,430,000	-	1,290,000	42,140,000	1,335,000
State Revolving Loans	60,142,406	7,146,300	5,762,815	61,525,891	5,921,455
Capital Improvement Revenue and Refunding Bonds, Series 2016 (a)	3,728,700	-	68,731	3,659,969	121,797
Promissory Note	1,357,285	-	424,419	932,866	451,838
Bond Premium/Discount	3,477,456	-	977,118	2,500,338	819,586
Total Bonds, Notes and Loans Payable	140,030,847	7,146,300	13,703,083	133,474,064	14,084,676
Other Liabilities:					
Compensated Absences	2,674,702	32,531	688,661	2,018,572	617,487
Capital Lease Obligations	5,246,036	-	2,066,884	3,179,152	545,781
Other Postemployment Benefits Liability	103,242,183	25,628,063	3,393,370	125,476,876	-
Net Pension Liability	46,825,751	11,095,214	109,730	57,811,235	-
Total Other Liabilities	157,988,672	36,755,808	6,258,645	188,485,835	1,163,268
Total Business-Type Activities Long-term Liabilities	\$ 298,019,519	\$ 43,902,108	\$ 19,961,728	\$ 321,959,899	\$ 15,247,944

(a) These amounts are reflected in the financial statements net of unamortized premium/discount of \$2,500,338.

5. **UNAMORTIZED PREMIUMS AND DISCOUNTS** – Original issue discounts and premiums on long-term debt are amortized over the life of the respective liability in the enterprise funds. Such amounts are amortized using the effective interest method.
6. **PLEDGED REVENUE** – General long-term debt bonds/notes are collateralized by multiple sources. For example, the general obligation note is secured by ad valorem taxes on all taxable property within the City and the full faith and credit and taxing power of the City. The City has pledged certain revenue to repay certain bonds and loans outstanding as of September 30, 2019.

The following table reports the revenue pledged for each debt issue, the amounts of such revenue received in the current year, the current year principal and interest paid on the debt, the date through which the revenue is pledged under the debt agreement, and the total pledged future revenue for each debt, which is the amount of the remaining principal and interest on the bonds and loans at September 30, 2019:

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Bond/Loan Description	Pledged Revenue	Revenue Received	Principal and Interest Paid	Outstanding Principal and Interest	Pledged Through
Governmental Activities:					
General Obligation Note, Series 2015	Ad Valorem Revenues	\$ 104,267,732	\$ 3,643,902	\$ 33,855,000	2030
Capital Improvement Revenue & Refunding Bonds, Series 2016	Half Cent Sales Tax & Simplified Communications Tax Revenues	14,713,283	2,198,228	32,550,031	2031
BCRA Redevelopment Revenue Bonds, Series 2015	Increment Tax Revenues Designated Non-Ad Valorem Revenues *	28,362,285 58,010,908	7,199,625	31,755,000	2024
DCRA Redevelopment Revenue Loans, Series 2002 to 2013	Increment Tax Revenues	7,803,303	2,751,232	6,131,666	2024
HUD Section 108 Loans	CDBG Grant Allocation and Program Revenue	1,527,822	312,073	200,000	2021
PNC Refunding Revenue Note, Series 2017	Non-Ad Valorem Revenues	134,159,815	1,800,530	3,745,000	2022
Pinnacle Refunding Revenue Note, Series 2017	Non-Ad Valorem Revenues	134,159,815	979,708	3,975,000	2024
General Obligation Notes, Series 2019	Ad Valorem Revenues	104,267,732	-	60,045,000	2044
Business-type Activities:					
Water and Sewer Revenue Bonds, Series 2014	Utility Revenues	100,215,100	6,574,750	22,715,000	2023
Water and Sewer Revenue Bonds, Series 2010	Utility Revenues	100,215,100	4,323,653	42,140,000	2039
State Revolving Fund Loans	Reuse System and Utility Revenues	134,159,815	7,174,355	68,384,904	2042
Capital Improvement Revenue & Refunding Bonds, Series 2016	Half Cent Sales Tax & Simplified Communications Tax Revenues	14,713,283	247,172	3,659,969	2031
Promissory Note, Series 2009A	Non-Ad Valorem Revenues	134,159,815	512,100	932,886	2021

* Designated non-advalorem revenues have been pledged subject to certain conditions.

J. NONEXCHANGE FINANCIAL GUARANTEES – On January 23, 2014, the City of Hollywood (City) entered into a 32 year guarantee agreement with the Hollywood Beach Community Development District 1 (District) when the District issued its \$36,395,000 Taxable Revenue Bonds (Public Parking Facilities Project), Series 2014 (Bonds). The District is a legally separate district encompassing approximately 5.13 acres located within the City of Hollywood and was established by Ordinance O-2011-21 of the City effective June 1, 2011 pursuant to the provisions of Chapter 190, Florida Statutes. The bonds were issued for the purpose of funding a public parking garage. The bonds' interest rate varies from 5.00% to 6.25% with interest being paid semi-annual on April 1 and October 1 of each year and with principal payments on October 1 of each year (except for 2014, 2015 and 2016 whereby interest only was paid). Debt payments started in October 2014 until final payment in October 2045. Funding for the debt service is provided by the District's parking revenue, public user fees contracted with the developer of the property, and the District can special assess the Developer's property if such parking fees and user fees are not sufficient. In the event that the District does not have sufficient funds to service the Bonds, the City will fund any deficiency in the debt service reserve fund from legally available non ad valorem revenues.

K. FUND BALANCE REPORTING – Governmental Accounting Standards Board Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54) provides a structured classification of fund balance to improve the usefulness of fund balance reporting to the users of the City's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major fund balance classifications: nonspendable and spendable. Nonspendable fund balance includes amounts that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of nonspendable fund balance include inventory and prepaid items.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

GASB 54 provides for four categories of the spendable fund balance classification based on the level of constraint placed on the use of those resources.

RESTRICTED FUND BALANCE includes resources constrained to a specific purpose by their external providers such as grantors and contributors, or laws and regulations.

COMMITTED FUND BALANCE includes amounts that can only be used for specific purposes in accordance with constraints imposed by the City Commission through an ordinance or resolution (which are equally binding as the highest decision-making authority). These items cannot be used for any other purpose unless the Commission takes action to remove or change the constraint. The City Commission adopted by Resolution an Economic Stabilization Fund Policy that commits an amount equal to five (5) percent of General Fund expenditures. The Policy states that the use (appropriation) of committed fund balance will be considered in conjunction with the annual budget adoption process or by budget amendment approved by resolution of the City Commission during the fiscal year. This reserve was created for the specific purpose stipulated in the legislation to protect the City from adverse financial impacts in the event of unexpected economic events.

ASSIGNED FUND BALANCE includes resources the City intends to use for a specific purpose that are not classified as nonspendable, restricted or committed. Encumbrances are recorded within an assigned fund balance category. Assignments are recommended by the City Manager based on the City Commission direction during the annual budget process, and the City Commission authorizes assignments by the adoption of a resolution.

UNASSIGNED FUND BALANCE only for General Fund, includes the remaining fund balance, or net resources, available for any purpose. Unassigned fund balance represents amounts that are not constrained in any way. In governmental funds other than the General Fund, if expenditures incurred for a specific purpose exceed the amounts that are restricted, committed or assigned to that purpose, it may be necessary to report a negative unassigned fund balance in that fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Commission has provided otherwise in its commitment or assignment actions.

MINIMUM FUND BALANCE POLICY – The General Fund has adopted a target minimum unassigned fund balance policy of seventeen percent (17%) of General Fund expenditures which is equivalent to two months of operations as recommended by the Governmental Finance Officers Association. This target is inclusive of any committed or assigned amounts. The City met all of its fund balance targets at September 30, 2019.

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

The following table shows the City's fund balance classifications for its governmental funds as of September 30, 2019:

	Major Funds					
	General	General Capital Projects	2019 GOB Capital Project	Beach Community Redevelopment	Downtown Community Redevelopment	Other Governmental Funds
Nonspendable:						
Inventory	\$ 40,234	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid Items	-	-	1,132,209	-	-	-
Restricted for:						
Assets Held for Sale	-	-	-	-	-	201,926
Debt Covenants	-	-	-	5,675,339	-	353,956
Grants & Special Programs	-	-	-	6,367,916	5,989,548	6,681,204
Public Safety Projects	-	-	11,721,088	21,299	-	2,622,246
Street & Sidewalk Projects	-	-	-	-	-	4,873,289
Redevelopment Projects	-	-	-	10,531,020	-	-
Park Improvements & Renovations	-	-	41,744,174	-	-	-
Building Operations	6,299,550	-	-	-	-	-
Neighborhood and Infrastructure	-	-	15,398,905	-	-	-
Committed to:						
Economic Stabilization	11,085,253	-	-	-	-	-
Public Safety Projects	-	138,978	-	-	-	190,671
Assigned to:						
Subsequent Years' Budget	7,339,216	-	-	-	-	-
Encumbrances	683,629	-	-	-	-	-
Assets Held for Sale	-	730,590	-	-	-	-
General Government	-	2,292,312	-	-	-	-
Public Safety Projects	-	177,586	-	-	-	36,926
Physical Environment Culture and Recreation Projects	-	451,497	-	-	-	-
Transportation Projects	-	307,400	-	-	-	-
Future Debt Service	-	1,188,419	-	-	-	-
Unassigned	60,176,726	-	-	-	-	1,517,736
						(9,827,568)
Total Fund Balances	<u>\$ 85,624,608</u>	<u>\$ 5,286,782</u>	<u>\$ 69,996,376</u>	<u>\$ 22,595,574</u>	<u>\$ 5,989,548</u>	<u>\$ 6,650,386</u>

- L. DEFICIT NET POSITION/FUND BALANCE OF INDIVIDUAL FUNDS – Net position deficit in the Central Services Fund continues to exist due to a pension impact of \$14.2 million in FY 2019, and other postemployment benefit impact of \$22.4 million in FY 2019. However, the Central Services Fund's operations generated a positive change in net position of \$4.7 million in the current year. Management will continue to evaluate the operations in the Central Services Fund in the future and take necessary steps to improve the net position of the fund.

The net position deficit in the Sanitation fund is primarily related to long-term liabilities for Sanitation's share of the net pension liability and total other post-employment benefits liability. The fund sustained a loss of \$1.2 million. The loss primarily relates to increased costs associated with contractual services for providing the solid waste operating services. Management will continue to evaluate the operations in the Sanitation Fund in the future and take necessary steps to improve the net position of the fund.

The net position deficit in the Golf Fund is primarily related to year over year sustained operating losses related to providing public golf services. In addition, the fund sustained personnel service costs related to its share of pension and other postemployment benefits. Management will continue to evaluate the operations in the Golf Fund in the future and take necessary steps to improve the net position of the fund.

The fund balance deficit in the Police Grants Fund totaling \$113,070 is expected to be eliminated by revenue collectible in future years. The revenue is related to reimbursement based grants which do not meet the availability criteria at year end for revenue recognition and is reported as deferred inflows of resources.

CITY OF HOLLYWOOD, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

The Emergency and Disaster Fund had a fund balance deficit of \$9.7 million as a result of expenditures incurred in the preparation and recovery from Hurricane Irma and Hurricane Dorian. For Hurricane Irma, funding agreements are approved with FEMA and the City is pending reimbursement in the amount of \$9.6 million. For Hurricane Dorian, the City is in the process of preparing documentation to submit to FEMA for reimbursement

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

NOTE III – OTHER INFORMATION

- A. **RESTRICTED ASSETS** – The amounts shown below are those assets restricted by sources external to the City.

Ordinances pertaining to long-term debt and other agreements require segregation and restriction of certain assets represented by the following amounts within the enterprise funds at September 30, 2019:

Water and Sewer Utility Fund:		
Construction Contracts and Retainage	\$	5,610,130
Customer Deposits		9,780,984
Rate Stabilization Funds		10,000,000
Notes Payable - State Revolving Loan		4,113,171
Renewal, Replacement and Improvement Funds:		
Construction Projects		45,007,182
Impact Fee Reserves:		
Water System	\$	2,283,302
Sewer System		1,403,171
		<u>3,686,473</u>
	\$	<u>78,197,940</u>
Sanitation Enterprise Fund:		
Customer Deposits	\$	<u>895,886</u>
Parking Enterprise Fund:		
Remaining Balance on Garage Project	\$	<u>112,683</u>

Borrowing agreements for other funds require restriction of certain assets. Amounts required to be restricted totaled \$11.4 million at September 30, 2019 for Governmental Funds. The composition of this amount is shown by fund below:

General Capital Projects:	
2016 Capital Improvement Bonds	2,919,120
Beach Community Redevelopment:	
2015 Beach CRA Refunding Bonds Debt Service	5,795,687
2015 Beach CRA Refunding Bonds Construction	<u>2,722,900</u>
	<u>\$ 11,437,707</u>

Restricted assets reflected in the government-wide financial statements are displayed as such as required by ordinances, borrowing agreements and certain grant contracts.

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

- B. **ASSETS HELD FOR SALE** – In October 2014, the City entered into an agreement to purchase the Cononie and COSAC properties from COSAC Homeless Assistance Center, Sean A. Cononie and Mark W. Targett. The City intends to sell these properties in the future. Properties were recorded at net realizable value or cost, whichever was lower.

Location	Folio #	Size: Land/Building	Recorded Value
1203 N. Federal Highway	514210050030	0.45 acres	(a) \$ 411,890
550 N. 66 Terrace	514114082690	0.16 acres/1,584 sf	180,000
2323 Cleveland Street	514209054240	0.15 acres/922 sf	125,000
Timeshare - Hollywood Sands		1 week	10,200
Timeshare - Hollywood Beach		1 week	3,500
			<u>\$ 730,590</u>

- (a) Property had a building that was demolished in early October 2015 and as such only the land value was recorded.

The City's Housing department acquired vacant lots for the purpose of developing them into affordable housing. Properties were recorded at lower of net realizable value or cost.

Location	Folio #	Size: Land/Building	Recorded Value
5608 Wiley Street	514124130150	0.13 acres	\$ 27,480
2030 Dewey Street	514222100511	0.19 acres	73,110
2034 Dewey Street	514222100510	0.19 acres	73,110
5812 Plunkett Street	514124100781	0.08 acres	28,226
			<u>\$ 201,926</u>

The total assets held for sale at September 30, 2019 was \$932,516.

One property from the assets held for sale were sold during the fiscal year 2019 which resulted in a gain of \$5,800.

Location	Folio #	Size: Land/Building	Recorded Value	Sales Price	Gain(Loss)
7508 Grant Court	514110090620	0.19 acres/1,765 sf	<u>\$ 222,000</u>	<u>\$ 227,800</u>	<u>\$ 5,800</u>

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

- C. **CLAIMS PAYABLE – INSURANCE FUND** – 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; and natural disasters. The City's Insurance Fund (an internal service fund) accounts for and finances its uninsured risks of loss. Under this program, the Insurance Fund provides coverage for up to a maximum of \$600,000 for each workers' compensation claim, \$400,000 for each general liability claim and \$350,000 for each health insurance claim. The Master Property Program (excluding Water and Sewer Utility properties) has \$196 million for property coverage with a deductible of \$25,000 for each property damage claim, except wind/hail which has a deductible of 5%, but not less than \$250,000 for direct damage. Wind has a cap of \$30 million. The Water and Sewer Utilities program has \$298 million of property coverage with a deductible of \$25,000 for each property damage claim, except for wind/hail which has a deductible of 5%, but not less than \$500,000 for direct damage. The City purchases commercial insurance for workers' compensation, general liability, public officials, property damage and health claims in excess of coverage provided by the Fund.

All funds of the City participate in the program and make payments to the Insurance Fund based on actuarial estimates of the amounts to pay prior and current-year claims. The claims liability of \$14,403,825 reported in the Insurance Fund at September 30, 2019, is based on GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues" which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The claims payable liability is based on actuarial evaluations performed by independent actuaries as of September 30, 2019. This liability consists of claims reported and payable, as well as an estimate for claims incurred and not reported as of that date. At September 30, 2019, claims payable for auto and general liability totaled \$7,978,952 and \$3,997,449 for workers' compensation claims. These amounts reflect a discounted rate factor of 3.0%. The remaining balance of \$2,427,424 of claims payable consists of amounts for health and dental claims which are not discounted. The liability for unpaid amounts of liability, workers' compensation and employee health claims is reported in the Insurance Fund with a summary of changes in those amounts as follows:

Fiscal Year	Claims Payable October 1	Claims and Changes in Estimates	Adjustment Expenses Paid	Claims Payable September 30
2017	\$ 14,749,672	\$ 40,477,781	\$ (37,970,701)	\$ 17,256,752
2018	17,256,752	35,342,550	(38,254,952)	14,344,350
2019	14,344,350	35,612,222	(35,552,747)	14,403,825

- D. **CONTINGENT LIABILITIES** – The City is a defendant in various lawsuits. Although the outcome of such litigation is not presently determinable, management does not believe the settlement of these matters will have a material effect upon the financial condition or results of operations of the affected funds.

The City participates in a number of federal, state and local grant assistance programs. The grants are subject to audit by the granting agencies to determine if activities undertaken by the City comply with conditions of the grant. Management believes that no material liability will arise from any such audits.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

E. TAX ABATEMENTS AND OTHER INCENTIVES

ECONOMIC DEVELOPMENT AD VALOREM TAX EXEMPTION – The City's program provides a tax incentive that encourages investors/business owners to invest in new business or expand existing business in Hollywood. The City offers an Ad Valorem Tax Exemption of up to 25% of the City's portion (up to 50% in the Liberia Area Business Corridor) of ad valorem taxes for a period not to exceed 8 years for qualifying new or expanding businesses that invest at least \$250,000 in capital improvements and create new jobs. The award and amount of the exemption are authorized under City Ordinance 38.90 and require City Commission approval. A tax incentive is given to the qualifying new or expanding businesses via a percentage reduction in the tax that is collectible from the property (only ad valorem tax imposed by the City). The percentage will be determined by the City Commission within the limits set by the City Ordinance 38.90. The number of years that the business will qualify for the exemption is determined by a point system set forth in the City Ordinance 38.90. At present the program does not have any recapture provision but the City can revoke any remaining years of the exemption should any new business or expansion fail in any of its responsibilities and/or representations to the City. At present, no businesses are participating in the program.

DOWNTOWN CRA AD VALOREM TAX INCENTIVE DEVELOPER AGREEMENTS – In order to encourage the development of specific projects in the Downtown CRA district, the Downtown CRA has entered into development agreements with developer(s) whereby the developer agrees to complete a development project in exchange for a percentage repayment of the increase in ad valorem taxes that projects would generate in the Downtown CRA district in future years. The duration of the tax rebate and percentage of tax increase rebated is negotiated between the CRA and developer and is approved via resolution by the Downtown CRA board. All agreements have a not to exceed amount of taxes that can be rebated during the life of the agreement. At present the Downtown CRA has two agreements in place that are still active and are as follows:

1. Agreement between the City, Downtown CRA and SFD@Hollywood, LLC for a mixed use development project to be located on the Great Southern Hotel site. This agreement was entered on July 20, 2004 pursuant to Section 163.370 FS, Section 163.358 FS and 166.021 FS. The developer agreed to maximize the preservation and restoration of the historical components of the Great Southern Hotel and expend millions of dollars in order to accomplish the task. Commencing in the year when the CRA first received tax increment funds from the completed project, the Downtown CRA will pay the developer an amount equal to 50% of the annual projects' ad valorem tax increment until whichever stipulation occurs first:
 - a. The total sum of \$11,200,000 has been paid to the developer in the aggregate, or
 - b. Twenty years of the annual payments described above have been made to the developer.

In FY 2019 a total of \$0 was rebated to the developer since development has yet to be completed.

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

2. Agreement between the City, Downtown CRA and SFD@Hollywood, LLC for the Block 55 Redevelopment Project. This agreement was entered on July 20, 2004 whereby the developer agreed to complete the construction of residential and commercial properties to significantly reduce blight in the City's Downtown CRA and enhance the City and CRA areas around Young Circle Arts Park. This agreement would also bring synergy and critical mass to those areas. Commencing in the year when CRA first receives tax increment funds from the completed project, the Downtown CRA will pay the developer an amount equal to 50% of the annual project ad valorem tax increment until whichever condition occurs first:
 - a. The total sum of \$14,500,000 has been paid to developer in the aggregate, or
 - b. Twenty years of the annual payments described above have been made to the developer.

In FY 2019, a total of \$0 was rebated to the developer as development has yet to be completed.

OTHER BUSINESS INCENTIVE PROGRAMS:

LOCAL ALTERNATIVE ECONOMIC DEVELOPMENT INCENTIVE PROGRAM – Businesses who participate in the Economic Development Ad Valorem Tax Exemption program are ineligible to participate in this program. Eligible businesses that make a capital investment of not less than \$500,000 in a target area or \$1,000,000 in a non-target area may qualify for financial incentive cash payments from the City. The amount of the incentive is at the discretion of the City Commission and is based on a point scale as set forth in City Ordinance 38.91 that considers factors such as the number of jobs created, salary level of the jobs created, amount of capital investment and longevity of the business in the City. Each point makes a business eligible for an annual payment of \$1,000, up to a maximum annual payment of \$100,000. The maximum payment to any eligible firm over its lifetime cannot exceed \$500,000. The monetary amount represents the maximum amount which may be awarded by the City Commission and the City Commission reserves the right to lesser amounts for reasons including but not limited to available budget resources and other constraints. The payments normally start in the second year that the business is operating and can continue through six years of operation. Qualification for payments of the cash incentive in year two through six must occur independently at the completion of each successive year to ensure the continued adherence to the criteria established. At present, no businesses are participating in this program.

COMMUNITY REDEVELOPMENT AGENCY BUSINESS INCENTIVE PROGRAMS:

HOTEL IMPROVEMENT PROGRAM – The Hotel Improvement Program (HIP) has been established as an incentive for owners and tenants of small properties defined as hotel/motel, inn, or bed and breakfast, located in both the Downtown and Beach districts of the Hollywood CRA. This program provides a 33% reimbursement grant of up to \$250,000 or 20% of the assessed value, whichever is lower, for comprehensive fixed capital improvements to both the interior and exterior of the property. As part of receiving this grant, the property must become certified as a Superior Small Lodging or a AAA Diamond Rated Property.

PROPERTY IMPROVEMENT PROGRAM – The Property Improvement Program (PIP) is an incentive grant program of the CRA for owners and tenant buildings located within the CRA districts. It provides a 50% reimbursement grant of up to \$50,000 for comprehensive fixed capital improvements to the exterior of the property. The goal of this program is to encourage commercial multi-family and single-family rental properties to renovate, restore and improve their property by enhancing its visual quality and attractiveness.

PAINT ONLY PROGRAM – The Paint Only Program (POP) is an incentive grant program of the CRA for owners and tenants of buildings located in the CRA districts. It provides a 50% reimbursement grant up to \$10,000 for cleaning, patching and painting of a building's exterior when done by a licensed contractor.

CITY OF HOLLYWOOD, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

F. OTHER POSTEMPLOYMENT BENEFITS – The City accounts for postemployment health care benefits provided in accordance with GASB 75.

1. PLAN DESCRIPTION – The Postemployment Health Care Benefits Plan is a single-employer defined benefit plan administered by the City. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees and eligible dependents who retire from the City may continue to participate in the City's self-funded health and hospitalization plan for medical, prescription and drug coverage. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

BENEFITS PROVIDED – Certain Other Post-Employment Benefits (OPEB) are available to all employees retiring from the City under the provisions of disability, early or normal retirement. The OPEB benefits include lifetime access to coverage for the retiree and dependents under the medical and prescription plans as well as participation in dental, vision and group life insurance plans sponsored by the City for employees.

Eligible retirees may chose the same medical plan available to active employees of the City. Dependents of retirees may be covered at the retiree's option the same as dependents of active employees. Prescription drug coverage is automatically extended to retirees and their dependents who continue coverage under the Medical Plan. Covered retirees and their dependents are subject to all the same medical and prescription benefits and rules for coverage are as active employees. Retirees and their dependents age 65 and over are required to enroll in Medicare Part B in order to remain covered under the program. The plan pays as secondary for claims otherwise covered under Medicare.

Deferred retirement is not allowed to elect coverage at the time of retirement.

Employees covered by benefit terms. At September 30, 2019, a total of 2,486 participants were covered by the benefit terms:

Active employees	1,291
Inactive employees entitled to but not yet receiving benefit payments	41
Inactive employees currently receiving benefit payments	1,154
	<u>2,486</u>

TOTAL OPEB LIABILITY

The City's total OPEB liability of \$733,965,910 was determined by an actuarial valuation as at September 30, 2019. The valuation was based on October 1, 2018 rolled forward to September 30, 2019.

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

2. ACTUARIAL ASSUMPTIONS AND OTHER INPUTS – The total OPEB liability in the September 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs which were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.4 percent
Salary increases	3.00 percent, average, including inflation
Discount rate	2.75 percent
Healthcare cost trend rates	Developed using the SOA model, adjusted for the cadillac tax with resulting rate of 5.40% for FY 2019-2020.
Retirees' share of benefit related costs	25 percent of projected health insurance premiums for retirees

The discount rate of 2.75% was based on the 20-year general obligation index at September 30, 2019. Mortality rates were based on the RP-2014 White Collar Mortality Table with Scale MP-2014 for general employees an RP-2014 Blue Collar Mortality Table with Scale MP-2014 for Police and Fire.

The actuarial assumptions used on the September 30, 2019 valuation were based on pre and post-Medicare claims for the fiscal years 2016 through 2018.

3. CHANGES IN THE TOTAL OPEB LIABILITY

Changes in the Total OPEB Liability	Total OPEB Liability (a)
Balance at 9/30/18	\$ 591,244,960
Changes for the Year:	
Service Cost	17,891,399
Interest	22,332,441
Changes of benefit terms	(13,663,167)
Differences between expected and actual experience	-
Changes in assumptions or other inputs	132,465,278
Trust Contributions - Employer	(16,305,000)
Net Changes	142,720,951
Balance at 9/30/19	\$ 733,965,911

- b. Changes in assumptions and other inputs reflect a change in the discount rate as noted below

<u>Fiscal Year Ending</u>	<u>Discount Rate</u>
9/30/2017	3.50 %
9/30/2018	3.83 %
9/30/2019	2.75 %

Sensitivity of the total OPEB liability to Changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75 percent) or 1-percentage-point higher (3.75 percent) than the current discount rate.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

	1% Decrease (1.75)%	Discount Rate (2.75)%	1% Increase (3.75)%
Total OPEB Liability	\$ 896,990,787	\$ 733,965,911	\$ 610,071,476

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (2.90)%	Cost Trend Discount Rate (3.90)%	1% Increase (4.90)%
Total OPEB Liability	\$ 599,571,086	\$ 733,965,911	\$ 912,474,227

4. OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2019, the City recognized OPEB expense of \$26,266,629. OPEB is allocated to each fund based on each fund's proportionate share of the total active and retiree employee counts. At September 30, 2019 the City reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in each Fund's proportionate share	8,859,263	8,859,263
Changes of assumptions or other inputs	110,387,732	24,266,376
Total	<u>\$ 119,246,995</u>	<u>\$ 33,125,639</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ending September 30:	Amount
2020	\$ 16,010,952
2021	16,010,952
2022	16,010,952
2023	16,010,954
2024	22,077,546
Total	<u>\$ 86,121,356</u>

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

G. PENSION PLAN INFORMATION – The following information is provided in accordance with GASB statement requirements on financial reporting for pensions. These statements prescribe standards for the measurement, recognition and display of pension expenditures/expenses and related liabilities, deferred outflows of resources, deferred inflows of resources, note disclosure and required supplementary information.

1. PLAN DESCRIPTIONS – The City, as a single employer, maintains three defined benefit pension plans covering substantially all full-time employees. As described in Note I.A., the Employees Retirement Fund, Fire Pension Fund and Police Retirement Fund are included in the City's financial reporting entity. Sections 33.025 through 33.138 of the Hollywood City Code of Ordinances currently contain the specific provisions of each plan. The Board of Trustees of each plan can recommend to the City changes to the benefit provisions of their plan.

Each retirement fund provides retirement, disability, and death benefits, and certain cost-of-living adjustments to plan members and beneficiaries. Each retirement fund issues a publicly available financial report that includes financial statements and required supplementary information for the plan. Those reports may be obtained by writing or calling the retirement fund.

Employees Retirement Fund City of Hollywood 2600 Hollywood Boulevard City Hall Annex, Room 20 Hollywood, Florida 33020 (954) 921-3333	Fire Pension Fund 310 South 62 Avenue Hollywood, Florida 33023 (954) 967-4331	Police Retirement Fund 4205 Hollywood Boulevard Suite 4 Hollywood, Florida 33021 (954) 967-4395
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The financial statements of the Employees Retirement Fund, Fire Pension Fund, and Police Retirement Fund are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which the employee services are performed. Dividend and interest income, as well as both realized and unrealized gain or loss on investment sales is recognized when earned. Purchases and sales of investments are recorded on the date the trade is executed. Benefit payments and refunds to plan members are recognized when due and payable in accordance with the terms of the appropriate plan.

2. PLAN MEMBERSHIP – Membership of each plan consisted of the following at October 1, 2018, the date of the most recent actuarial valuation:

	Employees Retirement Fund	Fire Pension Fund	Police Retirement Fund
Active Members	601	213	284
Inactive Plan Members Entitled But Not Yet Receiving Benefits	70	13	10
Inactive Plan Members and Beneficiaries Currently Receiving Benefits	1,119	247	366
	<u>1,790</u>	<u>473</u>	<u>660</u>

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

3. BENEFITS AND CONTRIBUTIONS

GENERAL EMPLOYEES PLAN:

NORMAL RETIREMENT – A plan member hired prior to July 15, 2009 must attain the age of 55 with 5 years of creditable service, or complete 25 years of creditable service, regardless of age, in order to be eligible for normal retirement. For Plan members hired on or after July 15, 2009, normal retirement date shall be age 57 or older with 25 years of credited service; age 60 or older with 7 years of credited service; or 30 years of credited service, regardless of age.

For a Plan member hired prior to July 15, 2009 and who is currently employed by the City, who has been contributing to the Plan during their full period of employment, and who exercises normal retirement is entitled to receive a retirement benefit equal to 3% of the member's average monthly compensation (based on the three highest consecutive years of employment) multiplied by years of creditable service, up to a maximum of 27 years, with a maximum benefit equal to 81% of the member's average monthly compensation.

EMPLOYEES HIRED PRIOR TO JULY 15, 2009:

- For Plan members hired prior to July 15, 2009 who retire on or after August 17, 2009 without entering the Deferred Retirement Option Plan (DROP), a 2% COLA shall be payable annually 3 years after retirement benefits begin. For Plan members hired prior to July 15, 2009 who enter the DROP on or after August 17, 2009, a 2% COLA shall be payable annually commencing the later of 3 years after retirement benefits begin or 1 year after separation of employment.
- Contributions for these employees increased to 8% of compensation on October 1, 2009 and then to 9% of compensation on October 1, 2010.
- For Plan members hired prior to July 15, 2009 who retire or enter the DROP on or after August 17, 2009 compensation shall exclude all earnings and payouts for blood time and compensatory time. Payouts for accumulated annual leave that may be counted as compensation for such members shall not exceed 125 hours per year for employees covered by the general employees' bargaining unit and shall not exceed 60 hours per year for employees who retire from a position not covered by the general employees' bargaining unit.
- Members who were hired from October 1, 1976 to September 30, 1989 and elected to participate on a contributory basis in early 1991 had the option of keeping their benefit accrual rate of 1% for creditable years of service prior to the date the member started contributions, or paying additional contributions to obtain an increased benefit accrual rate for creditable years of service prior to the date the member started contributions. Upon exercising normal retirement the monthly retirement benefit for such members who elected not to pay the additional contribution would be computed using a combination of a rate of 1% for creditable years of service prior to the date the member started contributions, and currently a benefit accrual rate of 3% for creditable years of service after the date the member started contributions.

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

- Employees who retire after September 30, 1998 will receive a benefit of 3% of average monthly salary with a maximum benefit equal to 81% of average monthly salary. Any former noncontributory member who does not "buy-back" previous service is subject to a 1% benefit rate for service prior to their election to enter the Plan. Further, members who were in the noncontributory group on July 1, 1999 receive a 1% benefit rate for service prior to July 1, 1999. For Plan members hired on or after July 15, 2009, upon reaching normal retirement date, a member is entitled to a normal retirement benefit of 2.5% of average final compensation for each year of credited service, up to a maximum of 81% of average final compensation. Average final compensation shall be based on the member's highest 104 consecutive bi-weekly pay periods of credited service.

EMPLOYEES HIRED ON OR AFTER JULY 15, 2009:

- Vesting period will be 7 years of credited service.
- Normal retirement date shall be age 57 or older with 25 years of credited service, age 60 or older with 7 years of credited service, or 30 years of credited service, regardless of age.
- Upon reaching normal retirement date a member is entitled to a normal retirement benefit of 2.5% of average final compensation for each year of credited service, up to a maximum benefit of 81% of average final compensation.
- Average final compensation shall be based on the member's highest 104 consecutive bi-weekly pay periods of credited service.
- Compensation shall include only the member's base pay, which includes longevity pay, but no other payments shall be included.
- Eligibility for non-duty disability benefits shall commence upon the member completing 7 years of credited service.
- A vested member who separates from City employment prior to his or her normal retirement date and does not receive a refund of contributions shall have a right to receive a retirement benefit beginning at age 60 based on the benefit formula in effect on the date of separation from City employment, years of credited service and average final compensation on that date.
- Members shall contribute 9% of their compensation to the Plan.
- Members shall not be eligible to participate in the DROP.
- Members shall not be eligible for a COLA after their retirement benefits commence.

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

EMPLOYEES HIRED ON OR AFTER OCTOBER 1, 2011:

As of September 30, 2011, benefits under the previously existing plan were frozen. The plan had numerous changes that were effective October 1, 2011 impacting mainly General Fund plan members and employees. The pension plan changes were designed to help reduce the City's future pension costs. Effective October 1, 2011, General Fund members are subject to a new benefit structure applicable to future credited service. Any General Fund member who was eligible to retire with normal retirement benefits on or before September 30, 2011 and is so eligible on September 30, 2011, the benefit structure in effect on September 30, 2011 shall remain in effect beyond September 30, 2011 and shall not be frozen; provided, however that any such General Fund member who did not enter the DROP on or before September 30, 2011 shall not be eligible to participate in the DROP. There are no changes in pension benefits to employees paid in the City's Enterprise Funds. Under the benefit structure effective October 1, 2011, the normal retirement date for a General Fund member with less than 10 years of credited service as of September 30, 2011 shall be age 65 or older with 7 years of credited service; age 62 or older with 25 years of credited service; or age 60 or older with 30 years of credited service, provided, however, that the normal retirement date of a General Fund member hired prior to July 15, 2009 shall remain as it was on September 30, 2011.

The vesting period for General Fund members not vested in the plan as of September 30, 2011 becomes 7 years of credited service. A General Fund member is entitled to a normal retirement benefit of 2.5% of average final credited compensation earned on or after October 1, 2011 up to the benefit equal to the net result of subtracting from 81% the product of 3% times the number of years of credited service earned up to September 30, 2011. Average final compensation for General Fund members effective October 1, 2011 shall include only the member's base pay which includes longevity but no other payments shall be included. A General Fund member's entitlement to a benefit in the form of a COLA shall be frozen as of September 30, 2011. Under the benefit structure effective October 1, 2011, a General Fund member shall not be eligible for a COLA.

Members hired on or after October 1, 2011 shall receive the same retirement benefits as members hired on or after July 15, 2009 but prior to October 1, 2011 subject to the following:

- (1) Normal retirement date shall be age 65 or older with 7 years of credited service; age 62 or older with 25 years of credited service; or age 60 with 30 years of credited service.
- (2) Vesting period is 7 years of credited service.
- (3) Upon reaching normal retirement date, a General Fund member is entitled to a normal retirement benefit of 2.5% of average final compensation for each year of credited service, up to a maximum of 81% of average final compensation.
- (4) Average final compensation for a General Fund member is based on the highest 130 consecutive bi-weekly pay periods of the last 260 bi-weekly pay periods of credited service.
- (5) Eligibility for non-duty disability benefits shall commence after completing 7 years of credited service.
- (6) General Fund members are not eligible to participate in the DROP.
- (7) General Fund members will not be eligible for a COLA.
- (8) General Fund members who separate from the City prior to his or her normal retirement date having completed 7 years of credited service, does not receive a refund of contributions shall have the right to receive a service retirement benefit beginning at age 65 based on the benefit formula in effect on the date of separation from City, years of credited service and average final compensation on that date.
- (9) Member contribution changed from 9% to 8% of their compensation effective April 2014.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

DISABILITY RETIREMENT – After five years of creditable service, a Plan member hired prior to July 15, 2009 who becomes totally and permanently disabled, as defined by the Plan, may retire on a non-service incurred disability retirement benefit. For Plan members hired on or after July 15, 2009, and General Fund Plan members hired on or after October 1, 2011, eligibility for non-duty disability benefits shall commence upon the member completing 7 years of creditable service. A Plan member under a disability retirement shall be entitled to receive a retirement benefit equal to 75% of the member's compensation if the disability occurred in service. Such benefit is payable from the first day of disability. For a non-service incurred disability retirement, the member hired prior to July 15, 2009 must have completed 5 years of credited service and shall be entitled to receive a retirement benefit equal to the member's accrued benefits, but not less than 20% of the member's average monthly compensation, which is payable until the member's death or recovery. For Plan members hired on or after July 15, 2009, eligibility for non-duty disability benefits shall commence upon the member completing 7 years of credited service.

PRERETIREMENT DEATH BENEFITS – Effective April 5, 2006 for members included in the American Federation of State, County and Municipal Employees (AFSCME) General bargaining unit, March 7, 2007 for members included in the AFSCME Professional and Supervisory bargaining units, and July 18, 2007 for members not included in any bargaining unit, when an employed member of the Employees Retirement Fund of the City, who is vested, dies before retirement, his or her designated beneficiary (or beneficiaries) shall have the option of receiving the members' contribution to the fund, plus simple interest at the rate of 4% per year, or benefit payments until his or her own death equal to the benefit payments the deceased member would have received had he or she retired on the day of his or her death having selected to receive his or her annuity as a joint and last survivor, whereby the retired member shall receive a reduced monthly benefit for life, and following the retired member's death, the same monthly benefit is paid to the member's designated beneficiary for life.

DEFERRED RETIREMENT OPTION PLAN (DROP) – This option is available to all Plan members hired before July 15, 2009 and it must be elected on or after the member attains the age of 55, with at least 10 years of creditable service, or 25 years of creditable service, regardless of age, but prior to the completion of 30 years of creditable service. The maximum participation in the DROP is 60 full months or until the member's creditable service plus DROP participation period equals 32 years. Members of the AFSCME General bargaining unit entering the DROP on or after May 1, 2006 are required to sign an irrevocable election to separate from City employment at the conclusion of their DROP participation period. This same requirement applies to the AFSCME Professional and Supervisory bargaining unit members entering the DROP on or after July 1, 2007. Members hired on or after July 15, 2009 and General Fund plan members hired on or after October 1, 2011 shall not be eligible to participate in the DROP. Any General Fund member of the Plan who did not enter the DROP on or before September 30, 2011 shall not be eligible to participate in the DROP.

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

A Plan member's creditable service, accrued benefits and compensation calculation are frozen upon participation in the DROP. The monthly benefit amount is calculated based on creditable service, average monthly compensation, and retirement option selected. Average monthly compensation is based on the three highest consecutive years of employment preceding participation in the DROP. Upon commencement of participation in the DROP, the member's contribution and the City's contribution to the Plan for the member cease as the member will not earn further creditable service for pension purposes. For each member electing participation in the DROP, an individual DROP account shall be created. Payment shall be made by the Plan into the member's DROP account in an amount equal to the normal monthly retirement benefit, which the member would have received had the member separated from service and commenced receipt of pension benefits. Payments received by the member in the DROP account are tax deferred. Effective July 1, 2006 for Plan members included in the AFSCME General bargaining unit, May 1, 2007 for Plan members included in the AFSCME Professional and Supervisory units, and July 1, 2007 for Plan members not included in any bargaining unit, DROP payments shall earn interest at the same rate as the net rate of investment returns on Plan assets. These amounts are included in the Plan's net position held in trust for pension benefits. Upon termination of employment, members shall receive normal monthly retirement benefits as well as their funds from the DROP account in one of the following manners:

- Lump sum distribution, or
- Rollover of the balance to another qualified retirement plan

COST-OF-LIVING ADJUSTMENT (COLA) – On an annual basis, members hired before July 15, 2009 shall receive an increase in the monthly retirement benefit of 2% for cost-of-living adjustment starting three years after the member retires or enters into the DROP after October 1, 1989. Plan members hired on or after July 15, 2009 and General Fund members hired on or after October 1, 2011 shall not be eligible for a COLA after the member retires.

NET PENSION LIABILITY – The City's net pension liability as 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.

ACTUARIAL ASSUMPTIONS – The total pension liability was determined by an actuarial valuation as of October 1, 2017 and rolled forward to the measurement date of September 30, 2018 using the following actuarial assumptions applied to all prior periods included in the measurement:

Assumed Rate of Return on Investments	7.60% per annum
Annual Salary Increases	3.0% to 8.0% depending on service, including inflation
Inflation Rate	2.5%
Cost-of-Living Adjustments	None
Mortality	The mortality table for healthy lives is the RP-2000 Combined Healthy Participant Mortality Table (for pre-retirement mortality) and the RP-2000 Mortality Table for Annuitants (for post-retirement mortality), with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rate include a 50% blue collar adjustment and a 50% white collar adjustment. For females, the base mortality rates include a 100% white collar adjustment. These are the same rates used for Regular Class members of the Florida Retirement System (FRS) in their July 1, 2016 actuarial valuation report, as mandated by Chapter 112.63, Florida Statutes.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

The long-term expected rate of return on pension plan investments are developed for each major asset class by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocations as of September 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Real Rate of Return
Fixed Income	30.00 %	1.68%
Domestic Equity	30.00	6.16%
International Equity	20.00	6.69%
Real Estate	10.00	4.58%
Private Equity	7.50	10.00%
Infrastructure	2.50	6.02%
	<u>100.00 %</u>	

DISCOUNT RATE – The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumes plan members will contribute at the current contribution rate and the City will continue to make future contributions at rates equal to the difference between the total actuarially determined contribution rate and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CHANGES IN NET PENSION LIABILITY – GENERAL EMPLOYEES RETIREMENT SYSTEM:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance, Beginning of Year	\$ 473,553,613	\$ 316,264,220	\$ 157,289,393
Changes for the Year:			
Service Cost	5,738,426	-	5,738,426
Interest	35,698,698	-	35,698,698
Differences Between Expected and Actual Experience	2,221,979	-	2,221,979
Change of Assumptions	31,374,925	-	31,374,925
Contributions - Employer	-	22,101,019	(22,101,019)
Contributions - Nonemployer	-	3,277,082	(3,277,082)
Contributions - Employee	-	12,694	(12,694)
Net Investment Income	-	21,635,666	(21,635,666)
Benefit Payments	(30,896,779)	(30,896,779)	-
Refunds of Contributions	(448,377)	(448,377)	-
Administrative Expense	-	(497,898)	497,898
Other changes	-	(271,143)	271,143
Net Changes	<u>43,688,872</u>	<u>14,912,264</u>	<u>28,776,608</u>
Balance, End of Year	<u>\$ 517,242,485</u>	<u>\$ 331,176,484</u>	<u>\$ 186,066,001</u>

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE – The following presents the net pension liability of the City, calculated using the discount rate of 7.60%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60%) or 1-percentage-point higher (8.60%) than the current rate

	1% Decrease (6.60)%	Current Rate (7.60)%	1% Increase (8.60)%
Net Pension Liability	\$ 241,897,529	\$ 186,066,001	\$ 138,626,154

PENSION PLAN FIDUCIARY POSITION – Detailed information about the pension plan's fiduciary net position is available in a separately issued Employees Retirement Fund financial report.

PENSION EXPENSES AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS – For the fiscal year ended September 30, 2019, the City recognized pension expense of \$33,495,435. The City allocated pension liabilities, deferred outflows, deferred inflows, and pension expense based on each fund's proportionate share of the collective pensionable wages. Pension expense is comprised of the below:

Service Cost	\$ 5,738,426
Interest	35,969,841
Contributions - Employee	(3,277,081)
Non-Employer Contributing Entity ontributions (made negative for addition here)	(12,694)
Projected Earnings on Plan Investments	(24,103,933)
Administrative Expense	497,898
Net Amortization of Deferred Outflows/Inflows	18,682,978
Total Pension Expense	<u>\$ 33,495,435</u>

The difference between the actuarial pension expense and the actual pension expense related to a difference between prior year CAFR and the current year actuarial report. The City has decided to adjust the actuarial figure to match the prior year CAFR resulting in a minor variance between the actual and actuarial pension expense. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

GENERAL EMPLOYEES PLAN

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 1,591,707	\$ 782,252
Change of Assumptions	30,033,547	-
Net difference between Projected and Actual Earnings on Pension Plan Investments	-	4,072,409
Changes in proportionate share -- Funds	1,463,357	1,463,357
Contributions subsequent to the measurement date but prior to fiscal year end	26,904,543	-
	<u>\$ 59,993,154</u>	<u>\$ 6,318,018</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$26,904,543 will be recognized as a reduction of net pension liability in the year ending September 30, 2020. Other amounts reported as deferred outflows

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30,	Net Deferred Outflows/ (Inflows)
2020	\$ 17,881,369
2021	7,978,130
2022	417,438
2023	493,656
Total	<u>\$ 26,770,593</u>

FIRE PENSION SYSTEM

PENSION BENEFITS – The pension plan provides retirement, death and disability benefits for its participants. A participant hired prior to October 1, 2011 with less than 10 years of credited service as of September 30, 2011 and a member hired on or after October 1, 2011 may retire on the day he or she attains age 55 and completes 10 years of creditable service or on the day he or she attains age 55 and completes 25 years of creditable service. A participant has vested benefits after 10 years of creditable service.

The monthly retirement benefit shall equal 3% of average monthly earnings times years of service earned on or after September 30, 2011.

For members who retire after October 1, 2011, average final compensation means the arithmetic average of earnings for the 60 highest consecutive months of the last 120 months of credited service prior to retirement, termination or death.

As of October 1, 2011 earnings shall mean fixed monthly remuneration for services rendered to the City as a Firefighter, including only wages and education incentive payments from the insurance commissioner's trust fund and excluding overtime, workers compensation/supplemental compensation, expense allowances, cash conversion of holiday benefits, accrued leave payouts and cash conversion of blood time and compensatory time.

DISABILITY RETIREMENT - Any participant who becomes totally and permanently disabled as certified by medical examination may retire on a non-service incurred disability retirement benefit after five years of credited service. Such a member may retire on a service incurred disability retirement benefit if disabled as a result of the performance of duty, without regard to the credited service at the time of disability.

The monthly non-service incurred disability retirement benefit is equal to 25% of salary at the time of determination of disability. The monthly service incurred disability retirement benefit is equal to 75% of salary at the time of determination of disability. The benefit is reduced by any workmen's compensation, pension or benefits under similar law payable to the firefighter or his dependents.

DEATH BENEFITS – If a participant dies in the performance of service, a monthly death benefit of 50% of the deceased firefighter's monthly salary at the time of death is payable to the participant's beneficiary until the earlier of death or remarriage of the beneficiary. For members having completed at least five years of service who die while not on active duty, the plan provides a monthly benefit of 25% of the deceased participant's salary at the time of death. In no event shall these benefits be less than the participant's Vested Accrued Benefit payable at Normal Retirement Date.

CITY OF HOLLYWOOD, FLORIDA

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Upon the death of a participant receiving retirement payouts, a benefit equal to 50% of the retirement benefit of the deceased participant is payable to their surviving spouse so long as they remain unmarried, provided such spouse had been married to the deceased participant not less than two years immediately preceding their death.

DEFERRED RETIREMENT OPTION PLAN (DROP) – A participant who does not enter DROP prior to October 1, 2011 shall not be eligible to enter the DROP, unless the member was eligible to retire as of September 30, 2011. Once a participant enters the DROP, their monthly retirement benefit is frozen, based on their average final monthly compensation and credited service at that time, and their monthly benefit is paid into their DROP account.

On an annual basis, participants will have the option of directing some or all of their deferred benefits into an interest bearing account with an eight percent (8%) fixed rate of return for employees in the DROP prior to July 16, 2009. For members hired prior to July 16, 2009, DROP balance interest rate decreases from 8% to 6%. For members hired on or after July 16, 2009, the interest rate credited to the DROP balance is 4%. Any deferred benefits not directed into the fixed rate account shall remain in a variable-rate account and shall earn interest at a rate set annually by the Board of Trustees. Such interest shall be weighted and credited on a pro-rata basis by the Board of Trustees to each individual account balance in the account on an annual basis. Upon termination of employment, not more than eight years after entry into the DROP, the balance in the members' DROP account, including interest, will be made available to them and they also begin to receive their (frozen) monthly retirement benefit.

Participants who have completed at least twelve months of participation in the DROP may borrow from their DROP accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their DROP account balance. The loans are secured by the balance in the participants' DROP account and bear interest at the rate set by the Board. If the loan is used to acquire a participant's principal residence, the loan must be repaid within fifteen years. The participant may elect to repay the loan from payments being made into their DROP account.

SUPPLEMENTAL PENSION CHECK (13th CHECK) – If the actual asset return of the trust exceeds the assumed actuarial return for any fiscal year, the excess return (up to 2%) will be allocated equally to eligible participants. For members who retire or who were eligible to retire on or after July 16, 2009 and before October 1, 2011, the Supplemental pension check cannot exceed \$12,000 per year and shall only be paid if there are no aggregate actuarial experience losses beginning with the actuarial experience on or after October 1, 2008.

Members not eligible to retire as of September 30, 2011 are not eligible for Supplemental Pension distributions.

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

PLANNED RETIREMENT (LUMP SUM) BENEFIT – In order to participate in the Planned Retirement Benefit a member must submit in writing declaring their intent to participate in the Planned Retirement Benefit at any time on or after reaching the member's normal retirement date.

Members who elect to participate in the Planned Retirement Benefit shall not exceed 33 years of service, including service while participating in the Planned Retirement Benefit.

A member who elects to participate in the Planned Retirement Benefit will receive the normal retirement benefit they would have been eligible to receive during the Planned Retirement Period had the member actually retired at a point during the look-back period that begins on the entry date into the Planned Retirement Benefit and ends on the date of termination. The maximum look-back period is 8 years from the date of termination. If the member chooses a normal retirement benefit based on age and service during the look-back period, they will receive a lump sum with interest based on the normal retirement benefit payable during the look-back period.

The crediting rate applicable to any lump sum payment shall be calculated in arrears equal to 100% of the first 4% of plan earnings plus 100% of plan earnings in excess of 6%. If the Plan is 80% to 90% funded, the crediting rate will be based on the 100% of the 4% of plan earnings plus 100% of plan earnings in excess of 5%. If the Plan is at least 90% funded, the crediting rate will be based on 100% of actual plan earnings. The member will share in asset losses in those years where the plan returns are negative.

SHARE PLAN – Effective July 16, 2009, the City of Hollywood Firefighters' Pension System created The City of Hollywood Chapter 175 Share Plan ("Share Plan") in accordance with Chapter 175 Florida Statutes. The Share Plan is managed and administered by the Board of Trustees of the City of Hollywood Firefighters' Pension System. The Share Plan is funded exclusively through excess, un-dedicated Chapter 175 insurance premium rebate taxes. The membership of the Share Plan consists of all firefighters in active service as of July 16, 2009, excluding retired members and persons who have entered the DROP prior to July 16, 2009. The Share Plan assets are invested by the Board in government insured certificates of deposit or bonds or mutual funds or money market funds or commingled funds thereof, as determined by the Board. The Share Plan is at no actuarial or other cost to the City of Hollywood. All administrative expenses of the Share Plan are deducted from each year's available premium tax money before it is credited to the share accounts to pay for plan administration by the Board. At September 30, 2019 and 2018, the Share Plan balance had a balance of \$62,925.

REFUND OF PARTICIPANT CONTRIBUTIONS – A participant who terminates employment and is ineligible for pension benefits is refunded his or her contribution without interest.

COST OF LIVING ADJUSTMENT – There shall be no annual increase (COLA) in retirement benefits under the benefit structure effective October 1, 2011. For descriptions of COLA benefits for prior retirees (before October 1, 2011), it will be necessary to refer to the prior Plan documents.

CONTRIBUTIONS – Members hired prior to July 16, 2009 make contributions to the Fund of 8% of compensation until member has accrued the maximum benefit of 86% of average final compensation, thereafter percentage reduces to 0.5% of compensation.

Members hired on or after July 16, 2009 but before October 1, 2011 make contributions to the Fund of 7.5% of compensation until member has accrued the maximum benefit of 82.5% of average final compensation, thereafter percentage reduces to 0.5% of compensation.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Members hired on or after October 1, 2011 make contributions to the Fund of 7.5% of compensation.

The City of Hollywood pays into the Fund such amount as is determined, by actuary, to provide for benefits under the Fund not met by member contributions.

NET PENSION LIABILITY – The City's net pension liability as 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.

Rate of Return on Investments	7.5% per annum
Annual Salary Increases	Service Based
Inflation Rate	2.5%
Cost-of-Living Adjustments	None
Mortality	Female: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB Male: RP2000 Generational, 10% Combined Healthy White Collar / 90% Combined Healthy Blue Collar, Scale BB Mortality Rate Disabled Lives: Female 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale. Male 60% RP2000 Disabled Male Setback four years / 40% Annuitant White Collar withh no setback, no projection scale Mortality Rate Healthy Inactive Lives: Female: RP2000 Generational, 100% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

ACTUARIAL ASSUMPTIONS - The total pension liability was determined by an actuarial valuation as of October 1, 2017 using the following actuarial assumptions applied to all prior periods included in the measurement:

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class included are summarized in the following table:

Asset Class	Target	Real Rate
Domestic Equity	42.50 %	5.61 %
International Equity	15.00	8.50
Core Fixed Income	15.00	2.50
Non Core Fixed Income	10.00	2.50
Real Estate	10.00	4.50
Timber	2.50	2.50
Alternative	5.00	5.00
	<u>100.00 %</u>	

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

DISCOUNT RATE – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumes plan members will contribute at the current contribution rate and the City will continue to make future contributions at rates equal to the difference between the total actuarially determined contribution rate and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CHANGES IN NET PENSION LIABILITY – FIRE PENSION SYSTEM

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance, Beginning of Year	\$ 372,703,688	\$ 232,392,733	\$ 140,310,955
Changes for the Year:			
Service Cost	5,467,335	-	5,467,335
Interest	27,748,028	-	27,748,028
Differences Between Expected and actual experience	5,074,190	-	5,074,190
Change of Benefit Terms	2,830,293	-	2,830,293
Contributions - Employer	-	16,373,064	(16,373,064)
Contributions - Employee	-	1,458,572	(1,458,572)
Net Investment Income	-	22,909,517	(22,909,517)
Benefit Payments	(22,033,151)	(22,033,151)	-
Administrative Expense	-	(654,714)	654,714
DROP Default Loan Payment	40,967	40,967	-
Net Changes	19,127,662	18,094,255	1,033,407
Balance, End of Year	\$ 391,831,350	\$ 250,486,988 a	\$ 141,344,362

a - The Fire Pension Fund's actuary utilizes the Fund's Market Value Statements to determine the Plan Fiduciary Net Position rather than the audited financial statements.

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE – The following presents the net pension liability of the City, calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

FIRE PENSION SYSTEM

	1% Decrease (6.50)%	Current Rate (7.50)%	1% Increase (8.50)%
Net Pension Liability	\$ 174,911,424	\$ 141,344,362	\$ 113,383,899

PENSION PLAN FIDUCIARY POSITION – Detailed information about the pension plan's fiduciary net position is available in a separately issued Fire Pension Fund financial report.

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

PENSION EXPENSES AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS – For the fiscal year ended September 30, 2019, the City recognized pension expense of \$18,996,279:

Service Cost	\$ 5,467,335
Interest	27,748,028
Change in Benefit Terms	2,830,293
Contributions - Employee	(1,458,572)
Projected Earnings on Plan Investments	(17,248,883)
Administrative Expense	654,714
Net Amortization of Deferred Outflows/(Inflows)	1,604,876
Total Pension Expense	<u>\$ 19,597,791 *</u>

*Difference between incurred and actuarial pension expense relates to the difference in the prior year actual contributions versus the actuarial estimated contributions due to funding differences relating to supplemental payments.

In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,544,599	\$ -
Change of assumptions	7,730,090	-
Net difference between projected and actual earnings on pension plan investments	-	10,048,006
Contributions subsequent to the measurement date but prior to fiscal year end	21,482,941	-
	<u>\$ 40,757,630</u>	<u>\$ 10,048,006</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$21,482,941 will be recognized as a reduction of net pension liability in the year ending September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Net Deferred Outflows/(Inflows),
2020	\$ 2,772,492
2021	514,817
2022	1,034,984
2023	2,725,726
2024	1,453,780
Thereafter	724,884
Total	<u>\$ 9,226,683</u>

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

POLICE OFFICERS' RETIREMENT SYSTEM

NORMAL RETIREMENT – Members with 10 or more years of creditable service as of September 30, 2011 who have attained age 50 or have completed 22 years of creditable service may retire and are eligible for normal retirement benefits. A member has vested benefits after 10 years of continuous service.

For members hired prior to October 1, 2011 with less than 10 years of creditable service as of September 30, 2011 and members hired after September 30, 2011, normal retirement shall be the attainment of age 55 with 10 or more years of creditable service or age 52 with 25 years of creditable service.

For members who are eligible for normal retirement as of September 30, 2011 the monthly benefit amount is equal to 3.00% of the member's average monthly earnings multiplied by years and completed months of continuous service up to 20 years plus 4.00% of the members average monthly earnings multiplied by years and completed months of continuous service after 20 years with a maximum of 80.00% of average monthly earnings. Upon completion of 22 years of continuous service, a member will receive a monthly benefit of 80.00% of average monthly earnings. The normal form of benefit payment is life annuity with ten-years certain.

For members who are vested but not eligible for normal retirement as of September 30, 2011 the monthly benefit amount is equal to 3.30% of average final compensation, which is the average of the highest three years of monthly earnings as of the retirement date, multiplied by years of service earned up to September 30, 2011 (the frozen accrued benefit as of October 1, 2011 based on the benefit structure in place as of September 30, 2011 prior to July 17, 2013) plus 3% (2.00% prior to July 17, 2013) of average monthly earnings multiplied by years and completed months of service earned after September 30, 2011. If a member retires before age 62 an additional benefit of 0.50% of average monthly earnings will be paid on or after October 1, 2011 up to age 62.

For members who are not vested and are not eligible for normal retirement as of September 30, 2011 the monthly benefit amount is equal to 3% of average final compensation multiplied by years of service earned up to September 30, 2011 (the frozen accrued benefit as of October 1, 2011 based on the benefit structure in place as of September 30, 2011 prior to July 17, 2013) plus 3.00% (2.00% prior to July 17, 2013) of average monthly earnings multiplied by years and completed months of service earned after September 30, 2011. If a member retires before age 62 an additional benefit of 0.50% of average monthly earnings will be paid on or after October 1, 2011 up to age 62.

The average monthly earnings prior to October 1, 2011 are computed based on the earnings of the three highest paid years of employment prior to retirement or termination. Earnings include basic annual wages including regular longevity raises and overtime up to 400 hours per year, but not including amounts for unused sick time or unused vacation time paid at retirement or termination. Effective October 1, 2011 the average monthly earnings are computed based on the earnings of the three highest paid years of employment prior to retirement or termination. Earnings shall include basic annual wages, longevity pay, and assignment pay, but not including overtime pay, payments for accrued holiday time, payments for accrued blood time, annual cash-out payments for accrued vacation time, payments for accrued compensatory time, and payments for unused sick time or for unused vacation time which is paid upon retirement or termination.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

DISABILITY – Any member who becomes totally and permanently disabled in the line of duty and who must have applied for social security disability benefits as well as workers' compensation benefits if applicable, will receive a benefit equal to the greater of his or her accrued benefit on date of disability based on the applicable benefit rate or 50.00% of earnings at the time of determination of disability.

Members with at least five years of continuous service who sustain a non-service connected disability and who must have applied for Social Security disability benefits as well as workers' compensation benefits if applicable may receive a benefit equal to 2.50% of their average monthly earnings multiplied by years of service.

No member with at least five years of continuous service shall receive less than 25.00% of his average monthly earnings in effect at the time of determination of disability. Upon attainment of age 50, the benefit will be recomputed as a normal retirement benefit with consideration for service granted for the period of time that the member was receiving a disability retirement payment.

DEATH BENEFITS – A service-incurred death benefit will be paid to the surviving spouse at the rate of 50.00% of the member's monthly earnings at the time of death. A non-service-incurred death benefit will be paid to the surviving spouse at the rate of 25.00% of the member's monthly earnings at the time of death. Death benefits are payable to the surviving spouse until death or remarriage. Upon the death or remarriage of the spouse, the death benefits are payable to the member's dependent children until the youngest child reaches the age of 18.

COST-OF-LIVING ADJUSTMENT – A retiree whose benefit commences on or after April 1, 1987 and any beneficiary of such retiree will receive a 2.00% annual increase in benefit payments commencing three years after the retiree's benefit payments have begun. For participants who enter the DROP on or after October 1, 2006, cost-of-living adjustments do not occur while the member participates in the DROP. Adjustments commence the later of the date the participant leaves the DROP and three years after entry into the DROP. There shall be no annual cost-of-living adjustment effective October 1, 2011.

SUPPLEMENTAL DISTRIBUTION – If the actual investment return of the Fund exceeds the assumed actuarial return for the fiscal year, then a supplemental pension distribution (up to 2.00%) shall be made to the eligible recipients in the form of an optional 13th check. Effective October 1, 2011 there will be no supplemental check payable to retirees and surviving spouses and other beneficiaries who reached normal retirement or entered the DROP after September 30, 2011.

DEFERRED RETIREMENT OPTION PLAN – Prior to October 1, 2011, a Fund member may enter into the police officers' Deferred Retirement Option Plan (DROP) upon the attainment of normal retirement age. The DROP is administered by the Police Officers' Retirement System Board of Trustees. Once a Fund member enters the DROP, their monthly retirement benefit is frozen, and their monthly benefit is paid into their DROP account.

A member hired on or before September 30, 2009 who elects to enter the DROP plan has the option to receive a rate of return on his or her DROP account that is equal to the assumed rate of investment return on Fund assets. For members hired on or after October 1, 2009, his or her DROP account shall earn interest at the rate of 6.00% per year. In the event the Fund earnings exceed 6.00% per year, the earnings in excess of 6.00% up to and including 12.00% per year shall offset the City's cost of maintaining the DROP program. Earnings in excess of 12.00% per year shall be equally divided between the DROP participants and the City.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Upon termination of employment, but not more than eight years after entry into the DROP, or that period of participation in the DROP that would result in a total of 30 years of employment with the City, the balance in the member's DROP account, including interest, is payable to them and they also begin to receive their (frozen) monthly retirement benefit.

The DROP may now receive eligible rollover contributions from eligible governmental 457(b) plans. These rollover contributions remain in a variable-rate account as described above and do not qualify for the fixed rate option.

A Fund member who does not enter the DROP prior to October 1, 2011, shall not be able to participate in the DROP, unless the member was eligible to retire as of September 30, 2011.

PLANNED RETIREMENT BENEFIT – The Planned Retirement Benefit (“PRB”) is an optional form of benefit payment that members may elect when they reach their normal retirement age. In general, the PRB option replaces the DROP program in place prior to October 1, 2011.

In order to participate in the PRB, a member must submit a written election of their intent to participate in the PRB at any time on or after reaching the member's normal retirement date, but no later than 60 days after reaching the member's retirement date.

Members who elect to participate in the PRB shall not exceed 30 years of service, including service while participating in the PRB.

A member who elects to participate in the PRB will receive the normal retirement benefit they would have been eligible to receive during the Planned Retirement Period had the member actually retired at a point during the look-back period that begins on the entry date into the PRB and ends on the date of termination. If the member chooses a normal retirement benefit based on age and service during the look back period, they will receive a lump sum with interest based on the normal retirement benefit payable during the look-back period.

The maximum look-back period is 8 years from the date of termination for members vested as of September 30, 2011. For non-vested members as of September 30, 2011, the maximum look-back period is 5 years. Non-vested members as of September 30, 2011 who reach his/her normal retirement date upon completion of 25 years of service, but not more than 30 years of service may, upon termination of employment elect to receive benefits under the PRB for a period of not more than 5 years. A limited exception to the 30 years of service maximum is available to non-vested members who do not reach their normal retirement date until after 30 years of service. A member under this scenario may participate in the PRB for a period of not more than 5 years.

SHARE PLAN – Effective June 30, 2002, the Hollywood Police Officers' Share Plan (Share Plan), a defined contribution plan, was created to implement the provisions of Chapter 185, Florida Statutes, and to provide means whereby police officers of the City of Hollywood, Florida may receive benefits from the funds provided for that purpose by Chapter 185, Florida Statutes. The Share Plan is in addition to any other benefits, and shall not in any way affect any other benefits that now or hereafter exist. The Board of Trustees shall provide for all assets of the Share Plan to be held in trust solely for the use of paying the benefits provided and the expenses of the Share Plan.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

The City shall pay to the Share Plan each year an amount equal to the amount it receives from the State under the provisions of Chapter 185, Florida Statutes, as amended. As of each valuation date, the amounts received since the preceding valuation date shall be allocated among the member' accounts. The allocation shall be based on the proportion the total number of months of credit accrued by each member in the immediately preceding Share Plan Year bears to the total months of credit of all members in that Share Plan Year with no credit given on account of a members' seniority, rank or compensation. Forfeitures are allocated in the same manner described above.

The Board of Trustees shall ascertain the value of the assets of the Share Plan as of each valuation date and shall allocate to the account of each member their share of the increase or decrease in the fair market value of the Share Plan's assets net of administrative expenses. The member's share of the increase or decrease of the Share Plan assets shall bear the same ratio to the total amount of the increase or decrease in the Share Plan as the value of the portion of the member's account invested in the Share Plan bears to the total value of the Share Plan.

A member shall receive a benefit from the Share Plan upon his termination of employment, disability, retirement or death in accordance with the Share Plan agreement. However, no member shall receive a benefit from the Share Plan in excess of the amount credited to their Account.

Commencing June 7, 2006, the State funds received by the City pursuant to Florida Statutes Chapter 185 subsequent to the funds normally received during fiscal year ended September 30, 2006, shall not be divided into individual "share" accounts but shall be used exclusively to fund plan benefits, including "minimum benefits" and "extra benefits" as provided in Chapter 185.

CONTRIBUTIONS – Each police officer makes contributions to the Fund during the first 27 years of continuous service at the rate of 8% (9.25% prior to May 1, 2013) of their earnings. After completion of 27 years of continuous service, members shall contribute only 0.5% of their earnings. If a police officer's service is terminated for reasons other than death or retirement, their accumulated contributions are returned to them with 3% interest, compounded annually.

The City of Hollywood pays into the Fund such amount as is determined actuarially to provide for benefits under the Fund not met by member contributions.

NET PENSION LIABILITY – The City's net pension liability as 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.

ACTUARIAL ASSUMPTIONS - The total pension liability was determined by an actuarial valuation as of October 1, 2017 and rolled forward to the measurement date of September 30, 2018 using the following actuarial assumptions applied to all prior periods included in the measurement:

Rate of Return on Investments	8.00% per annum
Annual Salary Increases	5.03% to 10.67% average, including inflation
Inflation Rate	2.50%
Cost-of-Living Adjustments	None (Prior to October 1, 2011, 2.00% annual increase commencing 3 years after retiree's benefit payments have begun)
Mortality	Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB Male: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class included are summarized in the following table:

Asset Class	Target Allocation	Real Rate of Return
Domestic Equity	57.00 %	7.50 %
International Equity	-	8.50
Domestic Bond	31.00	2.50
International Bonds	-	3.50
Real Estate	10.00	4.50
Alternative Assets	2.00	5.61
	<u>100.00 %</u>	

DISCOUNT RATE – The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumes plan members will contribute at the current contribution rate and the City will continue to make future contributions at rates equal to the difference between the total actuarially determined contribution rate and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CHANGES IN NET PENSION LIABILITY –

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance, Beginning of Year	\$ 468,685,559	\$ 280,484,669	\$ 188,200,890
Changes for the Year:			
Service Cost	5,062,784	-	5,062,784
Interest	29,915,966	-	29,915,966
Differences between expected and actual experience	7,322,883	-	7,322,883
Contributions - Employer	-	19,492,251	(19,492,251)
Contributions - Employee	-	1,714,922	(1,714,922)
Net Investment Income	-	33,082,120	(33,082,120)
Benefit Payments	(28,190,020)	(28,190,020)	-
Refunds of Contributions	(53,956)	(53,956)	-
Administrative Expense	-	(592,690)	592,690
Other Charges	-	91,696	(91,696)
Net Changes	<u>14,057,657</u>	<u>25,544,323</u>	<u>(11,486,666)</u>
Balance, End of Year	<u>\$ 482,743,216</u>	<u>\$ 306,028,992</u>	<u>\$ 176,714,224</u>

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE – The following presents the net pension liability of the City, calculated using the discount rate of 8.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

POLICE OFFICERS' RETIREMENT SYSTEM

	1% Decrease (7.00)%	Current Rate (8.00)%	1% Increase (9.00)%
Net Pension Liability	\$ 194,954,681	\$ 176,714,224	\$ 159,988,247

PENSION PLAN FIDUCIARY NET POSITION – Detailed information about the pension plan's fiduciary net position is available in a separately issued Police Retirement Fund financial report.

PENSION EXPENSES AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS – For the fiscal year ended September 30, 2019, the City recognized pension expense of \$20,086,777:

Service Cost	\$ 5,062,784
Interest	29,915,966
Contributions - Employee	(1,714,922)
Other	(91,696)
Projected Earnings on Plan Investments	(22,137,262)
Administrative Expense	592,690
Net Amortization of Deferred Outflows/Inflows	10,604,939
Total Pension Expense	<u>\$ 22,232,499 *</u>

* Difference between incurred and actuarial pension expense relates to the difference in the prior year actual contributions versus the actuarial estimated contributions due to funding differences relating to supplemental payments.

In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience of the total pension liability	\$ 16,805,751	\$ -
Change of Assumptions	22,487,913	-
Net difference between Projected and Actual Earnings on Pension Plan Investments	-	12,876,586
Contributions subsequent to the measurement date but prior to fiscal year end	29,182,499	-
	<u>\$ 68,476,163</u>	<u>\$ 12,876,586</u>

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$29,182,499 will be recognized as a reduction of net pension liability in the year ending September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Amortization
2020	\$ 11,049,111
2021	6,616,376
2022	3,467,206
2023	2,878,546
2024	2,238,868
Thereafter	166,971
Total	<u>\$ 26,417,078</u>

FRS RETIREMENT BENEFITS

The City provides retirement benefits to its Mayor, 6 City Commissioners and 4 retired elected officers through the Florida Retirement System (FRS and HIS).

FLORIDA RETIREMENT SYSTEM – The City participates in the Florida Retirement System (FRS). The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

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 non-integrated 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' Web site (www.dms.myflorida.com).

The City's pension expense for FRS and HIS totaled \$215,717 for the fiscal year ended September 30, 2019.

BENEFITS AND CONTRIBUTIONS:

PLAN DESCRIPTION – 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. The general classes of membership are as follows:

- Regular Class – Members of the FRS who do not qualify for membership in the other classes.
- Elected County Officers Class – Members who hold specified elective offices in local government.
- Senior Management Service Class (SMSC) – Members in senior management level positions.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

- Special Risk Class – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

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, except that certain instructional personnel may participate for up to 96 months. 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.

BENEFITS PROVIDED – 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:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
Regular Class Members Initially Enrolled Before July 1, 2011:	
Retirement at age 63 or with 31 years of service	1.63 %
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 years of service	1.68
Regular Class Members Initially Enrolled on or After July 1, 2011:	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 years of service	1.68
Elected County Officers	3.00
Senior Management Service Class	2.00
Special Risk Regular:	
Service from December 1, 1970 through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

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% 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% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

CONTRIBUTIONS – The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates for 2019 was as follows:

Class	Percent of Gross Salary	
	Employee	Employer (1)
FRS, Regular	3.00 %	8.47 %
FRS, Elected Local Officers	3.00	42.00
FRS, Senior Management Service	3.00	25.41
FRS, Special Risk Regular	3.00	25.48
FRS, Special Risk Administrative	3.00	38.59
DROP - Applicable to Members for All of the Above	0.00	13.26
Classes		
FRS, Reemployed Retiree	(2)	(2)

(1) Employer rates include 1.66% for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06% for administrative costs of the Investment Plan.

(2) Contribution rates are dependent upon retirement class in which reemployed.

The City's contributions, for FRS and HIS totaled \$102,298 and employee contributions totaled \$3,608 for the fiscal year ended September 30, 2019.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS – At September 30, 2019, the City reported a liability of \$1,005,180 for its proportionate share of the Plan's 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 June 30, 2019. The City's proportionate share of the net pension liability was based on the City's FY 2019 fiscal year contributions relative to the FY 2019 fiscal year contributions of all participating members. At June 30, 2019, the City's proportionate share was 0.0029187578%.

For the fiscal year ended September 30, 2019, the City recognized pension expense of \$213,650 related to the Plan. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 59,620	\$ 624
Changes of Assumptions	258,173	-
Net difference between Projected and Actual Earnings on Pension Plan Investments	-	55,612
Changes in Employer Proportion	62,595	7,586
Contributions subsequent to the measurement date but prior to fiscal year end	24,928	-
	<u>\$ 405,316</u>	<u>\$ 63,822</u>

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

The deferred outflows of resources related to pensions, totaling \$24,928, resulting from City contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Deferred Outflows/(Inflows), Net
2020	\$ 114,806
2021	34,633
2022	83,677
2023	63,123
2024	16,279
Thereafter	4,048
Total	<u>\$ 316,566</u>

ACTUARIAL ASSUMPTIONS – The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Return on Investments	6.90% net of pension investment expense, including inflation
Annual Salary Increases	3.25% average, including inflation
Inflation Rate	2.60%
Mortality	PUB-2010, projected generationally with Scale MP-2018

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The long-term expected rate of return on pension 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 (1)		Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00	%	3.30%	3.30%	1.20%
Fixed Income	18.00		4.10%	4.10%	3.50%
Global Equity	54.00		8.00%	6.80%	16.50%
Real Estate	10.00		6.70%	6.10%	11.70%
Private Equity	11.00		11.20%	8.40%	25.80%
Strategic Investments	6.00		5.90%	5.70%	6.70%
	<u>100.00</u>	%			
Assumed Inflation - Mean				2.60%	1.70%

(1) As outlined in the Plan's investment policy.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

DISCOUNT RATE – The discount rate used to measure the total pension liability was 6.90%. The Plan's 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.

SENSITIVITY OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease (5.90)%	Current Rate (6.90)%	1% Increase (7.90)%
City's Proportionate Share of the Net Pension Liability	\$ 1,737,621	\$ 1,005,180	\$ 393,467

PENSION PLAN FIDUCIARY NET POSITION – Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

THE RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (HIS):

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

BENEFITS PROVIDED – For the fiscal year ended June 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.

CONTRIBUTIONS – 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 June 30, 2019, the contribution rate was 1.66% of payroll pursuant to section 112.363, Florida Statutes. The City contributed 100% of its statutorily required contributions for the current and preceding three years. The HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. The 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.

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS – At September 30, 2019, the City reported a net pension liability of \$72,139 for its proportionate share of the HIS Plan's 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, 2018. The City's proportionate share of the net pension liability was based on the City's FY 2017 fiscal year contributions relative to the total FY 2018 fiscal year contributions of all participating members. At June 30, 2019, the City's proportionate share was 0.000644734%.

For the fiscal year ended September 30, 2019, the City recognized pension expense of \$2,067 related to the HIS Plan. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 876	\$ 88
Changes of Assumptions	8,353	5,896
Net difference between projected and actual earnings on pension plan investments	47	-
Changes in proportion and differences between City HIS contributions and proportionate share of HIS contributions	2,911	999
Contributions subsequent to the measurement date but prior to fiscal year end	972	-
	<u>\$ 13,159</u>	<u>\$ 6,983</u>

The deferred outflows of resources related to pensions, totaling \$972, resulting from City contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Net Deferred Outflows/(Inflows),
2020	\$ 2,218
2021	1,775
2022	972
2023	(706)
2024	128
Thereafter	817
	<u>\$ 5,204</u>

ACTUARIAL ASSUMPTIONS – The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Municipal Bond Rate	3.50%
Annual Salary Increases	3.25% average, including inflation
Inflation Rate	2.60%
Mortality	Generational RP-2000 with Projected Scale BB

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

DISCOUNT RATE – The discount rate used to measure the total pension liability was 3.50%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

SENSITIVITY OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 3.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current rate (in thousands):

	1% Decrease (2.50)%	Discount Rate (3.50)%	1% Increase (4.50)%
City's Proportionate Share of the Net Pension Liability	\$ 82,350	\$ 72,139	\$ 63,634

PENSION PLAN FIDUCIARY NET POSITION – Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

4. **SUPPLEMENTAL PENSION DISTRIBUTION DISPUTE** – All three pension plans of the City of Hollywood, General Employees Retirement Fund (General Pension), Fire Pension Fund (Fire Pension) and Police Retirement Fund (Police Pension) have provisions in their plans for a supplemental distribution to retirees if earning conditions for the plans are met or exceeded (Supplemental Payments). The City of Hollywood (Plaintiff) has filed a lawsuit in the circuit court of the seventeenth judicial circuit in and for Broward County, Florida against the three pension boards (Defendants). The Plaintiff has contested the plans rights to make additional supplemental payments and the plans would be violating the legislative intent of Florida Statutes Section 112.61 because the supplemental payments were being funded by an increase in the annual required contributions (ARC) paid going forward and in effect would transfer a portion of the cost to future taxpayers. On July 3, 2014, the three pension boards received a copy of a letter from the Florida Division of Retirement advising the City that the method of funding the supplemental payments used by the pension plans violated Florida Statutes Section 112.61. Each letter advised the pension boards that issuance of further supplemental payments without a "commitment" from the City stating that the City would "pre-fund" payments would risk adverse action by the State. None of the pension boards have sought or received such a commitment from the City. Subsequent to receiving the letter, both the General Pension and the Fire Pension Plans paid supplemental payments in the 2015 fiscal year. In addition, both Fire and Police pension actuaries have incorporated into their Actuarially Determined Contribution (ADC) calculations a portion for the supplemental payments "pre-funding". The City has stopped contributing to the supplemental payment "pre-funding" portion of the ADCs. As a result of the City withholding a portion of the Police and Fire pension ADC payment (related to the supplemental payment), the State Division of Retirement has withheld disbursement of monies under Florida Statutes Chapter 175 and 185 to Police and Fire pension plans. The total dollars withheld by the state for Fire and for Police pension plans are \$5.6 million and \$5.9 million respectively. During September 2019, the dispute relating to the supplemental payments through fiscal year 2018 was settled with the pension plans and the City is now compliant with State requirements. These amounts have been recorded as additional pension contributions included as deferred outflows of resources at September 30, 2019. The items will be expended with next year's actuarial valuation. As a result, the City received all applicable State Chapter funds on October 17, 2019 for the prior and current fiscal years. For the State payments received

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

relating to prior fiscal years, the City was determined to be able to retain the monies. The City recorded these monies as miscellaneous revenues as of September 30, 2019.

5. SUMMARY OF PENSION EXPENSE, DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES RELATED TO ALL PENSIONS OF THE CITY – For the year ended September 30, 2019, the City recognized the below as a result of GASB No. 68.

	General Employees Pension	Police Pension	Fire Pension	FRS/HIS Pension	Total
Total Deferred Outflows	\$ 59,993,154	\$ 68,476,163	\$ 40,757,630	\$ 418,475	\$ 169,645,422
Total Deferred Inflows	6,318,018	12,876,586	10,048,006	70,805	29,313,415
Total Net Pension Liability	186,066,001	176,714,224	141,344,362	1,077,319	505,201,906
Total Pension Expense	33,495,435	20,086,777	18,996,279	215,717	72,794,208

6. DEFINED CONTRIBUTION PLANS – The City has a contract with the ICMA-RC for a defined contribution plan covering certain employees with an employment agreement with the City. The plan is established under the provisions of Section 401(a) of the Internal Revenue Code as Money Purchase Plans and Trusts. In addition, there is a second 401(a) plan between the Hollywood Community Redevelopment Agency and ICMA-RC covering the executive director and employees of the agency. The assets of the plans are self-directed, and investment results are reported to employees quarterly. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment return. The plans do not require nor permit employee contributions. During fiscal year 2019 the City and CRAs contributed approximately \$479,061 to these defined contribution plans. Of this amount, approximately \$264,441 was contributed on behalf of CRA employees who are not covered under any other City retirement plan. Plan participants become fully vested in the plans upon entry. The plans were established by City Commission resolutions. The City does not have control over the assets of the defined contribution plans and, accordingly, the plans are not reported in the accompanying financial statements.
7. DEFERRED COMPENSATION PLANS – The City offers certain employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, managed by independent plan administrators, permit employees to defer a portion of their salary until future years. At the employee's election, such amounts may be invested in mutual funds which represent varying levels of risk and return. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, are held in trust, for the exclusive benefit of the plans' participants and their beneficiaries. Since the City has no control over these assets, they are not reflected in the City's statements.

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CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

H. MISCELLANEOUS

1. IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS – The City implemented the following GASB Statements during the fiscal year ended September 30, 2019:

- GASB Statement No. 83, “Certain Asset Retirement Obligations.” This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2019. This standard did not have a material impact on the City.

2. PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED

- GASB Statement No. 84, “Fiduciary Activities.” This Statement improves guidance relating to the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria is included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2021. Management has not yet determined the effect this Statement will have on the City’s financial statements
- GASB Statement No. 87, “Leases.” This Statement’s objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing arrangements of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2022. Management has not yet determined the effect this Statement will have on the City’s financial statements
- GASB Statement No. 88, “Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements.” This Statement’s primary objective is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements and also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will provide users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms associated with debt will be disclosed. Therefore, users will have better information to understand the effects of debt on a government’s future resource flows. The requirements of this Statement are effective for reporting periods beginning with its fiscal year ending September 30, 2020. Management has not yet determined the effect this Statement will have on the City’s financial statements.
- GASB Statement No. 90, “Majority Equity Interest – An Amendment of GASB Statements No. 14 and No. 61.” This Statement’s objective is to improve consistency and comparability of

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit using the equity method. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2021. Management has not yet determined the effect this Statement will have on the City's financial statements.

- GASB Statement No. 91, "Conduit Debt Obligations." This Statement provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2023. Management has not yet determined the effect this Statement will have on the City's financial statements.
- GASB Statement No. 92, "Omnibus 2020." This enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses issues relating to leases, intra-entity transfers of assets, pensions, fiduciary activities, asset retirement obligations, public entity risk pools, fair value measurements, and derivatives. The provisions of this Statement will be effective for the City beginning with its year ending September 30, 2022. Management has not yet determined the effect this Statement will have on the City's financial statements.
- GASB Statement No. 93, "Replacement of Interbank Offered Rates". This Statement determines the accounting and financial reporting implications that result from the replacement of an IBOR (Interbank offered rate) such as LIBOR (London Interbank Offered Rate). This statement is effective for the City beginning with its fiscal year ending September 30, 2022. Management has not yet determined the effect this Statement will have on the City's financial statements.
- GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". This Statements defines public-private and public-public partnership arrangements and availability payment arrangements. The Statement also prescribes the accounting for such arrangements. The provisions of this Statements will be effective for the City beginning with its year ending September 30, 2023. Management has not yet determined the effect this Statement will have on the City's financial statements.
- GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance". This Statements delays the effective dates of the GASB Statements 83, 84, 88, 89, 90, 91, 92, 93 by one year. GASB statement 87 was postponed by 18 months. This Statement is effective immediately.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

3. COMMUNITY REDEVELOPMENT NOTES

- Hollywood Beach 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:

	Beach CRA	
	Deposits	Withdrawals
Sources of Deposits:		
Tax Increment Rev - City of Hollywood	\$ 12,971,061	\$ -
Tax Increment Rev - Broward County	9,509,168	-
Tax Increment Rev - South Broward Hospital District	(50,724)	-
Tax Increment Rev - Children's Services Council	848,761	-
Intergovernmental - State Grants	45,616	-
Investment Revenue	871,902	-
Other Revenue	89,681	-
Purpose of Withdrawal:		
Debt Service - Principal	-	5,475,000
Debt Service - Interest	-	1,725,341
Salaries, Wages and Benefits	-	2,916,449
Consultants, legal and Other Contractual	-	1,233,944
Training and Transportation	-	43,207
Utilities	-	92,773
Postage	-	1,040
Rentals and Leases	-	133,176
Insurance	-	42,522
Maintenance and Repairs	-	450,456
Consumables and Supplies	-	196,033
Enhanced Services - Community Policing	-	1,548,469
Reimbursement for Services	-	2,905,974
Promotional, Special Events and Advertising	-	965,956
Economic Environment - Trolley Service	-	699,400
Capital - General Government	-	11,732,640
Capital - Public Safety	-	1,471,009
Capital - Economic Environment	-	1,269
Capital - Physical Environment	-	4,523,512
Total	<u>\$ 24,285,465</u>	<u>\$ 36,158,170</u>

Note: Deposits equal revenues and transfers in. Withdrawals equal expenditures and transfers out.

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	Downtown CRA	
	Deposits	Withdrawals
Sources of Deposits:		
Tax Increment Rev - City of Hollywood	\$ 4,299,438	\$ -
Tax Increment Rev - Broward County	3,140,755	-
Tax Increment Rev - South Broward Hospital District	81,550	-
Tax Increment Rev - Children's Services Council	281,560	-
Investment Revenue	142,284	-
Other Revenue	553,516	-
Purpose of Withdrawal:		
Debt Service - Principal	-	2,299,103
Debt Service - Interest	-	457,695
Salaries, Wages and Benefits	-	465,731
Consultants and Other Contractual	-	316,651
Training and Transportation	-	7,582
Utilities	-	16,381
Postage	-	410
Rentals and Leases	-	20,338
Insurance	-	4,245
Maintenance and Repairs	-	136,888
Consumables and Supplies	-	459,646
Enhanced Services - Community Policing	-	303,209
Promotional, Special Events and Advertising	-	533,508
Reimbursement for Services	-	793,512
Economic Environment - Trolley Service	-	201,260
Capital - Transportation	-	45,288
Capital - Economic Environment	-	4,489
Total	<u>\$ 8,499,103</u>	<u>\$ 6,065,936</u>

4. SUBSEQUENT EVENTS

- Subsequent to year-end, a national emergency was declared by the President of the United States in response to the COVID-19 pandemic. The economic and social impact of the virus has yet to be determined. The City is taking proper precautions to protect the life and assets of the City and its citizens.
- On October 2, 2019, the City and the General Employees' Pension Plan reached a settlement agreement regarding supplemental pension payments paid by the City's pension plans. Pursuant to the settlement terms, the City was to pay the Plan for supplemental pension benefit distributions in the amount of \$4,299,167 for the fiscal year 2012 and \$12,364,225 for the fiscal years 2015 – 2019. The City paid the \$4,299,167 during fiscal year 2019. The remaining amount owed was agreed to be paid evenly over 5 years commencing in fiscal year 2021.

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Required Supplementary Information

CITY OF HOLLYWOOD, FLORIDA

**BUDGETARY COMPARISON STATEMENT
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019
(Unaudited - See accompanying independent auditors' report)**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Property Taxes	\$ 93,927,759	\$ 100,827,759	\$ 100,587,681	\$ (240,078)
Utilities Service Taxes	20,380,000	20,380,000	20,673,447	293,447
Franchise Taxes	12,615,000	12,615,000	13,006,671	391,671
Licenses and Permits	8,585,500	8,924,950	10,877,574	1,952,624
Intergovernmental	16,205,000	16,205,000	18,458,554	2,253,554
Charges for Services	58,892,051	52,246,967	58,398,878	6,151,911
Investment Revenue	790,000	790,000	1,960,793	1,170,793
Miscellaneous	2,299,700	2,350,767	14,463,949	12,113,182
Total Revenues	213,695,010	214,340,443	238,427,547	24,087,104
EXPENDITURES:				
General Government:				
City Commission	1,505,186	1,558,681	1,558,674	7
City Manager	2,441,464	2,576,467	2,456,236	120,231
City Clerk	1,051,566	1,074,405	1,035,514	38,891
City Attorney	3,059,002	3,154,580	3,140,268	14,312
Financial Services	9,977,769	30,175,754	27,313,986	2,861,768
Human Resources	1,710,272	1,913,569	1,866,826	46,743
Planning & Development Services	1,249,971	1,368,501	954,802	413,699
Code Enforcement	3,578,575	3,816,965	3,654,542	162,423
Total General Government	24,573,805	45,638,922	41,980,848	3,658,074
Public Safety:				
Police	86,608,519	86,676,242	83,866,966	2,809,276
Fire	63,286,848	64,534,300	61,014,229	3,520,071
Building Inspection	5,853,343	6,963,117	6,452,832	510,285
Total Public Safety	155,748,710	158,173,659	151,334,027	6,839,632
Public Works:				
Facilities and Grounds	12,816,198	13,282,947	12,921,259	361,688
Transportation:				
Engineering	2,425,801	2,537,485	2,350,637	186,848
Economic Environment:				
Community Development	2,182,571	2,553,550	2,281,929	271,621

(Continued)

CITY OF HOLLYWOOD, FLORIDA

(Continued)

BUDGETARY COMPARISON STATEMENT
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019
(Unaudited - See accompanying independent auditors' report)

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Culture and Recreation:				
Recreation and Parks	10,175,989	10,439,645	9,872,895	566,750
Marina	521,691	583,884	495,478	88,406
Total Culture and Recreation	10,697,680	11,023,529	10,368,373	655,156
Other:				
Contingencies	39,997,230	17,461,646	239,386	17,222,260
Capital Outlay:				
General Government	15,328	15,328	15,328	-
Public Safety	144,216	144,216	144,216	-
Culture and Recreation	25,317	25,317	25,317	-
Total Capital Outlay	184,861	184,861	184,861	-
Total Expenditures	248,626,856	250,856,599	221,661,320	29,195,279
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,931,846)	(36,516,156)	16,766,227	53,282,383
OTHER FINANCING SOURCES (USES):				
Transfers In	6,586,902	6,586,902	6,623,902	37,000
Transfers Out	(9,318,284)	(10,360,284)	(10,360,284)	-
Sale of Assets	-	-	498,329	498,329
TOTAL OTHER FINANCING SOURCES (USES)	(2,731,382)	(3,773,382)	(3,238,053)	535,329
Change in Fund Balance	(37,663,228)	(40,289,538)	13,528,174	53,817,712
Fund Balance - Beginning	72,096,434	72,096,434	72,096,434	-
Fund Balance - Ending	\$ 34,433,206	\$ 31,806,896	\$ 85,624,608	\$ 53,817,712

The notes to the required supplementary information are an integral part of this statement.

CITY OF HOLLYWOOD, FLORIDA

**BUDGETARY COMPARISON STATEMENT
BEACH COMMUNITY REDEVELOPMENT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019
(Unaudited - See accompanying independent auditors' report)**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Property Taxes	\$ 13,057,322	\$ 12,971,061	\$ 12,971,061	\$ -
Intergovernmental	10,376,829	10,307,206	10,352,821	45,615
Investment Revenue	50,000	50,000	871,902	821,902
Miscellaneous	85,000	85,000	51,701	(33,299)
Total Revenues	<u>23,569,151</u>	<u>23,413,267</u>	<u>24,247,485</u>	<u>834,218</u>
EXPENDITURES:				
Current:				
General Government	12,145,090	12,191,856	9,507,051	2,684,805
Economic Environment	1,955,241	1,711,420	883,371	828,049
Physical Environment	3,014,405	831,177	364,249	466,928
Culture and Recreation	615,000	615,055	474,728	140,327
Total Current	<u>17,729,736</u>	<u>15,349,508</u>	<u>11,229,399</u>	<u>4,120,109</u>
Capital Outlay:				
General Government	10,020,232	17,716,112	11,732,640	5,983,472
Public Safety	2,175,600	2,175,600	1,471,009	704,591
Economic Environment	1,269	1,269	1,269	-
Physical Environment	8,726,984	9,061,592	4,523,512	4,538,080
Total Capital Outlay	<u>20,924,085</u>	<u>28,954,573</u>	<u>17,728,430</u>	<u>11,226,143</u>
Debt Service:				
Principal	5,475,000	5,475,000	5,475,000	-
Interest and Fiscal Charges	1,727,125	1,727,125	1,725,341	1,784
Total Debt Service	<u>7,202,125</u>	<u>7,202,125</u>	<u>7,200,341</u>	<u>1,784</u>
Total Expenditures	<u>45,855,946</u>	<u>51,506,206</u>	<u>36,158,170</u>	<u>15,348,036</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,286,795)	(28,092,939)	(11,910,685)	16,182,254
OTHER FINANCING SOURCES (USES):				
Transfers In:				
Transfers In	-	-	37,980	37,980
Transfers Out:				
Parking Enterprise Fund	(700,000)	(700,000)	-	700,000
Total Other Financing Sources (Uses)	<u>(700,000)</u>	<u>(700,000)</u>	<u>37,980</u>	<u>737,980</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(22,986,795)	(28,792,939)	(11,872,705)	16,920,234
Fund Balance - Beginning	<u>34,468,279</u>	<u>34,468,279</u>	<u>34,468,279</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 11,481,484</u>	<u>\$ 5,675,340</u>	<u>\$ 22,595,574</u>	<u>\$ 16,920,234</u>

The notes to the required supplementary information are an integral part of this statement.

CITY OF HOLLYWOOD, FLORIDA

(Continued)

BUDGETARY COMPARISON STATEMENT
DOWNTOWN COMMUNITY REDEVELOPMENT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019
(Unaudited - See accompanying independent auditors' report)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Property Taxes	\$ 4,305,345	\$ 4,299,438	\$ 4,299,438	\$ -
Intergovernmental	3,508,724	3,503,864	3,503,865	1
Investment Revenue	2,001	2,001	142,284	140,283
Miscellaneous	65,200	65,200	28,515	(36,685)
Total Revenues	<u>7,881,270</u>	<u>7,870,503</u>	<u>7,974,102</u>	<u>103,599</u>
EXPENDITURES:				
Current:				
General Government	6,768,217	7,822,100	2,959,878	4,862,222
Economic Environment	258,511	258,511	231,461	27,050
Physical Environment	500,000	434,845	68,022	366,823
Capital Outlay:				
Transportation	147,635	147,635	45,288	102,347
Economic Environment	4,489	4,489	4,489	-
Debt Service:				
Principal	2,299,104	2,299,104	2,299,103	1
Interest and Fiscal Charges	458,286	460,201	457,695	2,506
Total Expenditures	<u>10,436,242</u>	<u>11,426,885</u>	<u>6,065,936</u>	<u>5,360,949</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,554,972)	(3,556,382)	1,908,166	5,464,548
OTHER FINANCING SOURCES (USES):				
Sale of Assets	-	-	525,000	525,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>525,000</u>	<u>525,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,554,972)	(3,556,382)	2,433,166	5,989,548
Fund Balance - Beginning	<u>3,556,382</u>	<u>3,556,382</u>	<u>3,556,382</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 1,001,410</u>	<u>\$ -</u>	<u>\$ 5,989,548</u>	<u>\$ 5,989,548</u>

The notes to the required supplementary information are an integral part of this statement.

CITY OF HOLLYWOOD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
(Unaudited – See accompanying independent auditors' report)

<u>September 30,</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 17,891,399	\$ 18,898,738
Interest	22,322,441	20,845,587
Changes of benefit terms	(13,663,167)	-
Differences between expected and actual experience	-	-
Changes of assumptions or other inputs	132,465,278	(36,399,562)
Benefit Payments	<u>(16,305,000)</u>	<u>(15,376,000)</u>
Net Change in Total OPEB Liability	142,710,951	(12,031,237)
Total OPEB Liability - Beginning	<u>591,244,960</u>	<u>603,276,197</u>
Total OPEB Liability - Ending	<u><u>\$ 733,955,911</u></u>	<u><u>\$ 591,244,960</u></u>
Covered Payroll	\$ 104,238,991	\$ 102,544,514
Total OPEB Liability as a Percentage of Covered Payroll	704.11%	576.57%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule:

Benefit changes

Changes of assumptions

Discount Rate:

9/30/2017	3.50 %
9/30/2018	3.83 %
9/30/2019	2.75 %

CITY OF HOLLYWOOD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S
NET PENSION LIABILITY AND RELATED RATIOS
GENERAL EMPLOYEES PLAN
LAST FIVE FISCAL YEARS

(Unaudited – See accompanying independent auditors' report)

Measurement Date Fiscal Year	9/30/2018 9/30/2019	9/30/2017 9/30/2018	9/30/2016 9/30/2017	9/30/2015 9/30/2016	9/30/2014 9/30/2015
TOTAL PENSION LIABILITY					
Service Cost	\$ 5,738,426	\$ 5,017,634	\$ 4,493,709	\$ 4,587,285	\$ 4,152,898
Interest	35,698,698	33,809,853	33,373,524	33,065,052	32,492,291
Benefit Changes	-	-	665,893	-	-
Difference Between Actual and Expected Experience	2,221,979	(2,204,530)	1,986,958	1,839,725	333,165
Change of Assumptions	31,374,924	23,474,009	4,147,745	4,976,256	-
Refunds of Contributions	(448,377)	(166,465)	(271,849)	(434,468)	(231,708)
Benefit Payments	(30,896,779)	(29,804,293)	(38,120,910)	(31,649,219)	(28,191,052)
Net Change in Total Pension Liability	43,688,871	30,126,208	6,275,070	12,384,631	8,555,594
Total Pension Liability - Beginning	473,553,613	443,427,405	437,152,336	424,767,705	416,212,111
Total Pension Liability - Ending	517,242,484	473,553,613	443,427,406	437,152,336	424,767,705
PLAN FIDUCIARY NET POSITION					
Contributions - Employer.	22,101,019	20,562,868	9,767,849	23,216,393	23,160,583
Contributions - State	-	-	-	8,469	-
Contributions - Employee	3,277,081	3,185,801	3,088,620	2,604,831	2,671,277
Net Investment Income	21,635,666	33,218,838	29,224,225	5,108,678	28,051,900
Benefit Payments	(30,896,779)	(29,804,293)	(38,120,911)	(31,649,219)	(28,191,052)
Contributions Buy-Back	(448,377)	(166,465)	(271,849)	(434,468)	(231,708)
Contributions - Non-Employer Contributing Entity	12,694	11,723	10,433	-	-
Administrative Expense	(497,898)	(486,528)	(298,730)	(287,053)	(282,797)
Other	(271,143)	-	-	-	-
Net change in Plan Fiduciary Net Position	14,912,263	26,521,944	3,399,637	(1,432,369)	25,178,203
Plan Fiduciary Net Position - Beginning	316,264,220	289,742,276	286,342,639	287,775,008	262,596,805
Plan Fiduciary Net Position - Ending	331,176,483	316,264,220	289,742,276	286,342,639	287,775,008
Net Pension Liability	\$ 186,066,001	\$ 157,289,393	\$ 153,685,130	\$ 150,809,697	\$ 136,992,697
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.03%	66.79%	65.34%	65.50%	67.75%
Covered Payroll	40,963,513	39,822,513	38,607,750	32,560,388	33,390,963
Net Pension Liability as a Percentage of Covered Payroll	454.22%	394.98%	398.07%	463.17%	410.27%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF HOLLYWOOD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S
NET PENSION LIABILITY AND RELATED RATIOS (Continued)
FIRE PENSION SYSTEM
LAST FIVE FISCAL YEARS
(Unaudited – See accompanying independent auditors' report)

Measurement Date	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Fiscal Year	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
TOTAL PENSION LIABILITY					
Service Cost	\$ 5,467,335	\$ 4,750,396	\$ 4,453,321	\$ 3,767,328	\$ 3,392,835
Interest	27,748,028	26,389,549	24,500,448	23,842,805	23,251,404
Change in Excess State Money	-	-	-	-	62,926
Change in benefit terms	2,830,293	-	1,979,452	485,214	-
Difference Between Actual and Expected Experience	5,074,190	5,102,275	5,256,660	1,276,360	-
Assumption Changes	-	-	11,571,857	2,607,740	-
Drop default loan payment	40,967	-	-	-	-
Contributions - Buyback	-	-	102,854	-	-
Contributions	(22,033,151)	(21,319,658)	(22,187,054)	(20,162,497)	(19,171,355)
Refunds of Contributions	-	-	-	(66,761)	(44,105)
Net Change in Total Pension Liability	19,127,662	14,922,562	25,677,538	11,750,189	7,491,705
Total Pension Liability - Beginning	372,703,688	357,781,126	332,103,588	320,353,399	312,861,694
Total Pension Liability - Ending	391,831,350	372,703,688	357,781,126	332,103,588	320,353,399
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	16,373,064	14,349,564	14,398,112	14,310,591	10,721,832
Contributions - State	-	-	-	-	1,625,106
Contributions - Employee	1,458,572	1,360,393	1,304,661	1,170,620	1,078,161
Contributions - Buyback	-	-	102,854	-	-
Drop default loan payment	40,967	-	-	-	-
Net Investment Income	22,909,517	26,873,377	17,432,805	3,909,497	19,962,042
Benefit Payments	(22,033,151)	(21,319,658)	(22,187,054)	(20,162,497)	(19,171,355)
Refunds of Contributions	-	-	-	(66,761)	(44,105)
Administrative Expense	(654,714)	(559,938)	(625,368)	(489,016)	(635,223)
Net change in Plan Fiduciary Net Position	18,094,255	20,703,738	10,426,010	(1,327,566)	13,536,458
Plan Fiduciary Net Position - Beginning	232,392,733	211,688,995	201,262,985	202,590,551	189,054,093
Plan Fiduciary Net Position - Ending	250,486,988	232,392,733	211,688,995	201,262,985	202,590,551
 Net Pension Liability - Ending	 \$ 141,344,362	 \$ 140,310,955	 \$ 146,092,131	 \$ 130,840,603	 \$ 117,762,848
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 63.93%	 62.35%	 59.17%	 60.60%	 63.24%
Covered Payroll	\$ 18,938,690	\$ 17,401,469	\$ 16,642,582	\$ 16,753,713	\$ 13,712,168
Net Pension Liability as a Percentage of Covered Payroll	746.33%	806.32%	877.82%	780.96%	858.82%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF HOLLYWOOD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S
NET PENSION LIABILITY AND RELATED RATIOS (Continued)
POLICE OFFICERS' RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS
(Unaudited – See accompanying independent auditors' report)

Measurement Date Fiscal Year	9/30/2018 9/30/2019	9/30/2017 9/30/2018	9/30/2016 9/30/2017	9/30/2015 9/30/2016	9/30/2014 9/30/2015
TOTAL PENSION LIABILITY					
Service Cost	\$ 5,062,784	\$ 4,926,424	\$ 4,093,052	\$ 3,518,988	\$ 3,148,678
Interest	29,915,966	27,871,029	25,130,908	24,415,878	29,080,971
Changes in excess state mone	-	-	-	-	-
Change in benefit terms	-	-	-	2,093,658	-
Difference Between Actual and Expected Experience	7,322,883	8,126,704	9,005,099	5,887,738	1,770,772
Change of assumptions	-	16,168,696	25,704,000	-	-
DROP Default loan payment	-	-	-	-	-
Contributions - Buy-Back	(53,956)	(20,298)	(35,258)	(73,428)	(126,781)
Benefit Payments, including refunds of Employee Contribution	(28,190,020)	(27,582,433)	(23,179,330)	(23,318,201)	(22,993,671)
Net Change in Total Pension Liability	14,057,657	29,490,122	40,718,471	12,524,633	10,879,969
Total Pension Liability - Beginning	468,685,559	439,195,437	398,476,966	385,952,333	375,072,364
Total Pension Liability - Ending	482,743,216	468,685,559	439,195,437	398,476,966	385,952,333
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	19,492,251	17,005,579	13,960,747	13,425,807	11,209,547
Contributions - State	-	-	-	-	1,269,750
Contributions - Employee	1,714,922	1,625,263	1,714,832	1,454,477	1,341,148
Contributions - Buy-Back	(53,956)	(20,298)	(35,258)	(73,428)	(126,781)
DROP Default loan payment	-	-	-	-	-
Net Investment Income	33,082,120	30,856,527	22,123,392	3,175,147	22,976,304
Benefit Payments, including refunds of Employee Contribution	(28,190,020)	(27,582,433)	(23,179,330)	(23,318,201)	(22,993,671)
Administrative Expense	(592,690)	(726,806)	(671,069)	(656,738)	(684,234)
Other	91,696	164,029	(160,748)	210,285	27,952
Net change in Plan Fiduciary Net Position	25,544,323	21,321,861	13,752,566	(5,782,651)	13,020,015
Plan Fiduciary Net Position - Beginning	280,484,669	259,162,808	245,410,242	251,192,893	238,172,878
Plan Fiduciary Net Position - Ending	306,028,992	280,484,669	259,162,808	245,410,242	251,192,893
Net Pension Liability	\$ 176,714,224	\$ 188,200,890	\$ 180,032,629	\$ 153,066,724	\$ 134,759,440
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	63.39%	59.84%	59.01%	61.59%	65.08%
Covered Payroll	\$ 23,585,094	\$ 23,676,707	\$ 18,649,015	\$ 16,504,396	\$ 15,092,088
Net Pension Liability as a Percentage of Covered Payroll	749.26%	794.88%	965.37%	927.43%	892.91%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF HOLLYWOOD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
LAST SIX FISCAL YEARS

(Unaudited – See accompanying independent auditors' report)

FLORIDA RETIREMENT SYSTEM

June 30,	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.002918758	0.002802949 %	0.002714891 %	0.002740042 %	0.002844445 %	0.002229762 %
City's Proportionate Share of the Net Pension Liability	\$ 1,005,180	\$ 844,263	\$ 803,047	\$ 691,863	\$ 367,398	\$ 136,048
City's Covered Payroll	\$ 210,951	\$ 209,565	\$ 198,905	\$ 185,400	\$ 185,400	\$ 185,400
City's Proportionate Share of Net Pension Liability as a Percentage of its Covered Payroll	476.50 %	402.86 %	403.73 %	373.17 %	198.17 %	73.38 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61 %	84.26 %	83.89 %	84.88 %	92.00 %	96.09 %

HEALTH INSURANCE SUBSIDY

June 30,	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.000644734 %	0.00064163 %	0.00062404 %	0.00060059 %	0.000611052 %	0.000623967 %
City's Proportionate Share of the Net Pension Liability	\$ 72,139	\$ 67,911	\$ 66,724	\$ 69,997	\$ 62,318	\$ 58,342
City's Covered Payroll	\$ 210,951	\$ 209,565	\$ 198,905	\$ 185,400	\$ 185,400	\$ 185,400
City's Proportionate Share of Net Pension Liability as a Percentage of its Covered Payroll	34.20 %	32.41 %	33.55	37.75 %	33.61 %	31.47 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	2.63 %	2.15 %	1.64	0.97 %	0.50 %	0.99 %

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF HOLLYWOOD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
LAST SIX FISCAL YEARS
(Unaudited – See accompanying independent auditors' report)

GENERAL EMPLOYEES PLAN

September 30,	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 22,101,019	\$ 24,702,602	\$ 20,513,012	\$ 20,167,849	\$ 20,230,240	\$ 19,834,090
Contribution Made	<u>(26,904,543) a</u>	<u>(22,113,713)</u>	<u>(20,574,591)</u>	<u>(9,778,282)</u>	<u>(23,224,862)</u>	<u>(23,160,583)</u>
Contribution Deficiency (Excess)	<u>\$ (4,803,524)</u>	<u>\$ 2,588,889</u>	<u>\$ (61,579)</u>	<u>\$ 10,389,567</u>	<u>\$ (2,994,622)</u>	<u>\$ (3,326,493)</u>
Covered Payroll	\$ 42,117,351	\$ 40,963,513	\$ 39,822,513	\$ 38,607,750	\$ 32,560,388	\$ 33,390,963
Contribution as a Percentage of Covered Payroll	63.88%	53.98%	51.67%	25.33%	71.33%	69.36%

a - Includes a contribution to be in compliances with the Florida Division of Retirement Statutues. This net affect will be reversed in the following year.

FIRE PENSION SYSTEM

September 30,	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 17,029,397	\$ 16,373,064	\$ 14,349,564	\$ 14,398,112	\$ 14,310,591	\$ 12,284,012
Contribution Made	<u>(21,482,940)</u>	<u>(16,373,064)</u>	<u>(14,349,564)</u>	<u>(14,398,112)</u>	<u>(14,310,591)</u>	<u>(12,284,012)</u>
Contribution Deficiency (Excess)	<u>\$ (4,453,543) a</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 19,493,091	\$ 18,938,690	\$ 17,401,469	\$ 16,642,582	\$ 16,753,713	\$ 13,712,168
Contribution as a Percentage of Covered Payroll	110.21%	82.46%	82.46%	86.51%	85.42%	89.58%

a - Includes a contribution to be in compliances with the Florida Division of Retirement Statutues.

POLICE OFFICERS' RETIREMENT SYSTEM

September 30,	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 23,497,852	\$ 19,492,251	\$ 17,005,579	\$ 13,960,747	\$ 13,425,807	\$ 12,479,297
Contribution Made	<u>(29,182,499)</u>	<u>(19,492,251)</u>	<u>(17,005,579)</u>	<u>(13,960,747)</u>	<u>(13,425,807)</u>	<u>(12,479,297)</u>
Contribution Deficiency (Excess)	<u>\$ (5,684,647) a</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 21,786,392	\$ 23,585,094	\$ 23,676,707	\$ 18,649,015	\$ 16,504,396	\$ 15,092,088
Contribution as a Percentage of Covered Payroll	133.95%	82.65%	71.82%	74.86%	81.35%	82.69%

a - Includes a contribution to be in compliances with the Florida Division of Retirement Statutues. This net affect will be reversed in the following year.

CITY OF HOLLYWOOD, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS (Continued)
LAST SIX FISCAL YEARS
(Unaudited – See accompanying independent auditors' report)

FLORIDA RETIREMENT SYSTEM

<u>September 30,</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 102,298	\$ 79,882	\$ 70,675	\$ 78,909	\$ 77,916	\$ 63,460
Actual Contribution in Relation to						
Contractually Required Contribution	(102,298)	(79,882)	(70,675)	(78,909)	(77,916)	(63,460)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 217,322	\$ 210,951	\$ 204,451	\$ 192,530	\$ 185,400	\$ 185,400
Contribution as a Percentage of						
Covered Payroll	47.07%	37.87%	34.57%	40.99%	42.03%	34.23%

HEALTH INSURANCE SUBSIDY

<u>September 30,</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 3,608	\$ 3,480	\$ 3,303	\$ 3,078	\$ 2,336	\$ 2,138
Actual Contribution in Relation to						
Contractually Required Contribution	(3,608)	(3,480)	(3,303)	(3,078)	(2,336)	(2,138)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 217,322	\$ 210,951	\$ 204,451	\$ 192,530	\$ 185,400	\$ 185,400
Contribution as a Percentage of						
Covered Payroll	1.66%	1.65%	1.62%	1.60%	1.26%	1.15%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited – See accompanying independent auditors' report)

NOTE I – ACTUARIAL METHODS AND ASSUMPTIONS USED IN DETERMINING PENSION PLAN CONTRIBUTION RATES

The following actuarial methods and assumptions were used to determine contribution rates reported for the fiscal year ending September 30, 2019:

	<u>General Employees Plan</u>	<u>Fire Pension System</u>	<u>Police Officers' Retirement System</u>
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent Closed	Level Percent Closed	Level Percent Closed
Remaining Amortization Period	30 Years	30 Years	18 to 30 Years
Asset Valuation Method	5 Year Smoothed Market	5 Year Smoothed Market	5 Year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return	7.70%	7.50%	8.00%
Assumed Annual Salary Increase	3.00% to 8.00%	Service Based	5.03% to 10.67%
Inflation	2.50%	2.50%	3.50%
Cost-of-Living Adjustment (COLA)	N/A	(a)	2.00% (b)
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition	N/A	Experience-based table of rates that are specific to the type of eligibility condition
Mortality Rates	RP-2000 Combined Health Participant Mortality Table	RP-2000 Combined Health Participant Mortality Table	Female RP-2000 Generational 100% annuitant White Collar, Scale BB Male RP-2000 Generational 90% annuitant Blue Collar, Scale BB
Mortality Rate - Disabled	RP-2000 Combined Health Participant Mortality Table	RP-2000 Combined Disability Table	RP-2000 Disability Table
Valuation Date	10/01/17	10/01/17	10/01/17

(a) Benefit amount for benefits accrued prior to October 1, 2011 (frozen piece): Retirees receive a 2.0% per year cost-of-living adjustment (COLA) commencing three years after retiree's benefit payments have begun. Members hired after July 16, 2009 will not receive a COLA on the "prior service" piece. Benefit amount for benefits accrued on and after October 1, 2011 will receive no COLA.

(b) All benefits accrued after October 1, 2011 will not be subject to any cost of living adjustments.

CITY OF HOLLYWOOD, FLORIDA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE II – STEWARDSHIP AND ACCOUNTABILITY

BUDGETARY INFORMATION – Budgets are legally adopted for the General, Enterprise and Internal Service Funds. Budgets are adopted on a basis consistent with generally accepted accounting principles. The level of budgetary control is the department. The City Manager is authorized to transfer budgeted amounts within departments. Revisions increasing or decreasing the total budget for a department or fund require City Commission approval. The City has supplemental appropriations in the General Fund and in both CRA Funds. Appropriations in annually budgeted funds, except for amounts corresponding to outstanding encumbrances, lapse at year-end.

Multi-year project budgets are adopted for grants reported in the Special Revenue Funds and for authorized capital improvements reported in the Capital Projects Fund. Accordingly, the Special Revenue and Capital Projects Funds have been excluded from budget versus actual presentation except for the Beach Community Redevelopment Agency and the Downtown Community Redevelopment Agency that have legally adopted annual operating budgets.

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Supplementary Information

NONMAJOR GOVERNMENTAL FUNDS

The City's nonmajor governmental funds are comprised of the following fund types and funds:

SPECIAL REVENUE FUNDS

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

SPECIAL PROGRAMS FUND - This fund accounts for federal, state and local governments program grants and other restricted sources.

LAW ENFORCEMENT FORFEITURE FUND - This fund accounts for confiscated monies and property awarded to the City for law enforcement related expenditures as stipulated by State Statutes.

POLICE GRANTS FUND - This fund accounts for various grants awarded to the City for police related activities.

EMERGENCY AND DISASTER FUND – This fund accounts for resources accumulated for emergency use in the event of a hurricane, fire, flood or other major disaster.

LOCAL HOUSING ASSISTANCE FUND - This fund accounts for loan programs financed by State Housing Initiatives Partnership (S.H.I.P.) program grants.

DEBT SERVICE FUNDS

Debt service funds are used to set aside resources to meet current and future debt service requirements on long-term debt of governmental funds.

DEBT SERVICE FUND – This fund accounts for accumulation of transfers from other funds and other revenues and payment of principal and interest on various Governmental Financing Commission loans.

GENERAL OBLIGATION BONDS SERIES 2005 – This fund accounts for revenues from ad valorem taxes and other revenues and payment of principal and interest on the City's 2005 general obligation bond issue.

GAS TAX CAPITAL PROJECTS FUND

This fund accounts for the construction of major capital improvements financed with proceeds from an excise tax imposed on sales of gasoline.

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CITY OF HOLLYWOOD, FLORIDA

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2019**

	Special Revenue Funds				
	Special Programs	Law Enforcement Forfeiture	Police Grants	Emergency and Disaster	Local Housing Assistance (S.H.I.P.)
ASSETS:					
Cash	\$ -	\$ 20,200	\$ -	\$ -	\$ -
Investments	8,299,490	2,593,275	-	-	1,385,086
Accounts Receivable - Net of Allowances	25,000	-	-	-	-
Notes Receivable - Net of Allowances	18,735,733	-	-	-	11,596,619
Due from Other Governments	161,961	59,274	164,389	9,573,366	-
Due from Other Governments:					
Restricted Assets:					
Assets Held for Sale	201,926	-	-	-	-
TOTAL ASSETS	\$ 27,424,110	\$ 2,672,749	\$ 164,389	\$ 9,573,366	\$ 12,981,705
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
LIABILITIES:					
Vouchers Payable	\$ 75,776	\$ 34,809	\$ -	\$ 8,474	\$ 62,898
Accrued Wages and Leave	11,650	-	-	-	-
Due to Other Funds	144,000	-	145,131	9,915,379	-
Unearned Revenue	1,633,269	-	-	-	454,646
Deposits Payable	312,281	15,695	-	-	-
Payable from Restricted Assets:					
Total Liabilities	2,176,976	50,504	145,131	9,923,853	517,544
DEFERRED INFLOWS OF RESOURCES:					
Unavailable or Advanced Revenue	19,003,949	-	132,328	9,364,011	11,596,618
FUND BALANCES:					
Restricted	6,015,588	2,622,245	-	-	867,543
Committed	190,671	-	-	-	-
Assigned	36,926	-	-	-	-
Unassigned	-	-	(113,070)	(9,714,498)	-
Total Fund Balances	6,243,185	2,622,245	(113,070)	(9,714,498)	867,543
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 27,424,110	\$ 2,672,749	\$ 164,389	\$ 9,573,366	\$ 12,981,705

Debt Service Funds			
Debt Service Fund	General Obligation Bonds Series 2005	Gas Tax Capital Projects	Total
\$ -	\$ -	\$ -	\$ 20,200
1,517,736	353,956	4,395,350	18,544,893
-	-	-	25,000
-	-	-	30,332,352
-	-	480,077	10,439,067
-	-	-	201,926
<u>\$ 1,517,736</u>	<u>\$ 353,956</u>	<u>\$ 4,875,427</u>	<u>\$ 59,563,438</u>
\$ -	\$ -	\$ 2,138	\$ 184,095
-	-	-	11,650
-	-	-	10,204,510
-	-	-	2,087,915
-	-	-	327,976
-	-	2,138	12,816,146
-	-	-	40,096,906
-	353,956	4,873,289	14,732,621
-	-	-	190,671
1,517,736	-	-	1,554,662
-	-	-	(9,827,568)
<u>1,517,736</u>	<u>353,956</u>	<u>4,873,289</u>	<u>6,650,386</u>
<u>\$ 1,517,736</u>	<u>\$ 353,956</u>	<u>\$ 4,875,427</u>	<u>\$ 59,563,438</u>

CITY OF HOLLYWOOD, FLORIDA

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	Special Revenue Funds				
	Special Programs	Law Enforcement Forfeiture	Police Grants	Emergency and Disaster	Local Housing Assistance (S.H.I.P.)
REVENUES:					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	5,219,397	-	386,570	581,832	1,234,717
Charges for Services	318,305	-	-	-	-
Fines and Forfeitures	-	159,317	-	-	-
Investment Revenue	94,855	60,668	-	(228,726)	39,235
Miscellaneous	111,354	-	-	745	-
Total Revenues	<u>5,743,911</u>	<u>219,985</u>	<u>386,570</u>	<u>353,851</u>	<u>1,273,952</u>
EXPENDITURES:					
Current:					
General Government	1,958	-	-	-	-
Public Safety	493,593	700,511	268,510	-	-
Transportation	14,358	-	-	-	-
Economic Environment	1,321,186	-	-	-	1,273,954
Culture and Recreation	682,858	-	-	-	-
Emergency and Disaster Relief	-	-	-	239,140	-
Other	10,608	-	-	-	-
Capital Outlay:					
Debt Service:					
Public Safety	14,288	48,807	123,763	-	-
Transportation	-	-	-	-	-
Principal	390,232	-	-	-	-
Interest and Fiscal Charges	26,095	-	-	-	-
Total Expenditures	<u>2,955,176</u>	<u>749,318</u>	<u>392,273</u>	<u>239,140</u>	<u>1,273,954</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,788,735</u>	<u>(529,333)</u>	<u>(5,703)</u>	<u>114,711</u>	<u>(2)</u>

Debt Service Funds			
Debt Service Fund	General Obligation Bonds Series 2005	Gas Tax Capital Projects	Total
\$ -	\$ 3,680,051	\$ -	\$ 3,680,051
-	-	2,773,464	10,195,980
-	-	-	318,305
-	-	-	159,317
42,712	36,036	72,581	117,361
-	-	-	112,099
42,712	3,716,087	2,846,045	14,583,113
-	-	-	1,958
-	-	-	1,462,614
-	-	-	14,358
-	-	-	2,595,140
-	-	-	682,858
-	-	-	239,140
-	-	-	10,608
-	-	-	186,858
-	-	275,772	275,772
3,108,788	2,580,000	-	6,079,020
1,684,392	1,064,318	-	2,774,805
4,793,180	3,644,318	275,772	14,323,131
(4,750,468)	71,769	2,570,273	259,982

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CITY OF HOLLYWOOD, FLORIDA

(Continued)

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Special Revenue Funds				
	Special Programs	Law Enforcement Forfeiture	Police Grants	Emergency and Disaster	Local Housing Assistance (S.H.I.P.)
OTHER FINANCING SOURCES (USES):					
Transfers In:					
Transfers In	10,454	-	-	-	-
Total Transfers In	10,454	-	-	-	-
Transfers Out:					
Transfers Out	(259,142)	-	-	-	-
Total Transfers Out	(259,142)	-	-	-	-
Sale of Assets	1,092,115	-	11,698	-	-
Total Other Financing Sources (Uses)	843,427	-	11,698	-	-
Change in Fund Balances	3,632,162	(529,333)	5,995	114,711	(2)
Fund Balances - Beginning	2,611,023	3,151,578	(119,065)	(9,829,209)	867,545
Fund Balances - Ending	<u>\$ 6,243,185</u>	<u>\$ 2,622,245</u>	<u>\$ (113,070)</u>	<u>\$ (9,714,498)</u>	<u>\$ 867,543</u>

Debt Service Funds			
Debt Service Fund	General Obligation Bonds Series 2005	Gas Tax Capital Projects	Total
5,170,616	-	-	5,181,070
5,170,616	-	-	5,181,070
-	-	(590,343)	(849,485)
-	-	(590,343)	(849,485)
-	-	-	1,103,813
5,170,616	-	(590,343)	5,435,398
420,148	71,769	1,979,930	5,695,380
1,097,588	282,187	2,893,359	955,006
<u>\$ 1,517,736</u>	<u>\$ 353,956</u>	<u>\$ 4,873,289</u>	<u>\$ 6,650,386</u>

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NONMAJOR ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the City Commission is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the periodic determination of net income is appropriate for accountability purposes.

STORMWATER UTILITY FUND - This fund accounts for fees and charges related to the operation and maintenance of a stormwater management system.

GOLF ENTERPRISE FUND - This fund accounts for the operations and rental payments of City owned golf courses.

RECORDS PRESERVATION FUND – This fund accounts for resources accumulated to defray the cost of maintaining city-wide records management and preservation activities.

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CITY OF HOLLYWOOD, FLORIDA
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	<u>Stormwater Utility</u>	<u>Golf Enterprise</u>	<u>Records Preservation</u>	<u>Total</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:				
ASSETS:				
CURRENT ASSETS:				
Cash	\$ -	\$ 100,000	\$ 30	\$ 100,030
Investments	11,283,013	-	217,378	11,500,391
Accounts Receivable - Net of Allowances	534,490	267	-	534,757
Total Current Assets	<u>11,817,503</u>	<u>100,267</u>	<u>217,408</u>	<u>12,135,178</u>
NONCURRENT ASSETS:				
Capital Assets:				
Land	-	962,122	-	962,122
Buildings	-	2,935,048	-	2,935,048
Improvements	8,688,096	3,826,887	-	12,514,983
Machinery and Equipment	133,754	1,417,206	-	1,550,960
Accumulated Depreciation	(3,598,614)	(7,675,528)	-	(11,274,142)
Total Noncurrent Assets	<u>5,223,236</u>	<u>1,465,735</u>	<u>-</u>	<u>6,688,971</u>
Total Assets	<u>17,040,739</u>	<u>1,566,002</u>	<u>217,408</u>	<u>18,824,149</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred Outflow - General Employee Pension	792,160	82,669	-	874,829
Deferred Outflow for OPEB	754,864	142,569	-	897,433
Total Deferred Outflows of Resources	<u>1,547,024</u>	<u>225,238</u>	<u>-</u>	<u>1,772,262</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>18,587,763</u>	<u>1,791,240</u>	<u>217,408</u>	<u>20,596,411</u>

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CITY OF HOLLYWOOD, FLORIDA

(Continued)

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Stormwater Utility	Golf Enterprise	Records Preservation	Total
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:				
LIABILITIES:				
CURRENT LIABILITIES:				
Vouchers Payable	\$ 61,135	\$ 123,406	\$ 9,658	\$ 194,199
Accrued Wages and Leave	19,001	-	-	19,001
Compensated Absences	52,045	-	-	52,045
Construction Contracts	22,242	-	-	22,242
Due to Other Funds	-	1,739,105	-	1,739,105
Due to Other Governments	-	4,239	-	4,239
Interest Payable	8,466	-	-	8,466
Deposits Payable	-	27,272	-	27,272
Loans Payable	80,772	-	-	80,772
Total Current Liabilities	<u>243,661</u>	<u>1,894,022</u>	<u>9,658</u>	<u>2,147,341</u>
NONCURRENT LIABILITIES:				
Compensated Absences	50,264	-	-	50,264
Loans Payable	824,140	-	-	824,140
Other Postemployment Benefits Liability	5,019,075	295,240	-	5,314,315
Net Pension Liability - General Employee	2,518,273	262,805	-	2,781,078
Total Noncurrent Liabilities	<u>8,411,752</u>	<u>558,045</u>	<u>-</u>	<u>8,969,797</u>
Total Liabilities	<u>8,655,413</u>	<u>2,452,067</u>	<u>9,658</u>	<u>11,117,138</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred Inflow - General Employee Pension	289,431	79,971	-	369,402
Deferred Inflow for OPEB	182,099	9,761	-	191,860
Total Deferred Inflows of Resources	<u>471,530</u>	<u>89,732</u>	<u>-</u>	<u>561,262</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>9,126,943</u>	<u>2,541,799</u>	<u>9,658</u>	<u>11,678,400</u>
NET POSITION:				
Net Investment in Capital Assets	4,296,082	1,465,735	-	5,761,817
Unrestricted (Deficit)	5,164,738	(2,216,294)	207,750	3,156,194
TOTAL NET POSITION	<u>\$ 9,460,820</u>	<u>\$ (750,559)</u>	<u>\$ 207,750</u>	<u>\$ 8,918,011</u>

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CITY OF HOLLYWOOD, FLORIDA

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Stormwater Utility	Golf Enterprise	Records Preservation	Total
OPERATING REVENUES:				
Charges for Sales and Services	\$ 3,176,917	\$ 1,735,151	\$ 40,926	\$ 4,952,994
Miscellaneous	-	273,982	-	273,982
Total Operating Revenues	<u>3,176,917</u>	<u>2,009,133</u>	<u>40,926</u>	<u>5,226,976</u>
OPERATING EXPENSES:				
Personal Services and Benefits	1,527,625	38,542	-	1,566,167
Supplies, Services and Claims	840,907	1,880,123	26,977	2,748,007
Depreciation	271,753	168,719	-	440,472
Total Operating Expenses	<u>2,640,285</u>	<u>2,087,384</u>	<u>26,977</u>	<u>4,754,646</u>
Operating Income (Loss)	<u>536,632</u>	<u>(78,251)</u>	<u>13,949</u>	<u>472,330</u>
NONOPERATING REVENUES (EXPENSES):				
Investment Revenue	227,255	(38,377)	4,274	193,152
Interest Expense	(29,681)	-	-	(29,681)
Gain/Loss on Disposals	-	(1,600)	-	(1,600)
Total Nonoperating Revenues (Expenses)	<u>197,574</u>	<u>(39,977)</u>	<u>4,274</u>	<u>161,871</u>
Income (Loss) Before Transfers	<u>734,206</u>	<u>(118,228)</u>	<u>18,223</u>	<u>634,201</u>
Transfers Out	(404,949)	(69,263)	-	(474,212)
Total Transfers Out	<u>(404,949)</u>	<u>(69,263)</u>	<u>-</u>	<u>(474,212)</u>
Change in Net Position	329,257	(187,491)	18,223	159,989
Net Position - Beginning	<u>9,131,563</u>	<u>(563,068)</u>	<u>189,527</u>	<u>8,758,022</u>
Net Position - Ending	<u>\$ 9,460,820</u>	<u>\$ (750,559)</u>	<u>\$ 207,750</u>	<u>\$ 8,918,011</u>

CITY OF HOLLYWOOD, FLORIDA

**NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<u>Stormwater Utility</u>	<u>Golf Enterprise</u>	<u>Records Preservation</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers, Employees and Other Governments	\$ 3,201,223	\$ 2,001,596	\$ 40,926	\$ 5,243,745
Payments to Suppliers for Goods and Services	(979,022)	(1,873,655)	(17,319)	(2,869,996)
Payments to Employees for Services	(1,466,121)	(86,760)	-	(1,552,881)
Payments for interfund services used	-	79,330	-	79,330
Net Cash Provided (Used) by Operating Activities	<u>756,080</u>	<u>120,511</u>	<u>23,607</u>	<u>900,198</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers Out	<u>(404,949)</u>	<u>(69,263)</u>	<u>-</u>	<u>(474,212)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(404,949)</u>	<u>(69,263)</u>	<u>-</u>	<u>(474,212)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal Paid on Bonds, Notes and Equipment Contracts	(78,293)			(78,293)
Interest Paid on Bonds, Notes and Equipment Contracts	(30,300)			(30,300)
Acquisition and Construction of Capital Assets	<u>(470,292)</u>	<u>(12,871)</u>		<u>(483,163)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(578,885)</u>	<u>(12,871)</u>	<u>-</u>	<u>(591,756)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from Sale and Maturities of Investment Revenue	<u>227,255</u>	<u>(38,377)</u>	<u>4,274</u>	<u>193,152</u>
Net Cash Provided (Used) by Investing Activities	<u>227,255</u>	<u>(38,377)</u>	<u>4,274</u>	<u>193,152</u>
Net Increase (Decrease) in Cash and Investments	(499)	-	27,881	27,382
Cash and Investments - beginning of year	<u>11,283,512</u>	<u>100,000</u>	<u>189,527</u>	<u>11,573,039</u>
Cash and Investments - end of year	<u>\$ 11,283,013</u>	<u>\$ 100,000</u>	<u>\$ 217,408</u>	<u>\$ 11,600,421</u>

(Continued)

CITY OF HOLLYWOOD, FLORIDA

**NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018**

	<u>Stormwater Utility</u>	<u>Golf Enterprise</u>	<u>Records Preservation</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ 536,632	\$ (78,251)	\$ 13,949	\$ 472,330
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	271,753	168,719	-	440,472
Provision for Uncollectible Accounts	(6,061)	-	-	(6,061)
Pension Expense Adjustment	(91,068)	(84,870)	-	(175,938)
OPEB Expense Adjustment	180,699	36,652	-	217,351
Change in Assets, Liabilities and Deferred Inflows/Outflows:				
(Increase) Decrease in Accounts Receivable	30,366	(5,640)	-	24,726
(Increase) Decrease in Due from Other Funds	-	317	-	317
(Increase) Decrease in Due from Other Governments	-	79,330	-	79,330
Increase (Decrease) in Vouchers Payable	(138,115)	6,151	9,658	(122,306)
Increase (Decrease) in accrued expenses	(28,126)	-	-	(28,126)
Increase (Decrease) in Deposits Payable	-	(1,897)	-	(1,897)
Total Adjustments	<u>219,448</u>	<u>198,762</u>	<u>9,658</u>	<u>427,868</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 756,080</u>	<u>\$ 120,511</u>	<u>\$ 23,607</u>	<u>\$ 900,198</u>

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INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis.

CENTRAL SERVICES FUND - This fund accounts for the operation of the central garage, archiving services, public relations services and information technology services..

INSURANCE FUND - This fund accounts for self insurance activities, including reserves, and employee health benefits as well as purchased insurance coverages for general, auto and property liability.

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CITY OF HOLLYWOOD, FLORIDA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Central Services	Insurance	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
ASSETS:			
CURRENT ASSETS:			
Cash	\$ 500	\$ 85,614	\$ 86,114
Investments	25,674,831	40,759,007	66,433,838
Accounts Receivable - Net of Allowances	43,158	24,757	67,915
Reinsurance Receivable	-	290,479	290,479
Inventories of Supplies	200,375	-	200,375
Total Current Assets	<u>25,918,864</u>	<u>41,159,857</u>	<u>67,078,721</u>
NONCURRENT ASSETS:			
Prepaid Items	-	56,156	56,156
Capital Assets:			
Buildings	1,141,350	-	1,141,350
Machinery and Equipment	46,749,704	-	46,749,704
Accumulated Depreciation	<u>(38,373,713)</u>	<u>-</u>	<u>(38,373,713)</u>
Total Noncurrent Assets	<u>9,517,341</u>	<u>56,156</u>	<u>9,573,497</u>
Total Assets	<u>35,436,205</u>	<u>41,216,013</u>	<u>76,652,218</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Outflow - General Employee Pension	4,479,793	563,603	5,043,396
Deferred Outflow for OPEB	<u>3,374,685</u>	<u>371,469</u>	<u>3,746,154</u>
Total Deferred Outflows of Resources	<u>7,854,478</u>	<u>935,072</u>	<u>8,789,550</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>43,290,683</u>	<u>42,151,085</u>	<u>85,441,768</u>

(Continued)

CITY OF HOLLYWOOD, FLORIDA

(continued)

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Central Services	Insurance	Total
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
LIABILITIES:			
CURRENT LIABILITIES:			
Vouchers Payable	1,240,274	16,657	1,256,931
Accrued Wages and Leave	127,140	9,951	137,091
Compensated Absences	199,287	57,510	256,797
Interest Payable	154,017	-	154,017
Claims Payable	-	5,202,836	5,202,836
Construction Contracts	1,056,612	-	1,056,612
Bonds Payable - Net	58,880	-	58,880
Capital Lease Obligations	1,208,884	-	1,208,884
Loans Payable	39,492	-	39,492
Total Current Liabilities	4,084,586	5,286,954	9,371,540
NONCURRENT LIABILITIES:			
Compensated Absences	520,386	-	520,386
Claims Payable	-	9,200,989	9,200,989
Bonds Payable - Net	3,941,688	-	3,941,688
Capital Lease Obligations	3,945,614	-	3,945,614
Loans Payable	82,233	-	82,233
Other Postemployment Benefits Liability	22,438,218	2,361,918	24,800,136
Net Pension Liability - General Employee	14,241,245	1,657,167	15,898,412
Total Noncurrent Liabilities	45,169,384	13,220,074	58,389,458
Total Liabilities	49,253,970	18,507,028	67,760,998
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflow - General Employee Pension	1,505,260	43,237	1,548,497
Deferred Inflow for OPEB	5,103,192	78,090	5,181,282
Total Deferred Inflows of Resources	6,608,452	121,327	6,729,779
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	55,862,422	18,628,355	74,490,777
NET POSITION			
Unrestricted (Deficit)	(12,571,739)	23,522,730	10,950,991
TOTAL NET POSITION	\$ (12,571,739)	\$ 23,522,730	\$ 10,950,991

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CITY OF HOLLYWOOD, FLORIDA

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<u>Central Services</u>	<u>Insurance</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for Sales and Services	\$ 19,485,276	\$ 49,034,932	\$ 68,520,208
Miscellaneous	<u>51,092</u>	<u>3,448,820</u>	<u>3,499,912</u>
Total Operating Revenues	<u>19,536,368</u>	<u>52,483,752</u>	<u>72,020,120</u>
OPERATING EXPENSES:			
Personal Services and Benefits	7,020,248	844,848	7,865,096
Supplies, Services and Claims	8,733,804	44,242,415	52,976,219
Depreciation	<u>3,344,136</u>	<u>-</u>	<u>3,344,136</u>
Total Operating Expenses	<u>19,098,188</u>	<u>45,087,263</u>	<u>64,185,451</u>
Operating Income (Loss)	<u>438,180</u>	<u>7,396,489</u>	<u>7,834,669</u>
NONOPERATING REVENUES (EXPENSES):			
Investment Revenue	479,344	717,577	1,196,921
Interest Expense	(323,614)	-	(323,614)
Gain/Loss on Disposals	137,601	-	137,601
Other Income (Expense)	<u>450,233</u>	<u>-</u>	<u>450,233</u>
Total Nonoperating Revenues	<u>743,564</u>	<u>717,577</u>	<u>1,461,141</u>
Income (Loss) Before Capital Contributions and Transfers	<u>1,181,744</u>	<u>8,114,066</u>	<u>9,295,810</u>
CONTRIBUTIONS:			
Capital Contributions	1,001,610	-	1,001,610
TRANSFERS IN (OUT):			
Transfers In:			
Transfers In	<u>2,862,000</u>	<u>-</u>	<u>2,862,000</u>
Total Transfers In	<u>2,862,000</u>	<u>-</u>	<u>2,862,000</u>
Transfers Out:			
Transfers Out	<u>(328,390)</u>	<u>-</u>	<u>(328,390)</u>
Total Transfers In (Out)	<u>(328,390)</u>	<u>-</u>	<u>(328,390)</u>
Change in Net Position	4,716,964	8,114,066	12,831,030
Net Position - Beginning	<u>(17,288,703)</u>	<u>15,408,664</u>	<u>(1,880,039)</u>
Net Position - Ending	<u><u>\$ (12,571,739)</u></u>	<u><u>\$ 23,522,730</u></u>	<u><u>\$ 10,950,991</u></u>

CITY OF HOLLYWOOD, FLORIDA

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	<u>Central Services</u>	<u>Insurance</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers and Employees	\$ 19,493,210	\$ 53,707,554	\$ 73,200,764
Cash Received from Other Funds	-	-	-
Payments to Suppliers for Goods and Services	(8,189,439)	(9,096,290)	(17,285,729)
Payments to Employees for Services	(7,434,737)	(782,447)	(8,217,184)
Other Operating Receipts (Payments)	-	(35,552,747)	(35,552,747)
Net Cash Provided (Used) by Operating Activities	<u>3,869,034</u>	<u>8,276,070</u>	<u>12,145,104</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers In	2,862,000	-	2,862,000
Transfers Out	<u>(328,390)</u>	<u>-</u>	<u>(328,390)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>2,533,610</u>	<u>-</u>	<u>2,533,610</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from Sale of Capital Assets	137,601	-	137,601
Principal Paid on Other Borrowings	(1,338,456)	-	(1,338,456)
Interest Paid on Other Borrowing	(385,469)	-	(385,469)
Acquisition and Construction of Capital Assets	<u>(3,312,536)</u>	<u>-</u>	<u>(3,312,536)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(4,898,860)</u>	<u>-</u>	<u>(4,898,860)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment Revenue	<u>479,344</u>	<u>717,577</u>	<u>1,196,921</u>
Net Cash Provided (Used) by Investing Activities	<u>479,344</u>	<u>717,577</u>	<u>1,196,921</u>
Net Increase (Decrease) in Cash and Investments	1,983,128	8,993,647	10,976,775
Cash and Investments - beginning of year	<u>23,692,203</u>	<u>31,850,974</u>	<u>55,543,177</u>
Cash and Investments- end of year	<u><u>\$ 25,675,331</u></u>	<u><u>\$ 40,844,621</u></u>	<u><u>\$ 66,519,952</u></u>

(Continued)

CITY OF HOLLYWOOD, FLORIDA

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

	<u>Central Services</u>	<u>Insurance</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ 438,180	\$ 7,396,489	\$ 7,834,669
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided/(used) by Operating Activities:			
Depreciation	3,344,136	-	3,344,136
Pension Expense Adjustment	(383,819)	9,853	(373,966)
OPEB Expense Adjustment	21,127	100,411	121,538
Change in Assets, Liabilities and Deferred Inflows/Outflows:			
(Increase) Decrease in Accounts Receivable	(43,158)	1,223,803	1,180,645
(Increase) Decrease in Inventory	(57,196)	-	(57,196)
(Increase) Decrease in Prepaid Expense	-	(56,156)	(56,156)
Increase (Decrease) in Vouchers Payable	601,560	(409,941)	191,619
Increase (Decrease) in Accrued Wages and Leave	(51,796)	(47,864)	(99,660)
Increase (Decrease) in Claims Payable		59,475	59,475
Total Adjustments	<u>3,430,854</u>	<u>879,581</u>	<u>4,310,435</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,869,034</u>	<u>\$ 8,276,070</u>	<u>\$ 12,145,104</u>
NONCASH CAPITAL FINANCING ACTIVITIES:			
Changes in deferred refunding costs	\$ 60,075	\$ -	\$ 60,075
Capital Contributions	1,001,610	-	1,001,610
Total Noncash Capital Financing Activities	<u>\$ 1,061,685</u>	<u>\$ -</u>	<u>\$ 1,061,685</u>

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FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the City.

GENERAL EMPLOYEES' RETIREMENT FUND - To account for the accumulation of resources and benefit payments for the pension plan for general employees.

FIRE PENSION FUND - To account for the accumulation of resources and benefit payments for the pension plan for fire personnel.

POLICE RETIREMENT FUND - To account for the accumulation of resources and benefit payments for the pension plan for police personnel.

CITY OF HOLLYWOOD, FLORIDA

**FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2019**

	<u>General Employees Retirement</u>	<u>Fire Pension Fund</u>	<u>Police Retirement Fund</u>	<u>Total Pension Plans</u>
ASSETS:				
Investments				
U.S. Government Securities	\$ -	\$ 18,454,845	\$ 21,965,599	\$ 40,420,444
Money Market Funds	8,383,368	-	14,132,837	22,516,205
Corporate Equities	14,174,422	162,262,112	179,756,213	356,192,747
Corporate Bonds and Other	-	35,807,509	51,617,001	87,424,510
Mutual Funds	232,653,241	39,927,321	42,612,147	315,192,709
Pooled Investment Funds	85,947,810	1,244,918	-	87,192,728
Total Investments	<u>341,158,841</u>	<u>257,696,705</u>	<u>310,083,797</u>	<u>908,939,343</u>
Contributions Receivable	-	-	7,379,064	7,379,064
Interest Receivable	26,413	267,763	640,306	934,482
Accounts Receivable	155,408	4,848	1,100,647	1,260,903
Intergovernmental Revenue: State excise tax rebate	-	1,467,281	-	1,467,281
Prepaid Items	<u>139,578</u>	<u>8,042</u>	<u>2,433,707</u>	<u>2,581,327</u>
 TOTAL ASSETS	 <u>341,480,240</u>	 <u>259,444,639</u>	 <u>321,637,521</u>	 <u>922,562,400</u>
LIABILITIES:				
Vouchers Payable	7,974,140	393,072	69,985	8,437,197
Voucher Payable - Purchase of Investment	-	-	84,049	84,049
Due to Brokers	<u>119,555</u>	<u>5,036,660</u>	<u>-</u>	<u>5,156,215</u>
 TOTAL LIABILITIES	 <u>8,093,695</u>	 <u>5,429,732</u>	 <u>154,034</u>	 <u>13,677,461</u>
NET POSITION:				
Restricted for Pension Benefits	<u>\$ 333,386,545</u>	<u>\$ 254,014,907</u>	<u>\$ 321,483,487</u>	<u>\$ 908,884,939</u>

CITY OF HOLLYWOOD, FLORIDA

**FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	General Employees Retirement	Fire Pension Fund	Police Retirement Fund	Total Pension Plans
ADDITIONS:				
Contributions:				
City	\$ 26,904,543	\$ 21,565,951	\$ 24,446,359	\$ 72,916,853
Local	26,734	-	7,379,064	7,405,798
Members	3,561,448	1,531,168	3,329,431	8,422,047
Total Contributions	<u>30,492,725</u>	<u>23,097,119</u>	<u>35,154,854</u>	<u>88,744,698</u>
State Excise Tax Rebate	-	1,467,281	-	1,467,281
Investment Income:				
Net Increase in Fair Value of Plan Investments	9,259,446	4,641,126	6,187,885	20,088,457
Interest and Dividends	5,344,656	3,333,713	6,494,048	15,172,417
	<u>14,604,102</u>	<u>7,974,839</u>	<u>12,681,933</u>	<u>35,260,874</u>
Less: Investment Expense	(732,216)	(1,167,786)	(1,517,733)	(3,417,735)
Net Investment Income	<u>13,871,886</u>	<u>6,807,053</u>	<u>11,164,200</u>	<u>31,843,139</u>
Other Income	-	-	61,794	61,794
Total Additions	<u>44,364,611</u>	<u>31,371,453</u>	<u>46,380,848</u>	<u>122,116,912</u>
DEDUCTIONS:				
Pension Benefits	40,890,788	25,128,479	30,099,345	96,118,612
Refund of Contributions	539,713	18,839	112,089	670,641
Administrative Expenses	724,049	691,571	714,919	2,130,539
Total Deductions	<u>42,154,550</u>	<u>25,838,889</u>	<u>30,926,353</u>	<u>98,919,792</u>
Change in Net Position	2,210,061	5,532,564	15,454,495	23,197,120
Net Position Restricted for Pension Benefits - Beginning of Year	<u>331,176,484</u>	<u>248,482,343</u>	<u>306,028,992</u>	<u>885,687,819</u>
Net Position Restricted for Pension Benefits - End of Year	<u><u>\$ 333,386,545</u></u>	<u><u>\$ 254,014,907</u></u>	<u><u>\$ 321,483,487</u></u>	<u><u>\$ 908,884,939</u></u>

CITY OF HOLLYWOOD, FLORIDA

INDEX TO STATISTICAL SECTION (Unaudited – See accompanying independent auditors' report)

This part of the City of Hollywood'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 says about the City's overall financial health.

	<u>Page No.</u>
FINANCIAL TRENDS	171-182
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	183-189
These schedules contain information to help the reader assess the government's most significant tax revenue sources, and in particular property taxes.	
DEBT CAPACITY	190-194
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.	
DEMOGRAPHIC AND ECONOMIC INFORMATION	195-196
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	197-204
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

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

CITY OF HOLLYWOOD, FLORIDA

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(\$ in thousands)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015 (1)</u>
GOVERNMENTAL ACTIVITIES:					
Net Investment in Capital Assets	\$ 69,416	\$ 71,886	\$ 65,894	\$ 65,085	\$ 63,650
Restricted	119,213	34,865	33,995	49,191	36,472
Unrestricted	<u>(830,648)</u>	<u>(779,606)</u>	<u>(451,440)</u>	<u>(457,116)</u>	<u>(440,035)</u>
Total Governmental Activities Net Position	<u>\$ (642,019)</u>	<u>\$ (672,855)</u>	<u>\$ (351,551)</u>	<u>\$ (342,840)</u>	<u>\$ (339,913)</u>
BUSINESS-TYPE ACTIVITIES:					
Net Investment in Capital Assets	\$ 219,044	\$ 186,154	\$ 164,263	\$ 145,990	\$ 125,409
Restricted	62,248	64,916	64,238	62,157	63,303
Unrestricted	<u>20,480</u>	<u>9,765</u>	<u>68,179</u>	<u>59,580</u>	<u>48,867</u>
Total Business-type Activities Net Position	<u>\$ 301,772</u>	<u>\$ 260,835</u>	<u>\$ 296,680</u>	<u>\$ 267,727</u>	<u>\$ 237,579</u>
PRIMARY GOVERNMENT:					
Net Investment in Capital Assets	\$ 288,460	\$ 258,040	\$ 230,157	\$ 211,075	\$ 189,059
Restricted	181,461	99,781	98,233	111,348	99,775
Unrestricted	<u>(810,168)</u>	<u>(769,841)</u>	<u>(383,261)</u>	<u>(397,536)</u>	<u>(391,168)</u>
Total Primary Government Net Position	<u>\$ (340,247)</u>	<u>\$ (412,020)</u>	<u>\$ (54,871)</u>	<u>\$ (75,113)</u>	<u>\$ (102,334)</u>

(1) As restated.

(2) Previously titled Invested in Capital Assets - Net of Related Debt

(3) Net Position previously titled Net Assets

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 58,658	\$ 54,284 (2)	\$ 55,803	\$ 55,606	\$ 53,304
37,383	35,220	34,097	31,892	30,695
(79,505)	(76,747)	(83,169)	(91,074)	(75,351)
<u>\$ 16,536</u>	<u>\$ 12,757</u> (3)	<u>\$ 6,731</u>	<u>\$ (3,576)</u>	<u>\$ 8,648</u>
\$ 121,880	\$ 105,450 (2)	\$ 98,007	\$ 93,968	\$ 96,902
61,237	54,816	51,281	40,377	28,035
63,610	60,044	47,901	43,195	33,088
<u>\$ 246,727</u>	<u>\$ 220,310</u> (3)	<u>\$ 197,189</u>	<u>\$ 177,540</u>	<u>\$ 158,025</u>
\$ 180,538	\$ 159,734 (2)	\$ 153,810	\$ 149,574	\$ 150,206
98,620	90,036	\$ 85,378	72,269	58,730
(15,895)	(16,703)	(35,268)	(47,879)	(42,263)
<u>\$ 263,263</u>	<u>\$ 233,067</u> (3)	<u>\$ 203,920</u>	<u>\$ 173,964</u>	<u>\$ 166,673</u>

CITY OF HOLLYWOOD, FLORIDA

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(\$ in thousands)**

	2019	2018	2017	2016
PRIMARY GOVERNMENT:				
EXPENSES:				
Governmental activities				
General government	\$ 64,445	\$ 34,331	\$ 36,963	\$ 37,369
Public safety	152,776	155,948	160,110	145,365
Public Works	16,012	13,047	15,400	15,566
Transportation	3,437	3,375	5,041	3,698
Economic Environment	6,602	6,767	6,641	6,143
Physical Environment	633	7,100	1,551	787
Culture and Recreation	15,386	14,851	14,815	14,970
Emergency and Disaster Relief & Other	239	7,002	3,293	-
Interest and Fiscal Charges	4,872	4,509	4,973	5,565
Total Governmental Activities	<u>264,402</u>	<u>246,930</u>	<u>248,787</u>	<u>229,463</u>
Business-type Activities:				
Water	29,721	27,276	29,604	27,398
Sewer	43,645	42,248	41,754	41,179
Sanitation	13,547	12,804	12,539	12,421
Stormwater	2,605	2,471	2,238	2,230
Golf	2,081	2,088	2,411	2,374
Parking	8,768	7,280	7,080	7,320
Other	27	34	28	6
Total Business-type Activities	<u>100,394</u>	<u>94,201</u>	<u>95,654</u>	<u>92,928</u>
Total Primary Government Expenditures	<u>\$ 364,796</u>	<u>\$ 341,131</u>	<u>\$ 344,441</u>	<u>\$ 322,391</u>
REVENUES:				
Governmental activities:				
Charges for services:				
General government	\$ 13,909	\$ 12,718	\$ 12,279	\$ 10,881
Public Safety	49,655	42,433	38,318	36,503
Public Works	259	251	244	206
Transportation	-	76	104	333
Economic Environment	2,629	2,904	1,581	1,949
Physical Environment	962	733	1,109	1,496
Culture and Recreation	1,436	1,447	1,470	1,558
Operating grants and Contributions	21,457	3,929	3,895	2,692
Capital Grants and Contributions	474	82	658	863
Total Governmental Activities	<u>90,781</u>	<u>64,573</u>	<u>59,658</u>	<u>56,481</u>
Business-type Activities:				
Water	38,887	40,425	41,050	39,757
Sewer	56,876	57,900	56,718	54,473
Sanitation	13,049	13,335	13,590	13,651
Stormwater	3,177	3,215	3,275	3,201
Golf	2,009	1,922	2,069	1,829
Parking	9,566	9,136	7,489	6,625
Other	41	34	40	30
Operating Grants and Contributions	-	47	-	-
Capital Grants and Contributions	2,968	2,802	2,731	4,808
Total Business-type Activities	<u>126,573</u>	<u>128,816</u>	<u>126,962</u>	<u>124,374</u>
Total Primary Government Revenues	<u>\$ 217,354</u>	<u>\$ 193,389</u>	<u>\$ 186,620</u>	<u>\$ 180,855</u>

	2015	2014	2013	2012	2011	2010
\$	26,828	\$ 26,525	\$ 25,874	\$ 19,740	\$ 22,678	\$ 30,650
	135,739	132,446	124,728	117,283	131,790	129,690
	13,647	14,238	13,752	11,332	12,937	14,853
	2,604	1,830	809	274	1,097	689
	22,407	10,025	5,018	8,383	6,469	3,592
	5,680	2,114	1,775	5,457	4,490	4,106
	14,460	14,966	15,039	15,748	17,113	13,455
	-	-	-	-	-	-
	7,034	7,689	8,021	9,153	9,488	9,744
	<u>228,399</u>	<u>209,833</u>	<u>195,016</u>	<u>187,370</u>	<u>206,062</u>	<u>206,779</u>
	24,353	26,367	25,293	24,977	25,314	25,200
	41,869	42,032	42,329	41,589	40,836	41,029
	11,501	11,393	11,765	12,339	13,408	14,948
	2,155	2,000	1,983	2,191	2,192	2,346
	2,474	2,910	2,912	2,878	3,211	3,450
	6,588	6,880	6,825	6,387	7,159	7,917
	4	-	22	-	23	4
	<u>88,944</u>	<u>91,582</u>	<u>91,129</u>	<u>90,361</u>	<u>92,143</u>	<u>94,894</u>
\$	<u>317,343</u>	<u>\$ 301,415</u>	<u>\$ 286,145</u>	<u>\$ 277,731</u>	<u>\$ 298,205</u>	<u>\$ 301,673</u>
\$	8,750	\$ 8,847	\$ 8,688	\$ 8,450	\$ 8,574	\$ 9,293
	38,024	39,196	35,367	34,431	30,260	29,918
	206	200	193	270	241	263
	312	1,500	-	-	-	-
	1,770	1,882	1,798	1,191	767	773
	335	1,174	267	412	200	253
	1,462	1,362	1,220	1,128	1,081	1,099
	2,013	7,078	7,905	8,402	11,545	11,221
	1,258	1,413	953	2,027	3,677	1,778
	<u>54,130</u>	<u>62,652</u>	<u>56,391</u>	<u>56,311</u>	<u>56,345</u>	<u>54,598</u>
	40,551	38,394	36,572	34,452	33,768	28,728
	58,975	55,481	53,577	51,258	49,647	44,635
	16,085	13,274	14,810	13,571	16,058	14,156
	3,245	3,333	3,191	3,313	3,043	3,321
	2,285	2,470	2,646	2,724	3,120	3,107
	6,604	6,588	6,540	6,518	8,375	6,536
	19	19	17	17	18	12
	29	29	197	232	417	1,272
	2,933	2,151	1,870	879	630	3,122
	<u>130,726</u>	<u>121,739</u>	<u>119,420</u>	<u>112,964</u>	<u>115,076</u>	<u>104,889</u>
\$	<u>184,856</u>	<u>\$ 184,391</u>	<u>\$ 175,811</u>	<u>\$ 169,275</u>	<u>\$ 171,421</u>	<u>\$ 159,487</u>

CITY OF HOLLYWOOD, FLORIDA

**CHANGES IN NET POSITION
LAST TEN FISCAL YEAR
(Accrual Basis of Accounting)
(\$ in thousands)**

	2019	2018	2017	2016
NET (EXPENSE) REVENUES:				
Governmental Activities	\$ (173,621)	\$ (182,357)	\$ (189,129)	\$ (172,982)
Business-type Activities	26,179	34,615	31,308	31,446
Total Primary Government Net (Expenses) Revenues	<u>\$ (147,442)</u>	<u>\$ (147,742)</u>	<u>\$ (157,821)</u>	<u>\$ (141,536)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:				
Governmental activities				
Property Taxes Levied for General Purpose	\$ 100,692	\$ 89,282	\$ 77,073	\$ 70,740
Property Taxes Levied for Debt Service	3,680	3,673	3,682	3,742
Property Taxes Incremental	31,082	35,366	32,512	29,790
Utility Service Taxes	20,673	21,004	20,629	20,324
Franchise Taxes	13,007	12,911	12,726	11,540
Sales Tax	10,080	10,137	9,563	10,254
Gas Tax	2,773	2,760	2,766	2,913
Local Business Tax	2,299	2,332	2,030	1,871
Contributions not Restricted to Specific Programs	8,025	7,843	7,025	6,984
Investment Revenue	4,435	2,881	1,268	932
Gain (loss) on sale of Capital Assets	729	-	-	-
Miscellaneous	14,751	3,138	2,411	6,790
Transfers	(7,772)	6,980	6,059	4,175
Total Governmental Activities	<u>204,456</u>	<u>198,307</u>	<u>177,744</u>	<u>170,055</u>
Business-type activities				
Investment Revenue	4,543	2,420	2,546	2,151
Miscellaneous	2,443	826	686	728
Transfers	7,772	(6,981)	(6,059)	(4,175)
Total Business-type Activities	<u>14,758</u>	<u>(3,735)</u>	<u>(2,827)</u>	<u>(1,296)</u>
Total Primary Government General Revenues and Other Changes in Net Position	<u>\$ 219,214</u>	<u>\$ 194,572</u>	<u>\$ 174,917</u>	<u>\$ 168,759</u>
CHANGE IN NET POSITION:				
Governmental Activities	30,835	15,950	(11,385)	(2,927)
Business-type Activities	40,937	30,880	28,481	30,149
Total Primary Government Change in Net Position	<u>\$ 71,772</u>	<u>\$ 46,830</u>	<u>\$ 17,096</u>	<u>\$ 27,222</u>

2015	2014	2013	2012	2011	2010
\$ (174,269) 41,782	\$ (147,181) 30,157	\$ (138,625) 28,291	\$ (131,059) 22,603	\$ (149,717) 22,933	\$ (152,181) 9,995
<u>\$ (132,487)</u>	<u>\$ (117,024)</u>	<u>\$ (110,334)</u>	<u>\$ (108,456)</u>	<u>\$ (126,784)</u>	<u>\$ (142,186)</u>
\$ 64,459 3,781 27,988 20,595 11,955 9,252 2,652 1,773	\$ 61,107 3,983 25,191 20,625 11,748 8,769 2,562 2,075	\$ 59,636 2,944 22,815 20,127 11,064 8,247 2,487 1,949	\$ 59,248 4,284 22,869 19,633 11,141 7,738 2,491 1,885	\$ 55,089 4,243 22,959 19,421 12,072 7,523 2,562 1,771	\$ 57,429 3,307 22,252 19,522 12,080 7,217 2,553 2,246
6,883 759 -	6,390 526 -	5,834 331 -	5,791 288 -	5,172 339 -	4,739 806 -
1,728 6,763	2,793 5,191	4,262 4,955	1,701 4,297	1,444 4,898	1,788 6,108
<u>158,588</u>	<u>150,960</u>	<u>144,651</u>	<u>141,366</u>	<u>137,493</u>	<u>140,047</u>
1,409 1,052 (6,763) (4,302)	501 950 (5,191) (3,740)	303 411 (4,955) (4,241)	315 1,028 (4,297) (2,954)	396 1,084 (4,898) (3,418)	568 629 (6,108) (4,911)
<u>\$ 154,286</u>	<u>\$ 147,220</u>	<u>\$ 140,410</u>	<u>\$ 138,412</u>	<u>\$ 134,075</u>	<u>\$ 135,136</u>
(15,681) 37,480	3,779 26,417	6,026 24,050	10,307 19,649	(12,224) 19,515	(12,134) 5,084
<u>\$ 21,799</u>	<u>\$ 30,196</u>	<u>\$ 30,076</u>	<u>\$ 29,956</u>	<u>\$ 7,291</u>	<u>\$ (7,050)</u>

CITY OF HOLLYWOOD, FLORIDA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(\$ in thousands)

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Utilities Service Taxes</u>	<u>Franchise Taxes</u>	<u>Sales Tax</u>	<u>Gas Tax</u>	<u>Local Business Tax</u>	<u>Total</u>
2019	\$ 135,454	\$ 20,673	\$ 13,007	\$ 10,080	\$ 2,773	\$ 2,299	\$ 184,287
2018	128,321	21,004	12,911	10,137	2,760	2,332	177,465
2017	113,267	20,629	12,726	9,563	2,766	2,030	160,981
2016	104,272	20,324	11,540	10,254	2,912	1,871	151,173
2015	96,227	20,595	11,955	9,252	2,651	1,773	142,453
2014	90,280	20,625	11,748	8,769	2,562	2,075	136,059
2013	85,395	20,127	11,064	8,246	2,487	1,949	129,268
2012	86,401	19,633	11,141	7,738	2,490	1,885	129,288
2011	82,291	19,421	12,072	7,523	2,562	1,771	125,640
2010	82,988	19,522	12,080	7,217	2,553	2,246	126,606

CITY OF HOLLYWOOD, FLORIDA

**FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(\$ in thousands)**

Fiscal Year	General Fund					
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total
2019	\$ 40	\$ 6,300	\$ 11,085	\$ 8,023	\$ 60,177	\$ 85,625
2018	37	-	9,483	4,984	57,592	72,096
2017	47	-	17,987	4,195	33,496	55,725
2016	34	-	15,983	2,806	30,854	49,677
2015	42	-	16,641	3,136	14,967	34,786
2014	7,506	-	15,875	7,446	14,311	45,138
2013	4,151	-	14,776	5,634	13,275	37,836
2012	6,090	-	13,294	1,086	4,787	25,257
2011	12	-	4,264	-	-	4,276

Fiscal Year	Other Governmental Funds						Total Governmental Funds
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total	
2019	\$ 1,132	\$ 112,182	\$ 330	\$ 6,702	\$ (9,828)	\$ 110,519	\$ 196,143
2018	-	51,187	5,205	2,076	(9,948)	48,520	120,616
2017	1,586	75,530	6,561	1,348	(2,990)	82,035	137,760
2016	2,042	75,779	5,909	3,298	-	87,028	136,705
2015	2,501	44,225	218	1,387	(191)	48,140	82,926
2014	915	60,399	5,659	2,241	-	69,214	114,352
2013	1,138	63,028	3,135	2,834	373	70,508	108,344
2012	1,114	62,427	3,865	1,901	(505)	68,802	94,059
2011	1,669	71,361	4,226	1,042	(158)	78,140	82,416

Fiscal Year	(1)				Other Governmental Funds				Total Governmental Funds
					Unreserved, Reported in:				
		General Fund			Special Revenue Funds	Debt Service Funds	Capital Projects Funds		
		Reserved	Unreserved	Total	Reserved				
2010		\$ 138	\$ 9,163	\$ 9,301	\$ 83,681	\$ 2,476	\$ 58	\$ -	\$ 95,516

(1) Information for fiscal years 2010 and prior was prepared to implementation of GASB 54 in 2011 and is presented in the format previously required and is not available on a comparable basis.

CITY OF HOLLYWOOD, FLORIDA

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(\$ in thousands)**

	2019	2018	2017	2016	2015
REVENUES:					
Property Taxes	\$ 121,538	\$ 112,390	\$ 98,520	\$ 90,697	\$ 84,028
Utilities Service Taxes	20,673	21,004	20,629	20,324	20,595
Franchise Taxes	13,007	12,878	12,726	11,540	11,955
Licenses and Permits	10,878	10,305	7,973	8,864	8,054
Intergovernmental	42,807	41,235	38,261	37,116	34,467
Charges for Services	59,582	50,182	48,187	44,915	44,010
Fines and Forfeits	159	1,284	61	424	1,659
Investment Revenue	3,238	2,062	1,006	628	486
Miscellaneous	14,663	3,261	3,023	5,860	1,651
Total Revenues	<u>286,545</u>	<u>254,601</u>	<u>230,386</u>	<u>220,368</u>	<u>206,905</u>
EXPENDITURES:					
Current:					
General Government	55,236	33,057	31,292	26,847	26,240
Public Safety	152,847	141,936	133,224	120,134	123,346
Public Works	12,921	12,229	12,144	10,977	12,114
Transportation	2,840	2,297	2,211	1,589	2,246
Economic Environment	5,992	3,826	3,455	2,990	19,427
Physical Environment	432	20	335	258	572
Culture and Recreation	11,698	11,411	10,538	9,835	11,093
Human Services	-	-	-	-	-
Emergency and Disaster Relief	239	7,002	3,293	-	-
Other	250	2,252	2,333	2,718	3,775
Capital Outlay:					
General Government	16,290	4,691	1,840	3,097	1,599
Public Safety	2,810	2,721	3,046	2,582	1,340
Transportation	1,573	1,719	5,358	3,402	3,624
Economic Environment	6	-	5	-	5
Physical Environment	4,524	7,607	4,080	718	7,625
Culture and Recreation	55	305	468	313	571
Debt Service:					
Principal	13,853	13,982	13,628	13,773	12,702
Interest and Fiscal Charges	5,696	5,576	6,213	8,974	7,864
Total Expenditures	<u>287,262</u>	<u>250,631</u>	<u>233,463</u>	<u>208,207</u>	<u>234,143</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(717)</u>	<u>3,970</u>	<u>(3,077)</u>	<u>12,161</u>	<u>(27,238)</u>

2014	2013	2012	2011	2010
\$ 78,931	\$ 75,318	\$ 76,240	\$ 70,359	\$ 70,936
20,625	20,127	19,729	19,650	19,751
11,749	11,064	11,141	12,072	12,080
6,688	5,952	5,416	5,148	5,511
37,515	36,183	37,025	41,260	38,080
45,188	41,804	41,108	36,580	36,446
774	307	484	567	496
284	112	104	119	438
3,110	5,033	2,039	3,327	3,569
<u>204,864</u>	<u>195,900</u>	<u>193,286</u>	<u>189,082</u>	<u>187,307</u>
22,104	19,950	18,453	22,225	22,972
118,827	111,088	102,345	115,648	114,653
11,975	11,443	9,062	10,466	12,440
2,028	496	285	319	598
8,981	4,291	5,850	5,365	4,593
1,565	1,529	2,171	2,027	3,502
10,479	10,049	10,724	10,869	9,303
52	57	53	75	73
-	-	-	-	-
2,447	3,748	1,291	4,258	5,920
2,065	158	1,663	549	82
1,341	1,538	4,557	4,292	7,798
881	792	370	2,185	1,492
3	3	1,018	1,404	21
671	1,057	7,009	7,285	2,595
444	150	515	4,519	3,082
20,097	11,716	24,147	10,296	9,922
7,591	7,907	9,122	9,201	9,039
<u>211,551</u>	<u>185,972</u>	<u>198,635</u>	<u>210,983</u>	<u>208,085</u>
<u>(6,687)</u>	<u>9,928</u>	<u>(5,349)</u>	<u>(21,901)</u>	<u>(20,778)</u>
				(Continued)

CITY OF HOLLYWOOD, FLORIDA

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(\$ in thousands)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
OTHER FINANCING SOURCES (USES):					
Issuance of Debt	\$ 70,738	\$ -	\$ 14,831	\$ 92,127	\$ 45,922
Retirement of Debt	-	-	(14,831)	(53,924)	(43,732)
Transfers In	14,593	13,246	12,143	15,352	16,783
Transfers Out	(11,220)	(7,600)	(8,011)	(11,937)	(12,817)
Sale of Assets	2,133	-	-	-	-
Total Other Financing Sources (Uses)	<u>76,244</u>	<u>5,646</u>	<u>4,132</u>	<u>41,618</u>	<u>6,156</u>
 Change in Fund Balances	 <u>\$ 75,527</u>	 <u>\$ 9,616</u>	 <u>\$ 1,055</u>	 <u>\$ 53,779</u>	 <u>\$ (21,082)</u>
 Debt Service as a Percentage of Noncapital Expenditures	 8.1%	 9.1%	 10.0%	 13.0%	 10.3%

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 7,965	\$ -	\$ 12,848	\$ -	\$ 9,229
-	-	-	-	-
14,182	13,643	13,915	31,411	18,978
(9,452)	(9,286)	(9,771)	(22,610)	(12,592)
-	-	-	-	-
<u>12,695</u>	<u>4,357</u>	<u>16,992</u>	<u>8,801</u>	<u>15,615</u>
<u>\$ 6,008</u>	<u>\$ 14,285</u>	<u>\$ 11,643</u>	<u>\$ (13,100)</u>	<u>\$ (5,163)</u>
15.5%	12.1%	22.1%	11.4%	10.9%

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CITY OF HOLLYWOOD, FLORIDA

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(\$ in thousands)

Fiscal Year	Property Taxes	Utilities Service Taxes	Franchise Taxes	Sales Tax	Gasoline Tax	Local Business Tax	Total
2019	\$ 121,538	\$ 20,673	\$ 13,007	\$ 10,080	\$ 2,773	\$ 2,299	\$ 170,370
2018	115,782	21,004	12,877	10,137	2,670	2,130	164,600
2017	98,520	20,629	12,726	9,563	2,677	1,931	146,046
2016	90,697	20,324	11,540	10,254	2,825	1,826	137,466
2015	84,028	20,595	11,955	9,252	2,569	1,723	130,122
2014	78,931	20,625	11,748	8,769	2,486	2,002	124,561
2013	75,318	20,127	11,064	8,246	2,412	1,881	119,048
2012	76,240	19,729	11,141	7,738	2,419	1,910	119,177
2011	70,359	19,650	12,072	7,523	2,488	1,949	114,041
2010	70,936	19,751	12,080	7,217	2,485	1,873	114,342

CITY OF HOLLYWOOD, FLORIDA

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(\$ in thousands)**

Fiscal Year	Real Property			Personal Property	Less:	Total Taxable Assessed Value
	Residential Property	Commercial Property	Other Property		Tax Exempt Property	
2019	\$ 16,191,585	\$ 6,431,406	\$ 4,764	\$ 1,547,857	\$ 7,702,624	\$ 16,472,988
2018	15,187,241	6,052,243	4,623	1,512,574	7,519,034	15,237,647
2017	13,978,049	5,650,080	4,469	627,053	7,075,271	13,184,380
2016	12,764,725	5,163,513	4,117	604,697	6,453,560	12,083,492
2015	11,607,318	4,829,226	4,137	595,229	5,880,337	11,155,573
2014	9,710,175	4,826,893	3,551	587,328	4,669,012	10,458,935
2013	9,039,943	4,754,324	3,139	656,880	4,361,073	10,093,213
2012	9,074,429	4,815,235	3,320	647,910	4,433,935	10,106,959
2011	9,175,890	4,977,610	3,224	649,744	4,387,855	10,418,613
2010	11,489,326	5,114,805	3,860	641,398	5,425,371	11,824,018

Source: Broward County Property Appraiser's Office.

(1) Includes tax exempt property.

Total Direct Tax Rate (mills)	Estimated Actual Taxable Value (1)	Assessed Value as a Percentage of Actual Value
7.6992	\$ 24,175,612	68.14 %
7.6992	22,756,682	66.96
7.7363	20,259,651	65.08
7.7677	18,537,052	65.19
7.8007	17,035,909	65.48
7.8436	15,127,947	69.14
7.7519	14,454,286	69.83
7.8928	14,540,895	69.51
7.1368	14,806,468	70.37
6.3375	17,249,389	68.55

CITY OF HOLLYWOOD, FLORIDA

PROPERTY TAX RATES DIRECT AND OVERLAPPING GOVERNMENTS LAST TEN FISCAL YEARS

Fiscal Year	City of Hollywood			Overlapping Rates (1)					
				Broward County			Broward County School District		
	Operating	Debt	Total	Operating	Debt	Total	Operating	Debt	Total
	Millage	Service	City	Millage	Service	County	Millage	Service	School
		Millage	Millage		Millage	Millage		Millage	Millage
2019	7.4665	0.2327	7.6992	5.4792	0.1898	5.6690	6.2750	0.1279	6.4029
2018	7.4479	0.2513	7.6992	5.4623	0.2067	5.6690	6.4740	0.0654	6.5394
2017	7.4479	0.2884	7.7363	5.4474	0.2216	5.6690	6.8360	0.0703	6.9063
2016	7.4479	0.3198	7.7677	5.4741	0.2489	5.7230	7.2030	0.0710	7.2740
2015	7.4479	0.3528	7.8007	5.4584	0.2646	5.7230	7.4380	0.0000	7.4380
2014	7.4479	0.3957	7.8436	5.4400	0.2830	5.7230	7.4800	0.0000	7.4800
2013	7.4479	0.3040	7.7519	5.2576	0.2954	5.5530	7.4560	0.0000	7.4560
2012	7.4479	0.4449	7.8928	5.1860	0.3670	5.5530	7.4180	0.0000	7.4180
2011	6.7100	0.4268	7.1368	5.1021	0.4509	5.5530	7.6310	0.0000	7.6310
2010	6.0456	0.2919	6.3375	4.8889	0.5000	5.3889	7.4310	0.0000	7.4310

Property Tax Rates: Expressed as mills per \$1,000 of taxable value.

Source: Broward County Property Appraiser.

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Hollywood. Not all overlapping rates apply to all City of Hollywood property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

(2) Hollywood tax district code 0543 and 0553 - excluding North Broward Hospital District.

(3) Hollywood tax district code 0534 - excluding South Broward Hospital District.

Special Districts	South Broward Hospital District	North Broward Hospital District	Total Direct and Overlapping Rates	
			(2)	(3)
0.8138	0.1414	1.0855	20.7263	21.6704
0.8302	0.1496	1.2483	20.8874	21.9861
0.8509	0.1615	1.3462	21.3240	22.5087
0.8753	0.1737	1.4425	21.8137	23.0825
0.9069	0.1863	1.5939	22.0549	23.4625
0.9337	0.4000	1.7554	22.3803	23.7357
0.9536	0.6000	1.8564	22.3145	23.5709
0.9497	0.7500	1.8750	22.5635	23.6885
1.1281	1.2732	1.8750	22.7221	23.3239
1.0828	1.2732	1.7059	21.5134	21.9461

CITY OF HOLLYWOOD, FLORIDA

PRINCIPAL TAXPAYERS CURRENT YEAR AND NINE YEARS AGO (\$ in thousands)

Taxpayer	Fiscal Year 2019	
	Taxable Assessed Value (1)	Percentage of Total City Taxable Assessed Value
Florida Power & Light Company	\$ 1,092,641	7.13 %
Diplomat Properties LTD Partnership	463,622	3.02
Margaritaville Hollywood Beach Resort	131,015	0.85
Michael Swerdlow Properties	127,904	0.83
Equity One Sheridan Plaza LLC	102,163	0.67
Parc Station Acquisition LLC	79,977	0.52
MHI Hospitality	66,623	0.43
Hollywood Beach LLC	54,900	0.36
CDR Presidential LLC	51,704	0.34
Windsor Hollywood LLC	50,429	0.33
Total Taxpayer	<u>\$ 2,220,978</u>	<u>14.49 %</u>
Total Taxable Assessed Value	<u>\$ 15,328,425</u>	

Taxpayer	Fiscal Year 2010	
	Taxable Assessed Value (2)	Percentage of Total City Taxable Assessed Value
Diplomat Properties LTD Partnership	\$ 263,242	2.23 %
Florida Power & Light Company	212,199	1.79
Michael Swerdlow Properties	113,340	0.96
Equity One LLC	89,303	0.76
Distribution Funding, Inc.	66,800	0.56
MHI/Carlyle Sian Owner I LLC	45,188	0.38
CDR Presidential LLC	44,500	0.38
Bell South Telecommunications	44,210	0.37
Metropolitan Life Insurance Company	42,999	0.36
WRI/Hollywood Hills LLC	41,878	0.35
Total Taxpayer	<u>\$ 963,659</u>	<u>8.14 %</u>
Total Taxable Assessed Value	<u>\$ 11,824,037</u>	

Source: Broward County Revenue Collector.

(1) Value of nonexempt real and personal property subject to taxation at January 1, 2017.

(2) Value of nonexempt real and personal property subject to taxation at January 1, 2008.

CITY OF HOLLYWOOD, FLORIDA

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEAR
(\$ in thousands)**

Fiscal Year	Total Tax Levy (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy Collected		Amount	Percentage of Levy Collected
2019	\$ 126,888	\$ 125,920	99.2	% \$ 8	\$ 125,928	99.2 %
2018	117,354	116,462	99.2	48	116,510	99.3
2017	102,701	102,044	99.4	57	102,101	99.4
2016	94,519	93,927	99.4	51	93,978	99.4
2015	87,700	87,011	99.2	73	87,084	99.3
2014	82,093	81,711	99.5	(348) (2)	81,363	99.1
2013	78,279	77,984	99.6	(295) (2)	77,689	99.2
2012	79,803	78,948	98.9	(273) (2)	78,675	98.6
2011	74,415	72,825	97.9	31	72,856	97.9
2010	74,996	73,313	97.8	938	74,251	99.0

(1) Source: Broward County Revenue Collector.

(2) Negative collections resulted from Broward County adjustments processed during fiscal year after initial levy.

CITY OF HOLLYWOOD, FLORIDA

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(\$ in thousands, except per capita amount)**

Fiscal Year	Governmental Activities						Bond Premium (Discount)
	General Obligation Bonds/Note	Capital Improvement Bonds and Loans	Capital Leases	Revenue Bonds and Loans (CRA's)	Other Loans and Notes		
2019	\$ 93,900	\$ 32,550	\$ 5,943	\$ 37,887	\$ 7,920	\$ 17,073	
2018	36,435	33,161	7,794	45,661	10,745	7,871	
2017	38,940	34,231	6,937	53,043	13,665	9,527	
2016	41,372	51,803	7,926	60,231	-	11,354	
2015	43,922	42,715	6,541	52,436	-	-	
2014	46,050	48,192	7,465	55,864	-	-	
2013	47,720	53,447	4,131	61,146	-	-	
2012	49,195	58,463	5,323	66,293	-	-	
2011	50,455	63,441	6,586	71,309	-	-	
2010	51,500	67,755	7,777	76,201	-	-	

Business-type Activities						
Water & Sewer Revenue Bonds	Other Loans and Notes	Capital Leases	Bond Premium (Discount)	Total Primary Government	Percentage of Personal Income	Per Capita
\$ 68,515	\$ 62,459	\$ 3,179	\$ 2,500	\$ 331,926	N/A %	\$ 2,245
75,054	61,499	5,246	3,477	286,943	6.41	1,925
81,229	66,111	6,173	4,599	314,455	7.58	2,136
87,119	71,320	7,115	5,853	344,093	8.61	2,354
89,020	78,585	7,990	6,242	327,451	8.57	2,259
103,070	73,323	8,802	1,959	344,725	9.15	2,389
110,595	68,701	9,106	2,197	357,043	9.52	2,481
117,780	67,424	9,703	(1,214)	372,967	9.87	2,620
124,645	70,594	10,340	(1,410)	395,960	10.53	2,810
131,205	70,647	10,896	(1,279)	414,702	10.66	2,912

CITY OF HOLLYWOOD, FLORIDA

**RATIOS OF GENERAL OBLIGATION BONDS/NOTES DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

(\$ in thousands, except per capita amount)

<u>Fiscal Year</u>	<u>General Obligation Bonds/Note</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Total Taxable Assessed Value of Property</u>	<u>Per Capita</u>
2019	\$ 93,900	\$ (1,517)	\$ 92,383	0.61 %	\$ 612
2018	36,435	(282)	36,153	0.27	243
2017	38,940	(233)	38,707	0.32	263
2016	41,372	(182)	41,190	0.34	282
2015	43,922	(129)	43,793	0.39	302
2014	46,050	(735)	45,315	0.43	314
2013	47,720	(685)	47,035	0.47	327
2012	49,195	(1,536)	47,659	0.47	335
2011	50,455	(895)	49,560	0.48	352
2010	51,500	(132)	51,368	0.43	361

CITY OF HOLLYWOOD, FLORIDA

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS
SEPTEMBER 30, 2019

Governmental Unit	Bonded Debt Outstanding	Applicable to City of Hollywood	
		Percent (1)	Amount
DIRECT DEBT:			
City of Hollywood:			
General Obligation	\$ 93,900,000	100.00 %	\$ 93,900,000
Non-Self-Supporting Revenue Debt	<u>101,372,635</u>	100.00	<u>101,372,635</u>
Total Direct Debt	<u>195,272,635</u>	100.00	<u>195,272,635</u>
OVERLAPPING DEBT:			
Broward County	164,580,000	9.00	14,812,200
Broward School District	<u>1,824,502,000</u>	9.00	<u>164,205,180</u>
Total Overlapping Debt	<u>1,989,082,000</u>		<u>179,017,380</u>
Total Direct and Overlapping Debt	<u>\$ 2,184,354,635</u>		<u>\$ 374,290,015</u>

Source: Taxing authority indicated.

(1) Percent of taxable value of property in Hollywood to taxable value of property in overlapping unit.

COMPUTATION OF LEGAL DEBT MARGIN
SEPTEMBER 30, 2019

The City has no legal debt margin requirement.

CITY OF HOLLYWOOD, FLORIDA

PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(\$ in thousands)

Fiscal Year	Water & Sewer Revenue Debt					
		Less:	Net			
		Operating	Available	Debt Service		
	Revenues (1)	Expenses (2)	Revenue (3)	Principal	Interest	Coverage
2019	\$ 99,616	\$ 52,652	\$ 46,964	\$ 12,726	\$ 4,971	2.74
2018	100,416	48,857	51,559	12,079	5,895	2.87
2017	100,108	47,581	52,527	11,260	6,676	2.93
2016	96,241	43,130	53,111	11,835	6,184	2.95
2015	100,875	42,327	58,548	12,255	7,341	2.99
2014	94,347	43,477	50,870	12,520	8,377	2.43
2013	90,477	42,632	47,845	11,957	8,347	2.35
2012	86,022	42,028	43,994	11,544	8,345	2.21
2011	84,178	42,331	41,847	11,167	8,835	2.09
2010	74,828	42,093	32,735	9,947	9,044	1.72

(1) Total operating and investment revenue.

(2) Total expense exclusive of depreciation.

(3) The terms, Revenues, Operating Expenses, and Principal and Interest Requirements are defined in Ordinance No. 0-91-44 and do not necessarily have the same meanings as under generally accepted accounting principles. Operating Expenses exclude payments in lieu of taxes to the City that approximated \$3.9 million in fiscal year 2009.

CITY OF HOLLYWOOD, FLORIDA

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (2) (\$ in thousands)	Per Capita Personal Income (2)	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
2019	150,878	N/A	N/A	N/A	19,251	3.5 %
2018	149,028	4,479,782	30,060	41.7	19,441	3.5
2017	147,212	4,148,729	28,182	42.1	19,360	4.3
2016	146,155	3,995,001	27,334	42.6	19,623	4.6
2015	144,926	3,819,815	26,357	41.9	20,238	5.3
2014	144,310	3,769,089	26,118	41.7	20,368	5.5
2013	143,935	3,752,242	26,069	41.7	20,172	6.3
2012	142,374	3,779,460	26,546	41.4	19,822	8.4
2011	140,930	3,759,449	26,676	40.7	19,752	10.0
2010	142,397	3,889,574	27,315	41.1	19,986	10.7

(1) Source: University of Florida, Bureau of Economic and Business Research.

(2) Source: U.S. Census Bureau (estimate).

(3) Source: Broward School District - for Hollywood.

(4) Source: U.S. Department of Labor, Bureau of Labor Statistics.

N/A: Not available at time of publication.

CITY OF HOLLYWOOD, FLORIDA

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

SEPTEMBER 30, 2019

<u>Employer</u>	<u>Employees</u>	<u>Product/ Business</u>	<u>Percentage of Employment</u>
Memorial Regional Hospital	4,124	Hospital	5.1 %
City of Hollywood	1,446	Government	1.8
Chewy	1,200	Pet Food Distributor	1.5
Publix Supermarkets	1,098	Supermarket Chain	1.4
Diplomat Resort & Spa	960	Hotel	1.4
Memorial Regional Hospital South	766	Hospital	0.9
Great Healthworks	430	Health Care Products	0.5
BrandsMart U.S.A.	351	Retail Consumer Electronics	0.4
Toyota of Hollywood	333	Property Management	0.4
HEICO Corporation	320	Aircraft Parts	0.4

SEPTEMBER 30, 2010

<u>Employer</u>	<u>Employees</u>	<u>Product/ Business</u>	<u>Percentage of Employment</u>
Memorial Healthcare System	4,617	Hospital	6.8 %
City of Hollywood	1,447	Government	1.8
Westin Diplomat Resort & Spa	960	Hotel	1.6
Memorial Regional Hospital South	513	Hospital	0.7
Angstrom Graphics/St. Ives	326	Printing Manufacturer	0.4
Toyota of Hollywood	320	Auto Dealership	0.4
HEICO Corporation	320	Aircraft Parts	0.4
Brandsmart U.S.A.	250	Retail Consumer Electronics	0.3
Laboratory Corp. of America	250	Lab Services	0.3
Rewards Network Inc.	190	Marketing Firm	0.3

Source: City of Hollywood

CITY OF HOLLYWOOD, FLORIDA

**BUDGETED FULL-TIME POSITIONS FOR CITY EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
FUNCTION:										
General Government:										
City Commission:										
Elected Officials	7	7	7	7	7	7	7	7	7	7
Administrative Staff	6	6	6	6	6	6	6	6	6	6
City Manager	7	7	7	7	7	7	7	7	8	6
City Clerk	6	6	8	8	8	8	8	8	8	9
City Attorney	14	14	14	14	12	10	10	10	10	11
Budget & Procurement Services	8	8	-	-	-	-	-	-	15	15
Community & Public Relations	-	-	-	-	-	-	-	-	-	-
Business & International Trade	-	-	-	-	-	-	-	4	5	6
Public Affairs & Marketing	10	10	5	5	6	6	6	6	6	5
Financial Services	42	42	50	50	49	48	57	52	41	41
Human Resources & Risk Management	-	-	-	-	-	15	15	12	14	18
Human Resources	9	10	11	11	12	-	-	-	-	-
Labor Relations & Risk Management	4	3	4	4	3	-	-	-	-	-
Development Services:										
Administration	4	3	3	-	-	-	-	-	-	-
Architecture	9	8	9	-	-	-	-	-	-	-
Engineering	5	6	6	-	-	-	-	-	-	-
Parking Services	18	18	16	16	16	16	16	19	28	32
Planning & Development Services	-	-	-	-	-	41	41	33	43	45
Planning	7	7	7	11	11	-	-	8	8	8
Building	33	31	31	31	30	-	-	-	-	-
Code Enforcement	-	-	-	-	-	-	-	-	21	22
Public Safety:										
Police:										
Officers	323	321	321	322	323	335	334	334	330	334
Civilians	103	109	109	133	168	168	164	166	153	172
Fire:										
Certified	233	226	225	213	213	230	230	230	230	230
Beach Safety	26	26	26	26	26	26	26	26	26	26
Civilians	12	12	12	12	12	12	12	12	12	13
Public Works:										
Administration	6	6	6	6	6	7	7	6	10	10
Code Compliance	25	25	25	-	-	-	-	-	-	-
Streets & Highways	28	27	24	24	24	24	29	-	30	31
Building & Grounds	27	33	36	48	51	52	34	37	34	35
Fleet Maintenance	15	15	15	15	15	14	14	14	15	11
Community & Economic Development	-	-	4	4	4	4	4	-	-	-
Housing & Community Redevelopment	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	42	42	42	42	44	44	43	69	54	54
Public Utilities:										
Administration	44	44	44	44	44	39	23	23	23	23
Engineering Services	19	19	19	18	18	18	18	21	18	43
Water & Wastewater	130	130	130	131	132	132	128	128	128	128
Stormwater	11	11	11	11	11	11	11	11	11	11
Sanitation	18	15	15	11	10	10	5	5	5	5
Information Technology	22	23	23	23	23	23	23	23	24	26
Design & Construction Management	-	-	-	4	8	8	18	17	17	-
Total	1,273	1,270	1,271	1,257	1,299	1,321	1,296	1,294	1,340	1,383

Source: City of Hollywood adopted fiscal year budget.

CITY OF HOLLYWOOD, FLORIDA

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

	2019	2018	2017	2016
FUNCTION:				
Police:				
Physical Arrests	5,368	6,172	7,059	7,502
Traffic Summons	13,883	16,184	22,583	23,809
Fire:				
Emergency Unit Responses	45,192	48,260	65,483	65,221
Ambulance Transports	13,765	13,063	13,810	14,740
Inspections Conducted	6,889	3,742	3,750	5,097
Building Activity:				
Permits Issued:				
Electrical	2,789	3,289	2,667	2,598
Mechanical	1,595	1,567	1,520	1,411
Plumbing	1,908	2,672	2,582	2,427
Structural	7,881	8,647	6,361	6,422
Zoning	55	-	-	-
Reviewer Valuation:				
Electrical	34,409,093	50,594,374	33,592,099	48,951,927
Mechanical	18,050,008	24,154,831	19,751,604	25,482,660
Plumbing	17,441,998	23,497,454	18,259,839	26,030,291
Structural	604,218,963	424,251,620	293,230,831	411,440,568
Zoning	184,627	-	-	-
Public Works:				
Compressed Natural Gas (CGN) Used in Place of Gasoline (Gallons)	11,837	5,389	8,118	98,855
E85 Gas	410,133	391,873	165,926	-
Reuse Water Used for Irrigation Purposes (Cubic Feet)	4,922,167	4,922,167	3,620,000	2,352,286
Culture and Recreation:				
Special Events/Programs Held	177	174	102	118
Special Events/Program Participants	126,365	130,984	254,694	209,869
Sports Fields Prepared for Games	3,840	10,188	3,810	5,200
Rounds of Golf Played at Orangebrook Golf Course	73,931	71,508	75,133	64,497
Water System:				
Average Daily Consumption (Million GPD)	21.2	21.9	20.9	22.6
Wastewater System:				
Average Daily Treatment (Million GPD)	38.3	34.7	38.5	36.0
Sanitation:				
Solid Waste Collection (Tons)	45,622	45,622	44,809	41,640
Material Recycled (Tons)	11,320	11,320	9,989	9,753
Parking Services:				
Parking Violations Issued	43,670	39,967	35,896	37,886

Source: Information herein provided by various City departments annually.
The use of E85 gas began in May 2017

2014	2013	2012	2011	2010
2,536	2,291	2,359	2,980	3,565
22,915	17,921	12,911	14,583	28,396
55,773	53,485	50,686	52,380	53,353
14,719	15,583	15,281	14,669	14,707
7,670	7,637	8,512	9,922	9,714
1,993	2,533	2,616	2,425	2,192
1,447	1,449	1,296	1,510	1,388
2,116	1,793	1,700	1,668	1,435
5,441	5,137	4,511	4,313	4,466
-	-	-	-	-
26,130,994	26,216,036	21,298,232	16,660,118	17,846,418
21,556,183	14,013,724	18,134,724	17,296,973	22,351,576
21,908,622	8,948,921	12,381,215	9,086,131	15,443,265
222,708,457	214,519,259	170,308,683	121,108,365	169,083,102
-	-	-	-	-
41,548	26,308	25,705	24,776	24,476
-	-	-	-	-
2,530,166	2,229,544	2,665,615	3,692,259	162,850
265	343	380	278	340
228,332	379,016	350,815	307,922	341,210
11,110	9,174	9,393	8,149	5,237
78,745	85,360	80,445	83,908	72,414
21.4	20.9	20.9	21.6	22.6
38.0	38.5	40.1	35.6	38.9
43,191	41,468	41,764	40,750	43,507
9,030	9,096	8,397	8,377	6,967
41,756	27,937	28,765	52,698	44,845

CITY OF HOLLYWOOD, FLORIDA

CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
FUNCTION:				
Police:				
Stations	1	1	1	1
Neighborhood Network Centers	2	2	2	2
Patrol Units & Other Vehicles	480	510	510	521
Fire:				
Stations	6	6 (1)	5 (1)	6
Training Centers	1	1	1	1
Beach Safety Center	1	1	1	1
Fire Apparatus	15	15	15	15
Emergency Rescue/Transport Units	12	12	12	12
Highways and Streets:				
Miles of Streets	879	879	879	879
Miles of Alleys	88	85	85	85
Number of Street Lights	8,819	8,822	9,438	9,262
Culture and Recreation:				
Art and Culture Centers	2	2	2	2
Baseball/Softball Diamonds	15	15	15	15
Basketball Courts-Indoor	3	2	2	2
Basketball Courts-Outdoor	24	24	24	24
Beach:				
Total Miles	6.00	6.00	6.00	6.00
Miles Maintained for Public Use	4.50	4.50	5.00	5.00
Miles of Patrolled Area	4.50	4.50	5.00	5.00
Bocci Ball Courts	2	2	2	2
Football/Soccer Fields	23	18	18	18
Golf Courses (36, 18 and 9 Holes)	3	3	3	3
Paddleball Courts	18	18	18	18
Parks and Playgrounds	80	81	80	80
Performing Arts Center-Indoor (508 Seats)	1	1	1	1
Recreation Centers	11	11	11	11
Roller Hockey Rinks (Converted for pickleball use)	1	1	1	1
Shuffleboard Courts	36	36	36	36
Skate Parks	2	2	2	2
Swimming Pools	1	1	1	1
Tennis Centers (12 Lighted Courts)	1	1	1	1
Tennis Courts	9	9	9	9
Theaters-Outdoor	3	3	3	3
Water System:				
Miles of Water Mains	547	550	550	550
Number of Supply Wells	22	22	22	22
Maximum Treatment Capacity (Million GPD)	46.0	46.0	46.0	46.0
Maximum Treatment Capacity Rating (Million GPD)	60.0	60.0	60.0	60.0
Storage Capacity (Millions of Gallons)	18.0	18.0	18.0	18.0
Number of Service Connections	40,565	41,372	40,565	41,128
Number of Fire Hydrants	2,869	2,832	2,832	2,685

2014	2013	2012	2011	2010
1	1	1	1	1
3	3	3	3	3
518	441	417	350	353
6	6	6	6	6
1	1	1	1	1
1	1	1	1	1
15	15	15	15	14
12	12	12	12	12
879	879	879	879	879
85	85	85	85	105
9,246	9,246	9,246	9,237	9,231
2	2	2	2	2
15	15	15	16	16
2	2	2	2	2
24	24	24	24	19
6.00	6.00	6.00	6.00	5.25
4.50	4.50	4.50	4.50	5.25
4.50	4.50	4.50	4.50	5.25
2	2	2	2	2
18	18	18	18	24
3	3	3	3	3
18	18	18	18	24
81	81	81	79	62
1	1	1	1	1
11	11	11	11	11
1	1	1	1	1
36	36	36	36	36
2	2	2	2	2
1	1	1	1	3
1	1	1	1	1
9	9	9	9	9
3	3	3	3	3
555	555	545	555	640
22	22	22	22	20
46.0	46.0	46.0	46.0	45.0
60.0	60.0	60.0	60.0	55.5
18.0	13.0	13.0	13.0	13.0
40,299	40,299	41,300	40,269	41,300
2,592	2,578	2,660	2,645	2,561

CITY OF HOLLYWOOD, FLORIDA

CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

	2019	2018	2017	2016
Stormwater:				
Miles of Storm Drains	124.0	130.0	152.0	159.0
Number of Catch Basins	4,439	4,480	4,581	4,624
Number of Pump Stations	10	10	10	10
Number of Drainage Wells	12	9	9	9
Number of Out-falls	350	379	383	389
Wastewater System:				
Miles of Sanitary Sewers	205	270	270	279
Number of Lift Stations	80	80	80	80
Maximum Treatment Capacity (Million GPD)	55.5	56.0	56.0	56.0
Number of Service Connections	21,870	21,726	20,688	21,303
Number of Sanitary Sewer Manholes	4,335	4,344	4,330	4,354

Source: Information herein is provided by various City departments annually.

(1) Fire Station 45 was demolished and is in the process of being rebuilt.

(Continued)

2014	2013	2012	2011	2010
156.0	157.0	157.0	163.7	155.4
4,786	4,785	4,731	4,686	5,882
10	10	10	10	10
10	10	8	11	6
463	463	456	456	510
324	321	288	295	325
80	84	76	76	76
55.5	55.0	55.5	50.0	50.0
20,947	20,947	20,550	21,038	20,550
4,544	4,516	4,518	4,500	4,836

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CITY OF HOLLYWOOD, FLORIDA
COMPLIANCE REPORTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

CITY OF HOLLYWOOD, FLORIDA

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**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 Hollywood, 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, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Hollywood, Florida (the City), as of and for the fiscal 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 29, 2020. Our report includes a reference to other auditors who audited the financial statements of the City of Hollywood Firefighters' Pension System and City of Hollywood Police Officers' Retirement System (collectively, the Plans), 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. The financial statements of the City of Hollywood Firefighters' Pension System were not audited in accordance with *Government Auditing Standards*.

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. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 29, 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 Hollywood, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the City of Hollywood, 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 state project for the fiscal year ended September 30, 2019. The City's major federal program and state project are identified in the summary of auditor's 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 programs and state project 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 each major federal program and state project. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program and 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 its state project for the fiscal 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.

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the fiscal 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 29, 2020, which contained unmodified opinions on those financial statements. Our report includes reference to other auditors. 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 29, 2020

**CITY OF HOLLYWOOD, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

Federal/State Grantor, Pass Through Entity, Program Title	Federal CFDA/ State CFSA Number	Grant/ Contract Number	Passed through to Subrecipients	Funds Expended
FEDERAL GRANTS:				
<u>U.S. Department of Housing and Urban Development:</u>				
Direct Programs:				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grant - Year XXXX	14.218	B-13-MC-12-0009	\$ -	\$ 3,075
Community Development Block Grant - Year XXXXI	14.218	B-14-MC-12-0009	-	37,014
Community Development Block Grant - Year XXXXII	14.218	B-15-MC-12-0009	-	500
Community Development Block Grant - Year XXXXIII	14.218	B-16-MC-12-0009	-	5,712
Community Development Block Grant - Year XXXXIV	14.218	B-17-MC-12-0009	-	11,577
Community Development Block Grant - Year XXXXV	14.218	B-18-MC-12-0009	74,937	609,700
Neighborhood Stabilization Program - HERA	14.218	B-08-MN-12-0010	-	370,950
TOTAL Community Development Block Grant - Entitlement Grants Cluster			74,937	1,038,528
Direct Programs:				
HOME Investment Partnership Program Grant	14.239	M13-MC-12-0227	75,674	75,674
HOME Investment Partnership Program Grant	14.239	M15-MC-12-0227	-	15,355
HOME Investment Partnership Program Grant	14.239	M16-MC-12-0227	-	84,000
HOME Investment Partnership Program Grant	14.239	M17-MC-12-0227	-	47
HOME Investment Partnership Program Grant	14.239	M18-MC-12-0227	-	94,684
TOTAL HOME Investment Partnerships Program			75,674	269,760
Direct Program:				
Community Development Block Grants Section 108 Loan Guarantees	14.248	B-97-MC-12-2009	-	500,000
TOTAL U.S. Department of Housing and Urban Development			150,611	1,808,288
<u>U.S. Department of Justice:</u>				
Direct Program:				
Federal Equitable Sharing Agreement	16.922	FL0060500	-	308,285
Indirect Programs:				
Passed through the State of Florida, Department of Legal Affairs:				
Victims of Crime Act Grant (VOCA) - FY 19	16.575	VOCA-2018-City of Hollywood Police-00107	-	69,858
Passed through the Broward County Sheriff's Office:				
Edward Byrne Justice Assistance Grant (JAG) Program - FY 2016	16.738	2016-DJ-BX-0574	-	46,753
TOTAL U.S. Department of Justice			-	424,896
<u>U.S. Department of Transportation:</u>				
Indirect Programs:				
Passed through the State of Florida, Department of Transportation:				
Highway Planning and Construction Cluster:				
Colbert Elementary Safe Routes to School	20.205	436921-1-58-01/ Contract G0V31	-	674,827
TOTAL Highway Planning and Construction Cluster			-	674,827
Highway Safety Cluster:				
State and Community Highway Traffic Safety Program - Speed and Aggressive Driving Grant	20.600	SC-19-13-09/ Contract G1376	-	40,000
TOTAL Highway Safety Cluster			-	40,000
TOTAL U.S. Department of Transportation			-	714,827
<u>U.S. Department of Treasury</u>				
Direct Program:				
Federal Equitable Sharing Program	21.016		-	319,901
TOTAL U.S. Department of Treasury			-	319,901

(Continued)

**CITY OF HOLLYWOOD, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

Federal/State Grantor, Pass Through Entity, Program Title	Federal CFDA/ State CFSA Number	Grant/ Contract Number	Passed through to Subrecipients	Funds Expended
<u>U.S. Department of Environmental Protection Agency:</u>				
Indirect Program:				
Passed through the State of Florida, Department of Environmental Protection:				
Drinking Water State Revolving Fund Cluster:				
Capitalization Grants for Drinking Water State Revolving Fund	66.468	DW060470	-	7,095,342
TOTAL Drinking Water State Revolving Fund Cluster			-	7,095,342
TOTAL U.S. Department of Environmental Protection			-	7,095,342
<u>U.S. Department of Homeland Security:</u>				
Direct Program:				
2017 Assistance to Firefighters Grant	97.044	EMW-2017-FO-04302	-	95,200
2015 Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2015-FH-00128	-	275,529
Indirect Program:				
Passed through the State of Florida, Division on Emergency Management and City of Miami:				
Urban Area Security Initiative (UASI) - FY 17	97.067	18-DS-X3-11-23-02-376	-	114,954
Passed through the City of Miami:				
Complex Coordinated Terrorist Attacks (CCTA) Grant Program - Urban Area Security Initiative - Heat Shield Grant - FY 19	97.133	EMW-2016-GR-00097-S01	-	8,232
Passed through the State of Florida, Division of Emergency Management:				
FEMA Disaster Assistance - IRMA	97.036	4337DR	-	9,951,499
TOTAL U.S. Department of Homeland Security			-	10,445,414
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 150,611	\$ 20,808,668
STATE GRANTS:				
<u>State of Florida, Housing Finance Corporation</u>				
Direct Program:				
State Housing Initiatives Partnership (SHIP) Program	40.901	225001	\$ 63,698	\$ 1,273,953
Total State of Florida, Housing Finance Corporation			63,698	1,273,953
<u>State of Florida, Department of Environmental Protection:</u>				
Direct Programs:				
City of Hollywood Marina Boat Ramp Resiliency Improvements	37.098	R1805	-	75,950
Total State of Florida, Department of Environmental Protection			-	75,950
<u>State of Florida, Department of Transportation:</u>				
Direct Program:				
Hollywood Service Development Grant - Trolley Grant	55.012	ARD59 / 434973-1-84-01	-	39,498
Total State of Florida, Department of Transportation:			-	39,498
<u>State of Florida, Department of Elder Affairs:</u>				
Indirect Programs:				
Passed through the Areawide Council on Aging of Broward County, Inc.:				
Local Service Programs - Elderly Grant 2018-2019	65.009	JL 118-29-2019	-	156,992
Local Service Programs - Elderly Grant 2019-2020	65.009	JL 119-29-2020	-	14,351
Total State of Florida, Department of Elder Affairs			-	171,343
<u>State of Florida, Fish and Wildlife Conservation Commission</u>				
Direct Program:				
City of Hollywood, Derelict Vessel Removal Project	77.005	FWC - 17326	-	14,085
Total State of Florida, Fish and Wildlife Conservation Commission			-	14,085
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			\$ 63,698	\$ 1,574,829

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

CITY OF HOLLYWOOD, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal and state grant activity of the City of Hollywood, Florida (the City) under programs of the federal government and the State of Florida for the fiscal 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/fund balance or cash flows of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

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

NOTE 4 – OUTSTANDING LOANS WITH CONTINUING COMPLIANCE REQUIREMENTS

On July 19, 2002, the City received a \$5,585,000 loan commitment from the U.S. Department of Housing and Urban Development (HUD) Section 108 Loan Guarantee Program. As of September 30, 2019, the outstanding loan balance is \$200,000.

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

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY

2018-001 – Non-deferral of Revenue Recognition for Special Programs and Local Housing Assistance (SHIP) Fund was not repeated in the current year.

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

None.

CITY OF HOLLYWOOD, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL 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	<u>X</u> No
Significant deficiency(ies) identified?	_____ Yes	<u>X</u> None reported
Non-compliance material to financial statements noted?	_____ Yes	<u>X</u> No

Federal Award and State Project

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	<u>X</u> No
Significant deficiency(ies) identified?	_____ Yes	<u>X</u> None reported

Type of auditors' report issued on compliance for
major programs:

Unmodified Opinion

Any audit findings disclosed that are required to be
reported in accordance with CFR 200.516(a)
or Chapter 10.557, *Rules of the Auditor General*?

_____ Yes X No

Identification of major programs/project:

CFDA No.
97.036

Federal Program or Cluster
Division of Emergency Management –
Disaster Relief Funding, Hurricane Irma

CSFA No.
40.901

State Project
State Housing Initiatives Partnership Program Grant

Dollar threshold used to distinguish between Type A and
Type B programs – Federal

\$750,000

Dollar threshold used to distinguish between Type A and
Type B projects – State

\$300,000

Auditee qualified as low-risk auditee pursuant to the
Uniform Guidance?

_____ Yes X No

CITY OF HOLLYWOOD, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARDS AND STATE PROJECTS FINDINGS AND QUESTIONED COSTS

None.

**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 Hollywood, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Hollywood, Florida (the City), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated May 29, 2020. We did not audit the financial statements of the City of Hollywood Firefighters' Pension System and City of Hollywood Police Officers' Retirement System (collectively, the Plans), which represent 54%, 62% and 36%, 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 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; 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 29, 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 is disclosed in Note I to the financial statements. The City included the following blended component unit: the Hollywood Community Redevelopment Agency, comprised of the Downtown District and the Beach District.

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 have recommendations to improve financial management which are described in the current year observations section in Appendix A. In addition, we did not report audit findings in the schedule of findings and questioned costs.

Special District Component Units

Section 10.554(1)(i)5.c., 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, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal, State 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 29, 2020

CITY OF HOLLYWOOD, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

No.	Observations	Observation Is Still Relevant	Observation Addressed or No Longer Relevant
<u>Current Year</u>			
MLC 2019-001	SHIP Grant - Noncompliance with Reporting Requirements		
MLC 2019-002	General Information Technology Recommendation		
<u>Prior Year</u>			
MLC 2017-001	Opportunity to Reassess Active Agreements in Order to Eliminate Unnecessary Interest Expense		Addressed
MLC 2018-001	Other Post-Employment Benefits		Addressed
MLC 2018-002	Implementation of Required Uniform Guidance (UG) Procurement Guidelines	Repeated	
MLC 2018-003	Improper Recognition of Transaction – Water and Utility Fund		Addressed

CITY OF HOLLYWOOD, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

MLC 2019-001 SHIP GRANT – NONCOMPLIANCE WITH REPORTING REQUIREMENTS

Observation

As part of our Florida Single Audit testing, the State Housing Initiatives Partnership (SHIP) Program (CFSA 40.901) was selected as a major program for fiscal year 2019. The SHIP program is designed to create affordable housing for low-income and moderate-income households through assistance to purchase a home, money to repair or replace a home, and many other types of housing assistance. The SHIP funds awarded to the City are received in advance of expending the funds. The program operates on a three year cycle, requiring the SHIP funds to be encumbered within two years of receiving the funds and fully expended by the third year (close out period). As part of the SHIP program reporting requirements, an annual report is required to be completed and submitted to Florida Housing Finance Corporation by September 15 of each year pursuant to Florida Statute section 420.9071(4). As of September 15, 2019, the SHIP program was required to prepare a close out report relating to the funding received for the 2016-2017 fiscal year. However, during the audit year, the City's housing department noted that there were still monies relating to the 2016-2017 fiscal year funding that were not expended as the result of the following:

1. Contractor procurement delays
2. Construction delays due to unanticipated repairs
3. Negotiations to include the sale of the homes with the First Time Home Buyer's Program
4. Delay in the approval of the First Time Home Buyer's Program

As such, the remaining SHIP funds were used to construct two properties, which were not completed until subsequent to September 30, 2019 and therefore an extension was granted for the close-out report to be filed by December 2019. The City's housing department was not able to find a buyer for the newly constructed properties and did not meet the December 2019 extended filing due date. A second extension was filed and denied by grantor. The close out report for the funding received for the 2016-2017 fiscal year is currently pending the sale of the newly constructed properties.

Effect

The City was not in compliance with the reporting requirements of the SHIP program and the granting agency can withhold future funding until the reporting requirements are met.

Recommendation

We recommend that SHIP funds received by the City are properly tracked to ensure they are encumbered and fully expended within the required three year period in order to ensure that all annual reports are filed in a timely manner.

CITY OF HOLLYWOOD, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

MLC 2019-001 SHIP GRANT – NONCOMPLIANCE WITH REPORTING REQUIREMENTS (CONTINUED)

Management's Response

Management is aware of the conditions required to meet expenditure requirements of the State Housing Initiatives Partnership three year cycle. The encumbrances and expenditures are actively monitored. The delay in expenditures related to the 2016-2017 fiscal year are a result of the unanticipated events noted within the above finding. Management is currently working with the County and the First Time Home Buyer's Program to sell the houses to eligible recipients. In addition, management has involved the SHIP administrators regarding the sale of the properties noted above.

MLC 2019-002 GENERAL INFORMATION TECHNOLOGY RECOMMENDATION

Observation

As part of our audit procedures we reviewed several policies and processes of the City's Information Technology department. We identified several items, where we consider policies, and procedures that can be improved:

- a) Although user access reviews have been historically performed, the frequency and consistency of the process is not enough for the City to reduce the risk of unauthorized access. No user access reviews were noted during the fiscal year 2019.
- b) Privileged user access exists and does not sufficiently enforce segregation of duties. Munis privileged user access was identified for two employees with both business access, in order to perform job functions, as well as system administration access to override controls.
- c) No formal security awareness and training strategy exists to ensure that all employees have the knowledge and skills required to run systems correctly and fulfil their information security responsibilities. In addition, no formal cybersecurity governance committee or technology solutions are in place to address cybersecurity threats, nor is there a formal risk assessment performed.

Effect

As a result of the above observations the potential effects could be;

- a) User access reviews that are not complete or accurate. Incomplete or inaccurate user access reviews result in the inability to properly detect users with inappropriate or unauthorized access to the system.

CITY OF HOLLYWOOD, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

MLC 2019-002 GENERAL INFORMATION TECHNOLOGY RECOMMENDATION (CONTINUED)

- b) Employees who perform business functions should be separated from performing application administrative functions. Having both capabilities to perform business functions and full access to application may pose high risk to data integrity.
- c) Vulnerability to viruses and security flaws which can easily be exploited by malicious individuals. Organization's objectives, risks and controls are not properly aligned to strategically manage potential threats and vulnerabilities to IT assets and resources.

Recommendation

We recommend:

- a) The City update the policy and procedures to assist personnel in accurately documenting and completing user access reviews for all systems, applications and network components,
- b) The City should formally implement procedures to manage privileged user access. Employees who perform business functions should not perform application administrative functions. The administrative functions should be segregated.
- c) The City should consider implementing a cybersecurity awareness process and perform periodic vulnerability scans and penetration tests.

Management's Responses

In relation to the above recommendations, the City responses are as follows:

- a) Management will work with the application users to facilitate the implementation and documentation of user access reviews. The IT helpdesk tool will be evaluated to determine if it can be utilized to create recurring tasks so that process can become automated instead of a manual process.
- b) Management will communicate with the Munis application users to require the separation of business users from administrative functions.
- c) Management has already communicated with Human Resources to establish a formal security training for all personnel. Security training will be implemented and scheduled at least twice a year. New employees will also be required to complete security training. A formal risk assessment process will be developed and executed annually, including penetrate testing and incident response readiness. We intend to implement these policies and procedures in fiscal year 2020.

CITY OF HOLLYWOOD, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

MLC 2018-002 – IMPLEMENTATION OF REQUIRED UNIFORM GUIDANCE (UG) PROCUREMENT GUIDELINES

Observation

The federal Office of Management and Budget (OMB) provides guidance regarding the procurement procedures for local agencies that are awarded federal funds. In December 2014, OMB issued the “Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards”, commonly referred to as “Uniform Guidance” (2CFR § 200), to streamline and consolidate government requirements for receiving and using federal grant awards. As outlined in 2CFR § 200 Subpart D sections 200.317 through 200.326 of the Uniform Guidance, the City is required to incorporate specific federal guidelines as part of their procurement policy. The grace period allowed to the City to implement the procurement standards prescribed in the “Uniform Guidance” on and by October 1, 2018 and it was noted that as of the date of our auditors report, supporting documentation for proof of compliance was not provided to the auditor.

Effect

The City is not in compliance with Federal guidelines as of October 1, 2018, could lose the ability to receive future federal awards.

Recommendation

We recommend the City implement in writing the requirements outlined in 2CFR § 200 Subpart D sections 200.317 through 200.326 of the Uniform Guidance and take the necessary steps to ensure full compliance with the guidance. City management should review the applicable provisions of the Uniform Guidance and update the City’s procurement policies appropriately in order to continue to receive federal awards.

Management’s Response

Although 2CFR § 200 Subpart D sections 200.317 through 200.326 of the Uniform Guidance was not formally adopted into the City’s procurement policies by October 1, 2018, Management and staff are aware of and trained on the requirements of the Uniform Guidance. In addition, the City began to centralize its procurement processes during fiscal year 2019 requiring an update of the procurement policies. As such, the Uniform Guidance is being formally adopted into the procurement policies with the centralization procedural updates. All policy changes have been presented to the City Commission and it is anticipated that all requirements will be formally adopted by the end of fiscal year 2020.

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

To the Honorable Mayor, City Commission and City Manager
City of Hollywood, Florida

We have examined the City of Hollywood's (the City) compliance with Section 218.415 Florida Statutes, Local Government Investment Policies for the fiscal 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 judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

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

This report is intended 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 29, 2020



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