



ANNUAL COMPREHENSIVE Financial Report



COMMUNITY Revive. Recover. Renew.



Deerfield Beach
Florida

FISCAL YEAR ENDED
September 30, 2022

CITY OF DEERFIELD BEACH, FLORIDA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

CITY OF DEERFIELD BEACH, FLORIDA

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INTRODUCTORY SECTION



May 31, 2023

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

It is our pleasure to submit to you the Annual Comprehensive Financial Report (ACFR) of the City of Deerfield Beach, Florida (City) for the fiscal year ended September 30, 2022, with a clean audit opinion with no audit findings.

The ACFR is designed to provide our Residents, Commission, City Staff, Bondholders, and other interested parties insight into how the City is managing public finances and assess accountability by:

- Assessing financial condition and results of operations;
- Comparing actual financial results with legally adopted budget, where appropriate;
- Assisting in determining compliance with finance related laws, rules, and regulations; and
- Assisting in evaluating the efficiency and effectiveness of City operations.

Florida Statute 218.32 and local ordinances require that the City issue a report on the financial position and activity within nine months of the close of each fiscal year. Additionally, the financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and this report must be audited in accordance with generally accepted auditing standards and government auditing standards by an independent firm of certified public accountants.

We believe this report complies with these requirements and continues to present full financial accountability, disclosure, and transparency.

This philosophy is reflected through the informative financial analysis provided by the City's Financial Services Department and the exhibits and statistical tables included within the ACFR. Responsibility for the accuracy, completeness, and fairness of the presentation, including disclosures, rests with City management. Furthermore, we believe the data as presented is accurate in all material respects; presented in a manner designed to fairly represent the financial position and results of operations of the City; and includes all disclosures necessary to enable the reader to gain an understanding of the City's financial activity.

Independent Audit and Single Audit Requirements

Marcum LLP, a firm of licensed certified public accountants, audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the City's financial statements for the fiscal year ended September 30, 2022, are free of material misstatement. The independent audit involved examining evidence supporting the amounts and disclosures contained in the financial statements on a test basis; assessing the accounting principles used and representations made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unmodified or “clean” opinion that the City’s financial statements for the fiscal year ended September 30, 2022, are fairly presented in conformity with GAAP. The independent auditors’ report is included in the financial section of this report.

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

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

The City of Deerfield Beach

Profile

The City was incorporated in 1925 as the Town of Deerfield. In 1951, the Town of Deerfield was renamed to the City of Deerfield Beach. The City operates under the commission/manager form of government. The City Commission is comprised of the Mayor, Vice-Mayor, and three Commissioners who adopt legislation and policies, approves the City’s annual budget, levies taxes, and sets fees. The Commission appoints a professional City Manager who serves as the Chief Administrative and Executive Officer and is responsible for implementing policies adopted by the City Commission and directing city operations through appointment of Department Directors. The Commission also appoints the City Attorney and members of various boards and committees. The Mayor, elected at-large to a four-year term, acts as the formal representative of the City and presides over Commission meetings. The public also elects four City Commissioners by district who serve four-year terms. The Vice Mayor serves for a period of one year and is designated by the Commission as outlined in the City Charter.

Local Economy

Home to over 86,000 residents, the City is a medium-size coastal city located on the east coast of Florida in Broward County. The City is a diverse residential community with a complimentary mix of commercial development such as shopping and retail facilities, office buildings, restaurants, tourist lodgings, distribution, warehousing, manufacturing, and light industry. The major economic influences in this area are predominantly the housing market, travel and tourism, the regional job market, the changing business environment, severe weather events, global inflation and interest rates, and economic uncertainty. Consideration of these economic indicators play an important role in directing and prioritizing the use of City resources now and into the future.

According to the Broward County Property Appraiser’s Office, the final taxable value of the City for the year ended September 30, 2022 reflected an increase of 7.27% over the prior year. Overall real estate sales for the County were up 15.82%, with the City being the 5th highest in the County. Increases in property values as well as sustained success in its redevelopment efforts are solid indications of City’s resiliency from the previous economic downturn caused by the global pandemic. Current economic forecasts indicate property values are expected to increase moderately over the next few years or remain stable. The unemployment rate in Florida was around 3%, which was at or below pre-pandemic levels, indicating a recovering economy. With the low unemployment rate and the impacts of the Great Resignation, competition for the limited qualified job seekers has caused significant challenges in staffing, as well as with attracting and retaining talented employees. The City’s high vacancy rate has impacted our ability to meet management’s expectations of service levels and responsive to the needs

of the City. As a result, the City has been agile and creative by employing several temporary staff in various positions. It is for this reason that a Pay and Class Study has been funded for FY2023.

Like much of the private sector throughout Florida and the U.S., municipalities and localities face a barrage of challenges including economic uncertainty, inflationary pressures, supply chain issues, and an increasing regulatory environment and unfunded mandates. During the fiscal year, the Consumer Price Index (CPI) for the south Florida region reached a high of almost 10% before beginning a slow decline. To curtail inflation, the Federal Reserve has been increasing the federal fund's rate since 2022, from .08% to 5.08% as of May 2023.

Despite the challenges faced by the post-COVID pandemic conditions, the City continued to move forward with increasing economic and development programs, restoring community events, youth and athletic programs, aftercare programs and in-person services and activities.

Services

The City provides a broad range of municipal services which include:

- Public Safety (Police, Fire Protection-Rescue Services, Ocean Rescue Services, etc.)
- Solid Waste Collection and Disposal Services
- Water Production, Distribution, Maintenance, and Construction
- Wastewater Collection System Maintenance and Construction
- Stormwater Management
- Parks and Community Centers Management, Recreational, Cultural Programs and Activities
- Coastal and Environmental Protection and Management
- Public Land/Open Space Management
- Grounds Maintenance and Beautification
- Road and Bridge Maintenance and Construction
- Planning, Zoning, and Building Inspection Services
- Community and Social Services and Grants Administration
- General Administrative Services

Reporting Entity

The City government does not provide primary or secondary education or health care, as these are the responsibility of the Broward County School District and Broward Health, respectively. Both entities are independent special districts that are not part of the City. As such, financial data for them or for any other government has not been included in the financial statements in this report.

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

Accounting and Internal Controls

This report consists of management's representations concerning the finances of the City. Consequently, the responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed to safeguard City assets from loss, theft or misappropriation and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. The cost of an internal control should not exceed the benefits to be derived; therefore, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

The annual operating budget and Five-Year Capital Improvement Plan (CIP) serves as the foundation for the City's financial planning and control. All departments are required to submit expenditure requests and revenue projections, as applicable, for appropriation to the City Manager. The City Manager uses these requests and projections as the starting point for developing a proposed balanced budget. The City Manager then presents the proposed budget to the City Commission on or before the 15th of August of each year. The City Commission is required to hold public hearings on the proposed budget and to adopt a final budget by the 30th of September of each year. The annual operating budget is prepared and adopted in accordance with Florida Statute Chapter 166.241. The legally adopted budget is prepared by fund (i.e. General Fund), by function (i.e. Public Safety), and department (i.e. Law Enforcement), for current expenditures with separate appropriations established for the annual capital projects, debt service, interfund transfers, intergovernmental expenditures, and other various Enterprise and Special Revenue Funds. Continuous improvement to the budget revenue and expenditure allocations has provided for further alignment with functional areas to improve transparency and to better track full costs for the various functional services the City provides.

Budgetary control is administered in conformity with state statute, the City's Charter, and adopted ordinances. Generally, amendments to the budget that increase or decrease the overall appropriation, or amend the budget across fund or department require City Commission approval. Budget control is further administered by management at the divisional or budget unit level (i.e. Parking Authority). Budget-to-actual comparisons and analysis of all the City's Governmental and Proprietary Funds are provided to the Commission and management on a monthly basis. For the General Fund and the CRA Fund, a final annual comparison is presented in the Required Supplementary Information (RSI) section of the ACFR.

Major Initiatives

For fiscal year 2022, the City focused priorities on the major goals of the City which are promoting and protecting a prosperous atmosphere for residents, businesses, and visitors; cultivating an environment that promotes and protects a high quality of life for residents and businesses; and develops infrastructure, facilities, and organizational capacity for a sustainable community.

The City was awarded financial relief from the American Rescue Plan Act (ARPA) of approximately \$16.3 million and received its first tranche of \$8.15 million in FY2021 and the remaining amount, or second tranche, during FY2022. The City completed the planning phase and began the implementation phase, with the goal of maximizing a return on investment through infrastructure improvements and economic impact. The City Commission approved the City's ARPA plan in November 2021 and city staff began implementing the various projects and programs included in the plan which include the following:

- West Deerfield Beach Stormwater Improvements
- South East 8th Avenue Stormwater Improvements
- Park Improvements and Aquatic Center Upgrades
- Community Grants for Non-Profits
- Water Treatment Chemical Conversion Projects
- Advanced Meter Reading Infrastructure Improvements
- Regional Beach Re-Nourishment Project

The City continues to make progress on a number of other multi-year capital projects, as well as business and community programs that encompass: 1) economic development, 2) infrastructure improvements/replacements, and 3) expansion of existing facilities, are as follows:

- Construction of the new Braithwaite Center for Active Aging. The Center provides a structured and comprehensive array of programs and services geared to our senior population that improves their independence, community engagement and quality of life. It also operates and

administers an Alzheimer's and Multicultural Day Care Center and a preschool. It is the only intergenerational campus in Broward County.

- Johnny Tigner Center. The original Johnny Tigner Center was recently demolished, making way for a newly constructed community center to meet the needs of our growing community. The new two-story community center totals 14,000 sf. The new community center will be located in the same vicinity of the demolished building, adjacent to the Leo Robb Gymnasium, and will incorporate a canopy structure to bridge the two buildings.
- Development of 1045 SW 11th Way. Since the 90's the City owned this parcel with the intend for it to be developed for commercial use through a lease arrangement with the Florida Atlantic Research and Development Authority. After several failed attempts to bring a viable project to the site, possession of the site was returned to the City. The City is current under contract with a developer to purchase the land for \$6.5 Million with \$7.5 Million in community enhancements and \$180 Million multi-use development project.
- Design and permitting of a regional beach re-nourishment project. In compliance with the City of Deerfield Beach and Town of Hillsboro Beach settlement agreement, the City recently completed a joint-renourishment project. The significance of this project is (1) the construction methodology used in which a pipeline pumped sand from the Boca ebb shoal to the renourishment areas, and (2) the participation of three cities (Boca Raton, Deerfield Beach, and Hillsboro Beach).
- Public Safety Master Plan. Recognizing the aging infrastructure of our public safety facilities, the City has recently approved consultancy services to develop a public safety master plan. The plan will assist the city in determining the future needs of the facilities that will support police, fire, ocean rescue, code compliance and administration for the foreseeable future. Understanding the right size, type and location of these facilities will provide the information needed to understand the various funding options the city will need to consider to bring these facilities up to acceptable standards.
- Implementation of an Enterprise Resource Planning (ERP) System. The goal is to improve management of business and administrative functions and to automate many back-office functions primarily related to finance, human resources, technology, and customer services to improve efficiency. The efforts that began during FY2021 position the City to prepare for an ERP implementation by planning and improving the organizations business processes, as part of the project's overall readiness activities. The City, has and continues to review and improve business processes to prepare for the ERP implementation project. A request for proposal (RFP) was issued and closed during FY2022. Evaluation and selection processes began in FY2023.

In conjunction with the business process analysis related to the ERP project, the City completed several organizational changes include implementation of the Office of Public Safety, which consolidated various public safety operations that were spread among the City Manager's Office, Parks & Recreation, Planning & Development, and the Financial Services departments. In addition, the Community Services Department was established to consolidate the Legislative and Community Affairs and the Senior Services Departments to increase coordination regarding community support programs and services, education outreach and advocacy, and intergovernmental relations.

These re-organizations along with those implemented during FY2021 have strengthened and improved our fiscal accountability, oversight and reporting, and taken advantage of various synergies. They contributed to the success of clearing the "financial close and reporting" repeat finding. We continue to evaluate and revise our policies and organization to enhance responsiveness, transparency, and efficiency, while maintaining compliancy with all Federal, State, and Local requirements.

During fiscal year 2022, the Auditor General (AG) completed their operational audit which began April 2020 releasing their report in September 2022. The operational audit, which was requested by the City in 2019, encompassed the following objectives:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering

assigned responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and other guidelines;

- Examine internal controls designed and placed in operation to promote and encourage the achievement of management’s control objectives in the categories of compliance, economic and efficient operations, the reliability of records and reports, the safeguarding of assets, and identifying weaknesses in those internal controls; and,
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

The AG operational audit included selection and examination of transactions and records of the period covering October 2018 through January 2020, and selected City actions taken prior and subsequent to that period, and covered sixty-six areas of governmental operations and multiple activities. The focus was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management.

Their operational audit disclosed fifteen findings in the areas of Payroll and Personnel Administration, Procurement and Expenditures, Motor Vehicles, and Administration and Management. The City began addressing these findings during the audit in fiscal years 2021 and 2022 prior to the issuance of the report and continues to do so into fiscal year 2023. The AG reserves the right to review progress of the findings after eighteen months from release of their report. We anticipate no repeat findings.

Long Range Financial Planning

The City maintained its credit rating of “AA” for its General Obligation Refunding Bonds, Series 2012B-2. The City’s credit rating for its debt secured by its covenant-to-budget and appropriate non-ad valorem revenue was recently upgraded from “AA-” to “AA” by Standard & Poor’s Global Ratings. The City’s credit profile for its covenant-to-budget and appropriate debt from Fitch Ratings remained the same at “AA-.” The methodology that the rating agencies use combine both qualitative and quantitative measures. Though each vary slightly, the major categories consist of the Economy, Institutional Framework, Financial Performance, Liquidity, and Leverage. Some of the comments by the rating agencies indicate a stable outlook with strong management, budget flexibility, and performance. Maintaining a good credit rating helps keep the cost of borrowing low which can be a significant factor in the amount of debt which can be used to finance major capital projects.

At the close of fiscal year 2022, the City’s General Fund unassigned fund balance was \$39.2 million, which is approximately \$4 million above the closing balance for fiscal year 2021 of \$35.0 million. This balance includes approximately \$6 million of the \$10 million revenue replacement funding from the ARPA. The ARPA replacement funding has been approved by Commission to be used for several public safety and infrastructure projects. Excess unassigned fund balance above the policy limits can be used to fund capital projects or other one-time needs approved by Commission such as various infrastructure improvement projects, or unanticipated revenue shortfalls stemming from major natural disasters. The City also maintains an Emergency Reserve fund balance of \$3.5 million which has been approved by Commission to increase to \$5.0 million during FY2023 using General Fund unassigned fund balance. The emergency reserve fund sets aside funds for the immediate response to events such as hurricanes. These measures are intended to buffer unforeseen emergent and/or economic challenges.

The City’s Capital Improvement Plan (CIP) document is updated and adopted on an annual basis. The CIP prioritizes major capital projects and identifies revenue sources available to finance the improvements. For fiscal years 2023 – 2027, the City Commission adopted a CIP budget of approximately \$93.9 million. The CIP includes anticipated funding from various available fund balances and debt financing instruments in FY2023 and forward.

As part of the fiscal year 2023 budget development, the City took steps to prepare estimates of its future budgetary needs to support capital investments, operational costs, and fund health for its major enterprise funds. Master Plans and rate sufficiency studies for the Utility, Stormwater, and Solid Waste Funds were completed in fiscal year 2022. In December of 2022 the City Commission approved the funding strategies and long-term rate adjustments. Rate adjustments have already been implemented

for the Utility and Solid Waste Funds, with implementation of rate adjustments schedule to begin in October 2023 for the Stormwater Fund.

The Utility Fund rate adjustments will allow the City to address capital improvements necessary to improve aging infrastructure and meet future water quality regulations and standards. The Stormwater Fund rate adjustments will provide the needed funding to address our flood-prone areas. The Solid Fund rate adjustments will address the negative net position of the Fund that was also an audit observation in the FY2021 ACFR and an AG operational audit finding. A part of the Solid Waste funding strategy was a one-time transfer of General Fund Unassigned Fund Balance to the Solid Waste Fund of \$2.2 million that was approved by the City Commission during fiscal year 2023 for revenues owed to the Fund.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Deerfield Beach for its comprehensive annual financial report for the fiscal year ending September 30, 2021. This was the 42nd consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized annual financial report. This report satisfied both GAAP and applicable legal requirements.

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

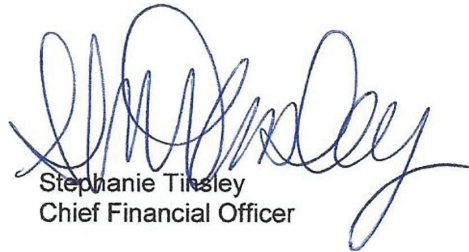
Additionally, the City of Deerfield Beach also received the GFOA's Distinguished Budget Presentation Award for the FY2023 annual, the 27th consecutive year. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

Thank you for your continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner. This report could not have been prepared without the dedicated service of all of the employees of the Department of Financial Services as well as the support of the other City departments. Special thanks also to the City Commission, for their continued guidance and support in our efforts towards fiscal stewardship.

Respectfully submitted,



David Santucci
City Manager



Stephanie Tinsley
Chief Financial Officer

CITY OF DEERFIELD BEACH, FLORIDA

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2022

Elected Officials

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

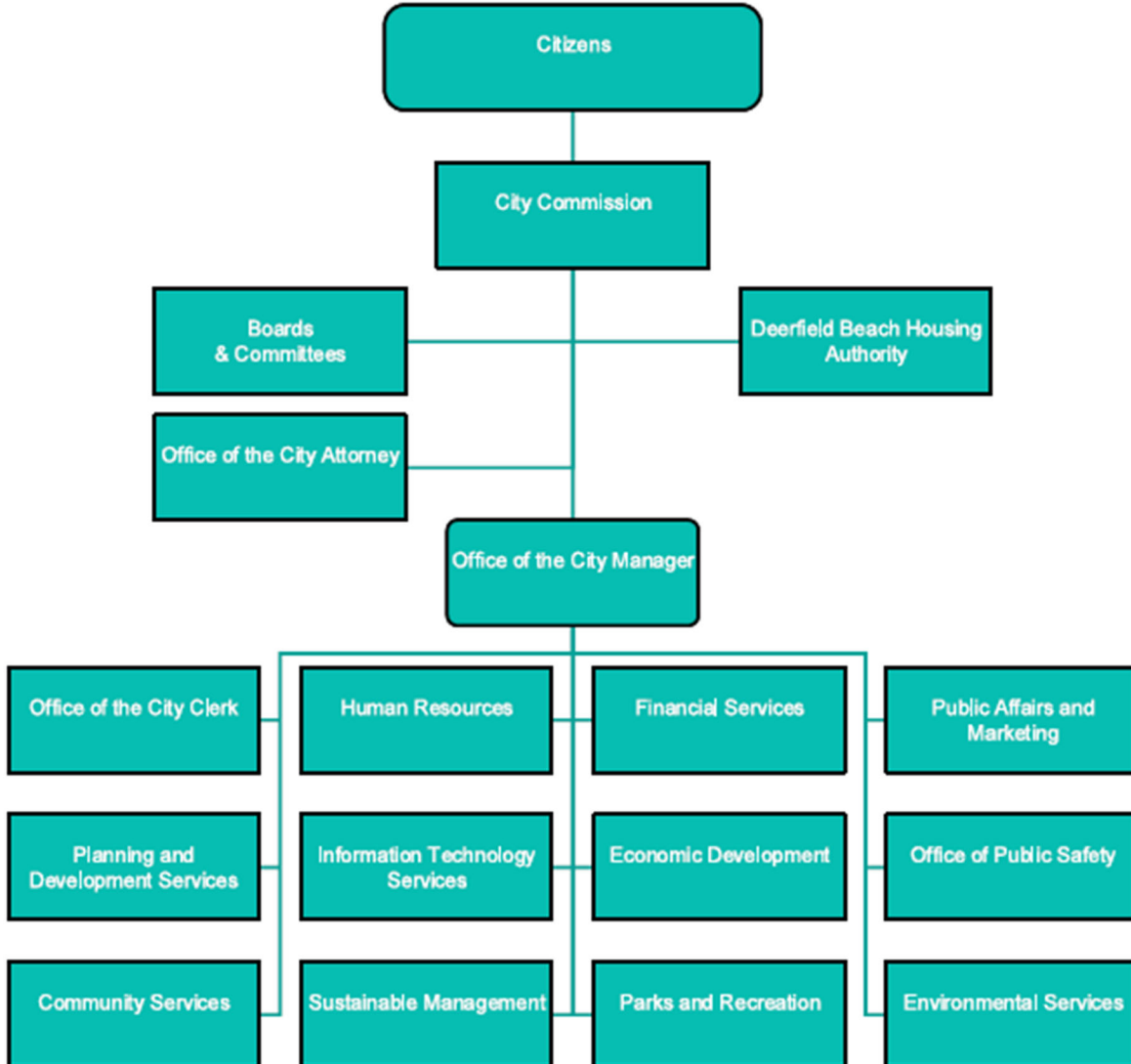
Appointed Officials

City Manager	David Santucci
Assistant City Manager	Horace McHugh
City Attorney	Weiss Serota Helfman Cole & Berman Anthony Soroka
City Clerk	Samantha Gillyard
Acting Director of Community Development	Jonathan Salas
Chief Financial Officer	Stephanie Tinsley
Director of Human Resources and Risk Management	Amanda Robin
Chief Information Officer	Ronald McKenzie
Director of Parks & Recreation	Teresa Rynard
Director of Environmental Services	Priscilla Cygielnik
Director of Planning & Development Services	Eric Power
Director of Sustainable Management	Chad Grecsek
Director of Public Affairs & Marketing	Rebecca Medina-Stewart
Director Economic Development	Kristin Mory
Fire Chief	Samantha Whitehorne
Police Chief	Rodney Brimlow

CITY OF DEERFIELD BEACH, FLORIDA

ORGANIZATION CHART

SEPTEMBER 30, 2022





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Deerfield Beach
Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morill

Executive Director/CEO

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Deerfield Beach, Florida (the "City"), as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, 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.

We did not audit the financial statements of the Pension Trust Funds, component units of the City, which represent 92%, 93% and 204%, respectively, of the assets, net position/fund balance and revenues/additions of the aggregate remaining fund information as of September 30, 2022. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pension Trust Funds, is based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 15, the schedules of changes in the city's net pension liability and related ratios, the schedules of city contributions, schedule of city's proportionate share of net pension liability, schedule of changes in the city's total OPEB liability and related ratios, and budgetary comparison schedules for the general fund and major special revenue funds on pages 100 through 111 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are 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 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. In our opinion, 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial

statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2023 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 City's internal control over financial reporting and compliance.

Marcum LLP

Fort Lauderdale, FL
May 31, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the report is intended to give readers a narrative overview to facilitate both a short and long-term analysis of the financial activities of the City for the fiscal year ended September 30, 2022. This Management's Discussion and Analysis is based on currently known facts, decisions and conditions that existed as of the date of the independent auditors' report. The information presented is in accordance with Governmental Accounting Standards Board Statement No. 34 (GASB 34) as amended. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - iv of this report.

FINANCIAL HIGHLIGHTS

- The total assets on the Government-wide basis of the City at September 30, 2022 increased \$19.6 million from \$327.4 million to \$340.1 million, or 3.9% from the prior year.
- The City's total liabilities on a Government-wide basis decreased by \$47.5 million, from \$217.3 million to \$169.8 million from the prior year.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$153.2 million (net position). Of this amount, \$79.7 million was from governmental activities and \$73.5 million was from business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$104.5 million, an increase of \$14.3 million, in comparison with the amount reported for the prior fiscal year. Of this amount, \$2.3 million was non-spendable, \$47.9 million was restricted, \$15.2 million was assigned, and \$39.1 million was unassigned and therefore available for spending at the government's discretion.
- At the end of the fiscal year, unassigned fund balance in the General Fund was \$39.2 million, or 38% of total General Fund expenditures and transfers. The City has a reserve policy of maintaining an amount in reserves that is at least 10% and 5% of total General Fund expenditures and transfers for unassigned and assigned emergency reserves respectively

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

The government-wide financial statements can be found on pages 16 - 17 of this report.

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

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

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

The City maintains governmental funds for various sources of revenues. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for those funds that are considered significant (major) to the City as a whole. These financial statements report four major funds: General Fund, American Rescue Plan Fund, Community Redevelopment Agency Fund, and the General Construction Fund. Data from the non-major governmental funds are combined into a single, aggregated presentation. Individual fund information for each of these nonmajor governmental funds is provided in the form of combining statements that are found on pages 112-119 of this report.

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

The basic governmental fund financial statements can be found on pages 18-21 of this report.

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

The basic proprietary fund financial statements can be found on pages 22 - 26 of this report.

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

The basic fiduciary fund financial statements can be found on pages 27 - 28 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29 - 99 of this report and should be read in conjunction with the City's financial statements.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees, budgetary comparisons for the general fund and the CRA Special Revenue Fund. RSI can be found on pages 100 - 111 of this report.

The combining and individual fund statement and schedules referred to earlier in connection with nonmajor funds are presented immediately following the RSI. Combining and individual fund statements and schedules can be found on pages 112 - 121 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$153.2 million at the close of Fiscal Year 2022.

The largest portion of the City's net position of \$122.3 million, or 79% of total net position, reflects its investment in capital assets (e.g., land, buildings, equipment, improvements, utility plants and infrastructure), less any related debt and deferred inflows/outflows used to acquire those assets that are still outstanding. The City 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, 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.

The following analysis summarizes the net position as September 30, 2022 and 2021:

City of Deerfield Beach, Florida						
Summary of Net Position						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 118,154,380	\$ 106,486,591	\$ 42,991,783	\$ 45,567,278	\$ 161,146,163	\$ 152,053,869
Capital assets, net	<u>108,519,911</u>	<u>102,660,314</u>	<u>70,467,157</u>	<u>72,705,203</u>	<u>178,987,068</u>	<u>175,365,517</u>
Total Assets	<u>226,674,291</u>	<u>209,146,905</u>	<u>113,458,940</u>	<u>118,272,481</u>	<u>340,133,231</u>	<u>327,419,386</u>
Deferred Outflows of Resources						
	<u>15,828,572</u>	<u>15,369,444</u>	<u>1,264,828</u>	<u>2,354,116</u>	<u>17,093,400</u>	<u>17,723,560</u>
Other liabilities	12,408,860	15,576,789	3,127,035	7,197,933	15,535,895	22,774,722
Noncurrent liabilities	<u>123,410,493</u>	<u>157,746,232</u>	<u>30,847,865</u>	<u>36,806,586</u>	<u>154,258,358</u>	<u>194,552,818</u>
Total Liabilities	<u>135,819,353</u>	<u>173,323,021</u>	<u>33,974,900</u>	<u>44,004,519</u>	<u>169,794,253</u>	<u>217,327,540</u>
Deferred Inflows of Resources						
	<u>27,018,659</u>	<u>13,255,241</u>	<u>7,239,067</u>	<u>7,065,816</u>	<u>34,257,726</u>	<u>20,321,057</u>
Net Position						
Net investment in capital assets	71,037,127	65,038,801	51,222,386	49,443,126	122,259,513	114,481,927
Restricted	50,832,847	22,837,174	3,461,863	1,193,510	54,294,710	24,030,684
Unrestricted	<u>(42,205,123)</u>	<u>(49,937,888)</u>	<u>18,825,552</u>	<u>18,919,626</u>	<u>(23,379,571)</u>	<u>(31,018,262)</u>
Total Net Position	<u>\$ 79,664,851</u>	<u>\$ 37,938,087</u>	<u>\$ 73,509,801</u>	<u>\$ 69,556,262</u>	<u>\$ 153,174,652</u>	<u>\$ 107,494,349</u>

An additional portion of the City's net position, \$54.3 million or approximately 35.4%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, a deficit of \$23.4 million, continues to be impacted by the implementation of GASB Statement No. 75 which had a significant negative impact on the City's unrestricted net position for the governmental activities but is recovering.

The net position of business-type activities increased by \$3.9 million to \$73.5 million in 2022. This increase was primarily due to an increase sale revenue in the Water and Sewer Utility and Solid Waste Funds. Rate increases were implemented for the Water and Sewer Utility Fund. The Solid Waste Fund had increase sales in their commercial operations.

The City's current and other assets increased by \$16.0 million from \$152.0 million to \$161.1 million. Most of this as a result of the ARPA funding. The City received approximately \$16 million.

Current liabilities decreased from \$22.7 million to \$15.5 million. This decrease was primarily attributable to a decreased in salary accruals at the end of the year as well as amounts owed to other government entities.

Noncurrent liabilities decreased by \$40.3 million from \$194.6 million to \$154.3 million in FY2022. A significant portion of this decrease is from net pension liability which decreased by \$31.5 million in FY2022 due to overall market conditions noted during the measurement period of September 30, 2021.

The following analysis summarizes the changes in net position for the years ended September 30, 2022 and 2021:

City of Deerfield Beach, Florida
Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues						
Charges for services	\$ 40,048,377	\$ 38,757,485	\$ 46,361,499	\$ 43,465,121	\$ 86,409,876	\$ 82,222,606
Operating grants and contributions	13,209,259	6,359,000	244,265	71,705	13,453,524	6,430,705
Capital grants and contributions	742,236	--	--	--	742,236	--
General Revenues						
Taxes	82,377,211	75,263,589	--	--	82,377,211	75,263,589
Miscellaneous revenues	884,584	492,195	112,400	2,325	996,984	494,520
Intergovernmental	4,123,235	2,483,335	--	--	4,123,235	2,483,335
Unrestricted investment earnings	502,924	165,996	784	47,444	503,708	213,440
Total Revenues	<u>141,887,826</u>	<u>123,521,600</u>	<u>46,718,948</u>	<u>43,586,595</u>	<u>188,606,774</u>	<u>167,108,195</u>
Expenses						
General government	10,834,495	14,174,978	--	--	10,834,495	14,174,978
Economic environment	1,936,041	4,293,606	--	--	1,936,041	4,293,606
Public safety	60,843,134	73,254,510	--	--	60,843,134	73,254,510
Human services	2,002,868	2,026,671	--	--	2,002,868	2,026,671
Physical environment	9,250,580	6,700,678	--	--	9,250,580	6,700,678
Transportation	4,589,488	4,464,749	--	--	4,589,488	4,464,749
Culture and recreation	7,338,876	5,740,552	--	--	7,338,876	5,740,552
Interest on long-term debt	3,453,832	3,683,713	--	--	3,453,832	3,683,713
Water and sewer	--	--	25,448,187	24,516,242	25,448,187	24,516,242
Solid waste	--	--	15,982,566	14,883,574	15,982,566	14,883,574
Stormwater Utility	--	--	1,246,404	1,100,143	1,246,404	1,100,143
Total Expenses	<u>100,249,314</u>	<u>114,339,457</u>	<u>42,677,157</u>	<u>40,499,959</u>	<u>142,926,471</u>	<u>154,839,416</u>
Increase (Decrease) in Net Position Before Transfers	<u>41,638,512</u>	<u>9,182,143</u>	<u>4,041,791</u>	<u>3,086,636</u>	<u>45,680,303</u>	<u>12,268,779</u>
Transfers	<u>88,252</u>	<u>411,171</u>	<u>(88,252)</u>	<u>(411,171)</u>	<u>--</u>	<u>--</u>
Change in Net Position	<u>41,726,764</u>	<u>9,593,314</u>	<u>3,953,539</u>	<u>2,675,465</u>	<u>45,680,303</u>	<u>12,268,779</u>
Net Position - Beginning of Year	<u>37,938,087</u>	<u>28,344,773</u>	<u>69,556,262</u>	<u>66,880,797</u>	<u>107,494,349</u>	<u>95,225,570</u>
Net Position - Ending of Year	<u>\$ 79,664,851</u>	<u>\$ 37,938,087</u>	<u>\$ 73,509,801</u>	<u>\$ 69,556,262</u>	<u>\$ 153,174,652</u>	<u>\$ 107,494,349</u>

Governmental Activities: Governmental activities increased the City’s net position by \$41.7 million. This increase is a result of the following.

Taxes increased by \$7.1 million from \$75.3 million to \$82.4 million. The revenue category Taxes is made up of Property, Utility, Sales and Use, Franchise, Communications, Alcoholic beverages and Mobile home taxes.

Property tax revenues increased by \$2.3 million from \$51.0 million in FY2021 to \$53.0 million in FY2022 due to an increase in property values and an increase in delinquency collections.

Sales taxes revenues shows an increase of \$3.5 million from \$5.7 million in FY2021 to \$9.2 million in FY2022. Some of this increase results from the inclusion \$2.8 million in Motor Fuel taxes that were reported separately in FY2021 but is now combined with Sales and Use Tax revenues.

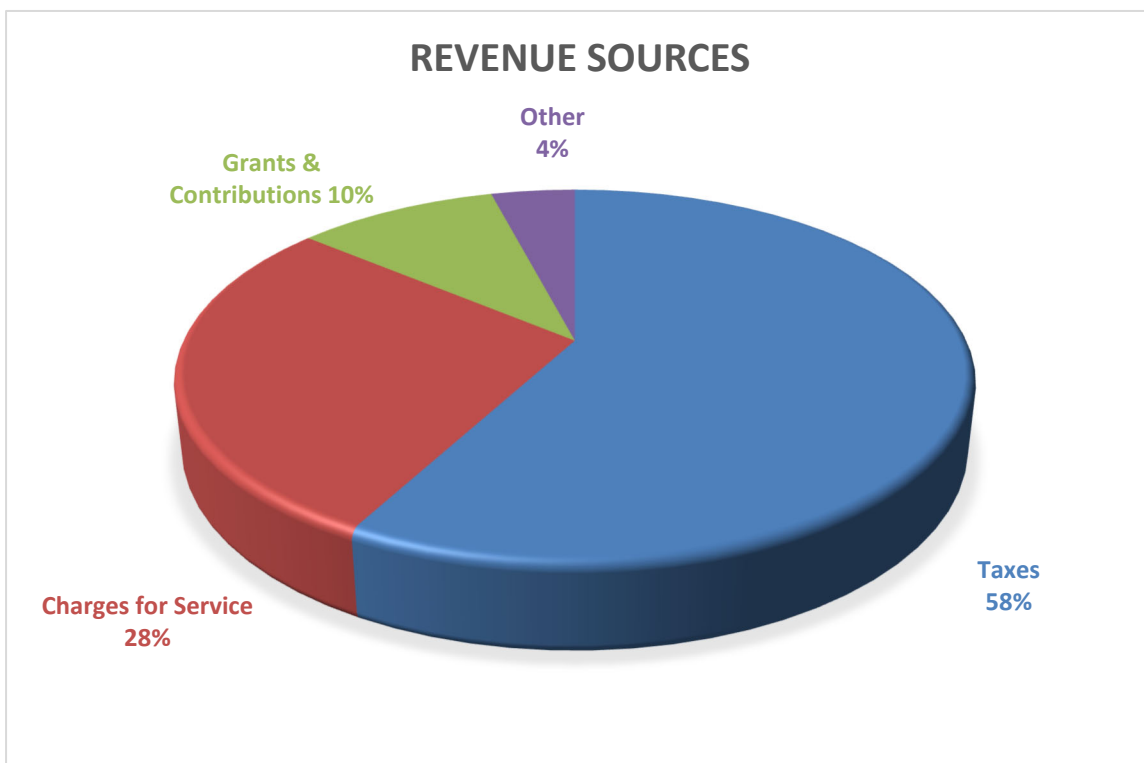
Charges for Services increased by \$1.3 million from \$38.8 million in FY2021 to \$40.1 million due to increase in the total receipts for occupational business taxes and building permits.

Operating Grants and Contributions increased \$7.1 million from \$6.4 million to \$13.5 million in FY2022.

A \$13 million decrease in public safety expenses from FY2021 to FY2022. A significant portion of this decrease is from the net pension liability which decreased by \$31.5 million in FY2022 due to overall market conditions noted during the measurement period of September 30, 2021.

When analyze by source, revenues for FY2022 were as follows: 58% is generated from taxes, 28% is from charges for services, operating grants/contributions comprise 10%, intergovernmental and miscellaneous revenues make up the remaining 4%.

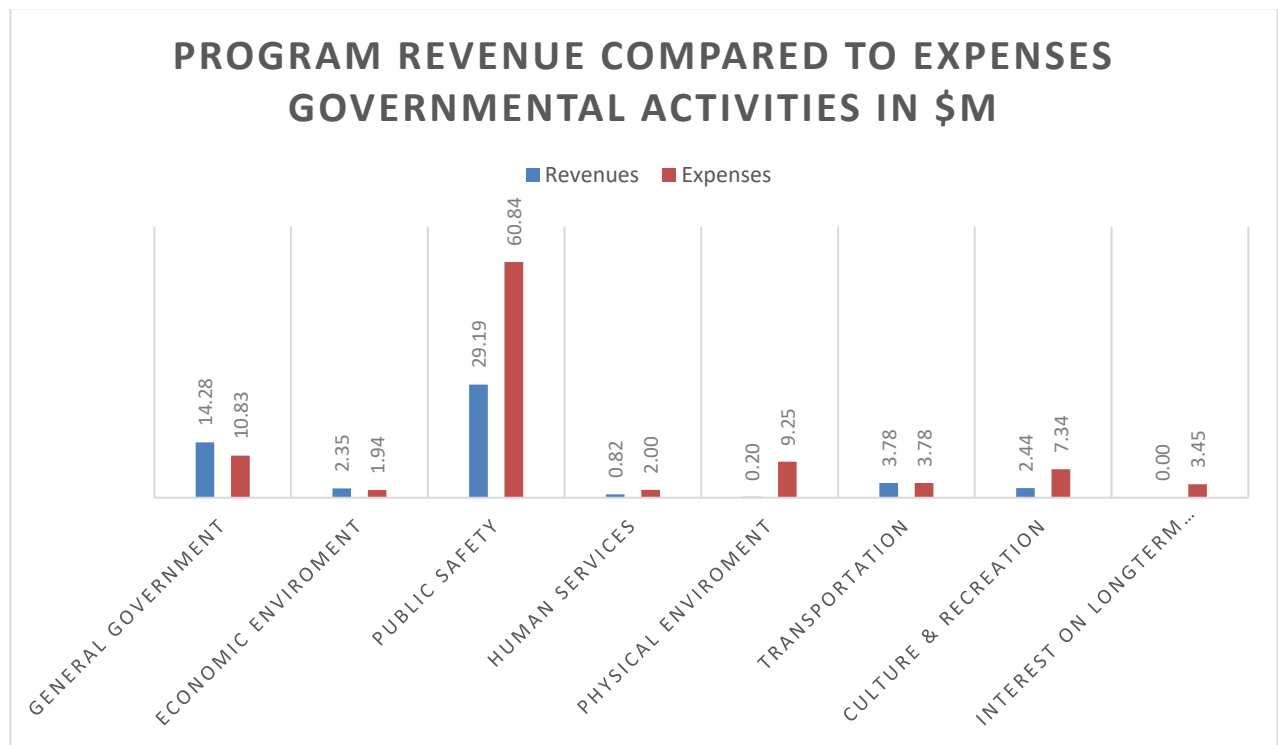
Program and General Revenues by Source – Governmental Activities



The City’s expenses cover a broad range of services, with approximately 60.6% of governmental activity expenses related to public safety (fire/rescue and police protection). Public safety expenses constitute the largest component of total expenses due to the service level requirements. Public Safety Function consists of the Office of Public Safety which oversees the Broward Sheriff Office (BSO) contracts related to Law Enforcement, Fire and Rescue Services, Emergency Management Services, Parking Authority, School Crossing Guards, and Ocean Rescue Services.

When compared with the previous year, expenses decreased in governmental fund for FY2022. A significant portion of this decreases were as a direct result of staffing vacancies in all service areas and reduction in the required pension contributions for the year. The City also had decreases in general government and economic environment expenses. Physical Environment which comprises public works and facilities as well as Culture and Recreation did have increase. These increases were affected by higher prices of operational supplies as well as a return to hosting outdoor activities by the Parks and Recreation department.

The chart below compares program revenues and expenses for the individual governmental activities for the fiscal year.



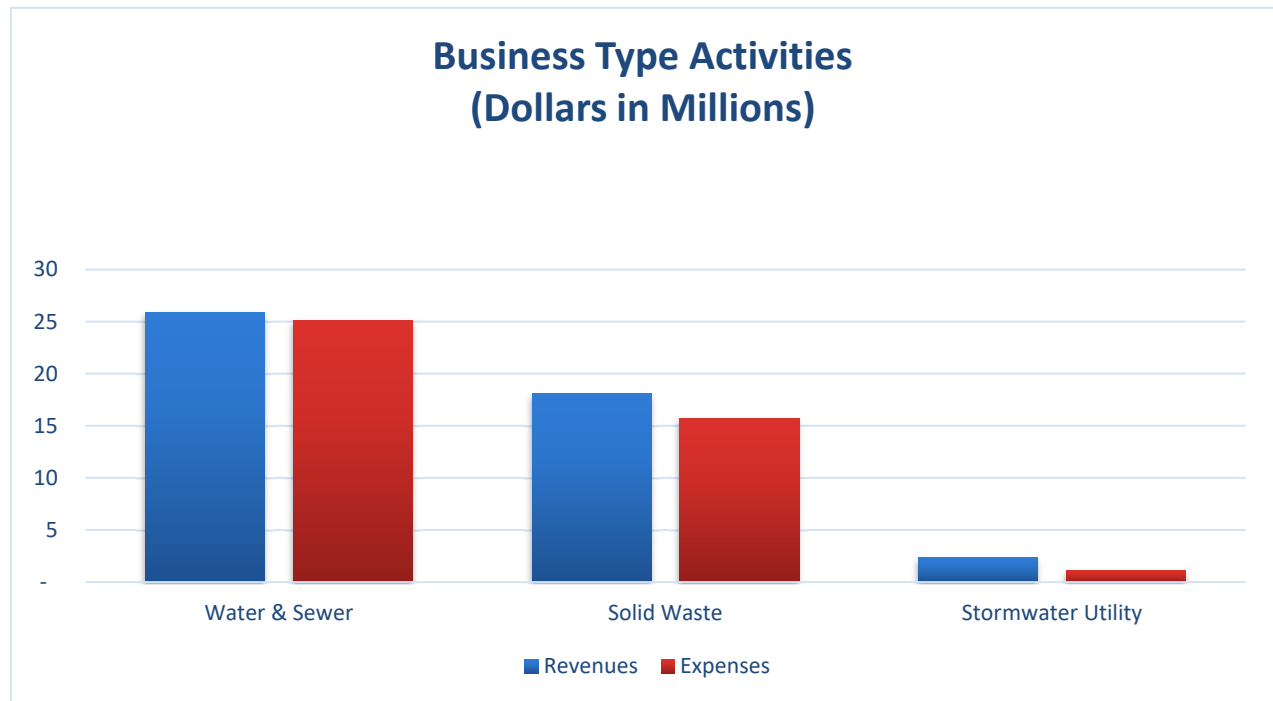
Business-type Activities. Business-type activities are presented in detail in the proprietary fund statements. These funds represent the Water and Sewer Utility, Solid Waste, and Storm Water Utility Funds. Together these Funds show an overall increase in revenues of \$3.1 million when compared to Fiscal Year 2022.

The Water and Sewer Fund net position increased by \$0.6 million. This was an improvement over Fiscal Year 2022 and is a result of the rate increased by the Water and Sewer Utility Fund implemented in June of 2022, as well as increased residential and commercial development and redevelopment.

The Solid Waste Fund had an increase of \$2.2 million. Most of the increase came from increase revenues from bulk and commercial debris removal along with a reduction in staffing cost.

The Stormwater Fund had a net operating income of \$1.0 million which was very similar to the income for Fiscal Year 2021. There were no major changes to this fund during the fiscal period.

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



Financial Analysis of the City’s Funds

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. Unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the City’s governmental funds reported combined ending fund balances of \$104.5 million, an increase of \$14.3 million from the prior year’s ending balances of \$90.2 million. Approximately 37.4%, \$39.1 million of the combined fund balances constitute *unassigned fund balance* that is available to meet the City’s current and future needs. The remainder of fund balance is *nonspendable, restricted, committed and assigned* to indicate that it is not available for new spending.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$39.2 million, while total fund balance was \$54.9 million. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 38% of total general fund expenditures and transfers, while total fund balance represents approximately 53% of that same amount.

The total fund balance of the City’s General Fund increased by \$14.8 million during the fiscal year. Key factors in this increase were an overall increase in most revenue sources for this year over Fiscal Year 2021. The biggest increases were in Property taxes of \$1.9 million, Charges for service of \$1.0 million and Franchise Fees of \$1.4 million as well as the City electing to use \$10 million of the \$16.3 million of the ARPA allocation as revenue replacement.

The General Construction Fund captures cost for two major projects that are debt funded. The center for active aging and the Tigner Community Center. The fund balance for this fund decreased due this year due to the implementation of several construction projects which increased the capital outlay for this fund from \$1.8 million in FY2021 to \$7.9 million in FY2022.

The Community Redevelopment Agency Fund accounts for revenues collected from and expenditures incurred within the community redevelopment area which borders Federal Highway to the west and State Road A1A to the east. At the end of the fiscal year, the restricted and total fund balance in this fund amounted to \$6.5 million.

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

Unrestricted net position of the Water and Sewer fund at the end of the fiscal year amounted to \$22.4 million. The Solid Waste Fund had an unrestricted net position deficit of \$6.5 million at the end of the fiscal year. Factors concerning the finances of these two funds have already been addressed in the discussion of the City’s business-type activities.

Capital Assets and Debt Administration

Capital Assets. The City’s capital assets for its governmental and business-type activities as of September 30, 2022, amounted to \$179 million (net of accumulated depreciation). These capital assets include land, buildings, improvements other than building (such as improvements to parks), equipment, utility plants in service and infrastructure (roads, highways, bridges, etc.). The total increase in the City’s capital assets for the current fiscal year was 5.4%, (3.2)% for governmental activities and (1.3)% for business-type activities) due to increase equipment and Construction in Process. The following table summarizes the City’s capital assets.

City of Deerfield Beach, Florida
Schedule of Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 18,028,619	\$ 18,028,619	\$ 50,531	\$ 50,531	\$ 18,079,150	\$ 18,079,150
Buildings	21,448,643	22,022,585	418,110	491,981	21,866,753	22,514,566
Improvements other than buildings	10,766,995	11,398,393	43,173,549	43,036,569	53,940,544	54,434,962
Equipment	6,142,978	5,386,895	5,553,345	6,514,326	11,696,323	11,901,221
Utility plants in service	--	--	18,066,137	19,406,311	18,066,137	19,406,311
Infrastructure	28,183,679	28,485,544	--	--	28,183,679	28,485,544
Construction in progress	23,948,997	17,338,278	3,205,485	3,205,485	27,154,482	20,543,763
Total	<u>\$ 108,519,911</u>	<u>\$ 102,660,314</u>	<u>\$ 70,467,157</u>	<u>\$ 72,705,203</u>	<u>\$ 178,987,068</u>	<u>\$ 175,365,517</u>

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

- Purchase of \$1.7 million in Public Safety vehicles.
- Initial construction cost of \$2.5 million for the new Braithwaite Center for Active Aging building.
- Construction cost for the new Tigner Center of \$920K
- Upgrades to the Middle School Aquatic Center of \$742.
- Construction cost for two new CRA projects; the S-curve utilities undergrounding \$920K and the Island Mobility (bus relocation) \$474K.

Additional information on the City of Deerfield Beach’s capital assets can be found in Note 3 on pages 61 - 63 of this report.

Long-term Debt. At year-end, the City had \$10.7 million in general obligation bonds outstanding. The City also had \$46.1 million in outstanding covenant bonds (for which the City must “covenant” and appropriate funds necessary to pay the annual debt service), but which are primarily backed by revenue sources other than voted-debt ad valorem taxes. The business-type activities had \$7.8 million outstanding in revenue bonds and \$4.1 million in loans payable as well as \$10.4 million in capital leases outstanding at the end of the fiscal year.

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

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds						
(backed by the City)	\$ 10,699,375	\$ 11,785,277	\$ --	\$ --	\$ 10,699,375	\$ 11,785,277
Revenue bonds	--	--	7,757,479	8,733,449	7,757,479	8,733,449
Covenant bonds	46,090,000	47,530,000	--	--	46,090,000	47,530,000
Add/(subtract) premium/ (discount)	6,037,768	6,132,414	--	--	6,037,768	6,132,414
Capital leases	1,161,042	2,222,334	9,309,445	9,902,313	10,470,487	12,124,647
Loan payable	--	--	2,398,223	4,165,504	2,398,223	4,165,504
Total	<u>\$ 63,988,185</u>	<u>\$ 67,670,025</u>	<u>\$ 19,465,147</u>	<u>\$ 22,801,266</u>	<u>\$ 83,453,332</u>	<u>\$ 90,471,291</u>

The City’s general obligation debt per capita, excluding enterprise fund debt, was \$121 at the end of fiscal year 2022. The City’s outstanding net general obligation debt was 0.14% of the City’s assessed property value. The City’s debt policy requires that its net general obligation bonded debt not exceed two (2) percent of the assessed valuation of taxable property within the City, unless otherwise directed by the city commission. Net reduction is due to the pay down of principal debt service obligations.

Additional information on the City’s long-term debt can be found in Note 3 on pages 67 - 72 of this report.

Economic Factors and Next Fiscal Year’s Budget and Rates

During the Fiscal Year 2022, the City achieved significant accomplishments despite pandemic, inflationary, supply chain, and the Great Resignation challenges. Many of these serve as the foundation for building the Fiscal Year 2023 Budget and for future initiatives that are critical to the City’s future success. A few of these achievements are briefly summarized below:

- Construction of the new Braithwaite Center for Active Aging. The Center provides a structured and comprehensive array of programs and services geared to our senior population. It also operates a Multicultural Day Care Center and a preschool. It is the only intergenerational campus in Broward County.
- Johnny Tigner Center. The original Johnny Tigner Center was recently demolished, making way for a newly constructed community center to meet the needs of our growing community.

- Development of 1045 SW 11th Way. Since the 90's the City owned this parcel with the intend for it to be developed for commercial use through a lease arrangement with the Florida Atlantic Research and Development Authority. The City is current under contract with a developer to purchase the land for \$6.5 million with \$7.5 million in community enhancements and \$180 million multi-use development project.
- Design and permitting of a regional beach re-nourishment project. In compliance with the City of Deerfield Beach and Town of Hillsboro Beach settlement agreement, the City recently completed a joint-renourishment project.
- Public Safety Master Plan. Recognizing the aging infrastructure of our public safety facilities, the City has recently approved consultancy services to develop a public safety master plan.
- Implementation of an Enterprise Resource Planning (ERP) System. The goal is to improve management of business and administrative functions and to automate many back-office functions primarily related to finance, human resources, technology, and customer services to improve efficiency. A request for proposal (RFP) was issued and closed during FY2022. Evaluation and selection processes began in FY2023.

With the awarded financial relief from ARPA of approximately \$16.3 million, the City completed the planning phase and began the implementation phase, with the goal of maximizing a return on investment through infrastructure improvements and economic impact. The City Commission approved the City's ARPA plan in November 2021 and city staff began implementing the various approved projects and plans which include the following:

- West Deerfield Beach Stormwater Improvements
- South East 8th Avenue Stormwater Improvements
- Park Improvements and Aquatic Center Upgrades
- Community Grants for Non-Profits
- Water Treatment Chemical Conversion Projects
- Advanced Meter Reading Infrastructure Improvements
- Regional Beach Re-Nourishment Project

Finally, with the low unemployment rate and the impacts of the Great Resignation, competition for the limited qualified job seekers has caused significant challenges in staffing, as well as with attracting and retaining talented employees. As a result, the City has funded a Pay and Class Study in FY2023.

Aside from the user fees adjustments already discussed earlier, a fire assessment fee study was conducted during Fiscal Year 2022 and the Commission approved an increase in the Fire Assessment fees effective for Fiscal Year 2023 to help offset some of the increasing costs related to fire protection and rescue services. Fire Assessment revenue is expected to fund approximately 79% of fire-related services for Fiscal Year 2023 with the remaining covered by other General Fund revenue sources.

During the current fiscal year, total fund balance in the General Fund amounted to \$54.9 million. The City plans to utilize \$ 11.4 million of this to fund capital projects.

Request for Information

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

BASIC FINANCIAL STATEMENTS

CITY OF DEERFIELD BEACH, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 20,874,549	\$ 4,206,961	\$ 25,081,510
Investments	40,690,352	32,734,033	73,424,385
Receivables, net of allowances	3,611,044	5,704,047	9,315,091
Lease receivable	210,917	--	210,917
Internal balances	5,108,675	(5,108,675)	--
Due from other governments	2,663,969	--	2,663,969
Inventories	121,981	220,467	342,448
Prepaid items	349,310	1,170,236	1,519,546
Restricted assets:			
Cash and cash equivalents	933,168	2,654,844	3,588,012
Investments	42,493,849	--	42,493,849
Net pension asset	1,096,566	1,409,870	2,506,436
Capital assets:			
Non-depreciable	41,977,616	3,256,016	45,233,632
Capital assets, net of accumulated depreciation	66,542,295	67,211,141	133,753,436
Total Assets	226,674,291	113,458,940	340,133,231
Deferred Outflows of Resources			
Pensions	14,863,525	653,254	15,516,779
OPEB	965,047	611,574	1,576,621
Total Deferred Outflows of Resources	15,828,572	1,264,828	17,093,400
Liabilities			
Accounts payable	4,206,591	2,179,942	6,386,533
Accrued payroll	675,165	193,552	868,717
Accrued interest payable	1,477,712	151,829	1,629,541
Due to other governments	64,247	--	64,247
Unearned revenue	5,898,696	--	5,898,696
Customer deposits	86,449	601,712	688,161
Non-current liabilities:			
Due within one year:			
Compensated absences	1,205,006	950,850	2,155,856
Insurance claims payable	951,177	--	951,177
Bonds, loans and leases payable	3,647,543	2,080,592	5,728,135
Due in more than one year:			
Compensated absences	--	118,452	118,452
Insurance claims payable	7,506,511	--	7,506,511
Bonds, loans and leases payable	60,340,642	17,384,555	77,725,197
Total OPEB liability	16,274,307	10,313,416	26,587,723
Net pension liability	33,485,307	--	33,485,307
Total Liabilities	135,819,353	33,974,900	169,794,253
Deferred Inflows of Resources			
Pensions	18,389,300	2,067,399	20,456,699
OPEB	8,160,758	5,171,668	13,332,426
Leases	204,248	--	204,248
Deferred amount on bond resources	264,353	--	264,353
Total Deferred Inflows of Resources	27,018,659	7,239,067	34,257,726
Net Position			
Net investment in capital assets	71,037,127	51,222,386	122,259,513
Restricted net position:			
Debt service	4,139,018	2,051,993	6,191,011
Perpetual care	1,830,324	--	1,830,324
Economic environment	6,564,581	--	6,564,581
Public safety	2,757,594	--	2,757,594
Human services	11,445,838	--	11,445,838
Physical environment	3,526,829	--	3,526,829
Transportation	8,068,772	--	8,068,772
Parks and recreation	11,403,325	--	11,403,325
Net pension asset	1,096,566	1,409,870	2,506,436
Unrestricted	(42,205,123)	18,825,552	(23,379,571)
Total Net Position	\$ 79,664,851	\$ 73,509,801	\$ 153,174,652

The accompanying notes are an integral part of these financial statements.

CITY OF DEERFIELD BEACH, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs	Expenses	Program Revenues			Governmental Activities	Business-type Activities	Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Governmental Activities							
General government	\$ 10,834,495	\$ 14,278,779	\$ 934,097	\$ --	\$ 4,378,381	\$ --	\$ 4,378,381
Economic environment	1,936,041	1,102,257	1,250,886	--	417,102	--	417,102
Public safety	60,843,134	19,003,706	10,183,600	--	(31,655,828)	--	(31,655,828)
Human services	2,002,868	182	819,549	--	(1,183,137)	--	(1,183,137)
Physical environment	9,250,580	203,784	--	--	(9,046,796)	--	(9,046,796)
Transportation	4,589,488	3,779,540	--	--	(809,948)	--	(809,948)
Culture and recreation	7,338,876	1,680,129	21,127	742,236	(4,895,384)	--	(4,895,384)
Interest on long-term debt	3,453,832	--	--	--	(3,453,832)	--	(3,453,832)
Total Governmental Activities	100,249,314	40,048,377	13,209,259	742,236	(46,249,442)	--	(46,249,442)
Business-type Activities							
Water and sewer	25,448,186	25,931,208	244,265	--	--	727,287	727,287
Solid waste	15,982,567	18,099,403	--	--	--	2,116,836	2,116,836
Stormwater utility	1,246,404	2,330,888	--	--	--	1,084,484	1,084,484
Total Business-type Activities	42,677,157	46,361,499	244,265	--	--	3,928,607	3,928,607
Total	\$ 142,926,471	\$ 86,409,876	\$ 13,453,524	\$ 742,236	(46,249,442)	3,928,607	(42,320,835)
General Revenues							
General property taxes					48,986,445	--	48,986,445
Incremental property taxes					4,559,383	--	4,559,383
Utility taxes					9,690,469	--	9,690,469
Sales and use taxes					9,205,683	--	9,205,683
Franchise taxes					9,675,197	--	9,675,197
Alcoholic beverage/mobile home license taxes					88,183	--	88,183
Impact fees					171,851	--	171,851
Intergovernmental					4,123,235	--	4,123,235
Unrestricted investment earnings					502,924	784	503,708
Miscellaneous revenues					884,584	112,400	996,984
Transfers					88,252	(88,252)	--
Total General Revenues and Transfers					87,976,206	24,932	88,001,138
Change in Net Position					41,726,764	3,953,539	45,680,303
Net Position - Beginning					37,938,087	69,556,262	107,494,349
Net Position - Ending					\$ 79,664,851	\$ 73,509,801	\$ 153,174,652

The accompanying notes are an integral part of these financial statements.

CITY OF DEERFIELD BEACH, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2022

	General Fund	American Rescue Plan Fund	Community Redevelopment Agency	General Construction Fund	Nonmajor Governmental Funds	Total
Assets						
Cash and cash equivalents	\$ 6,938,274	\$ --	\$ 4,171,667	\$ 590	\$ 9,764,018	\$ 20,874,549
Investments	37,825,077	--	2,618,140	-	247,135	40,690,352
Restricted cash and cash equivalents	--	30,401	--	--	902,767	933,168
Restricted investments	--	6,359,189	--	30,093,903	6,040,757	42,493,849
Receivables:						
Accounts	3,522,518	--	--	--	254	3,522,772
Assessments	842	--	--	--	--	842
Interest	41,768	--	3,549	34,801	7,312	87,430
Lease	210,917	--	--	--	--	210,917
Due from other funds	8,694,258	--	--	--	1,303,111	9,997,369
Due from other governments	1,377,006	--	--	288,690	998,273	2,663,969
Inventories	121,981	--	--	--	--	121,981
Prepaid items	349,310	--	--	--	--	349,310
Total Assets	\$ 59,081,951	\$ 6,389,590	\$ 6,793,356	\$ 30,417,984	\$ 19,263,627	\$ 121,946,508
Liabilities						
Accounts payable	\$ 2,070,544	\$ 21,540	\$ 296,270	\$ 1,149,449	\$ 668,788	\$ 4,206,591
Accrued payroll	658,632	--	6,822	--	9,711	675,165
Due to other funds	--	900,000	--	2,326,251	1,662,443	4,888,694
Unearned revenue	460,618	5,393,733	--	--	44,345	5,898,696
Due to other governments	61,006	--	--	--	3,241	64,247
Customer deposits	86,449	--	--	--	--	86,449
Total Liabilities	3,337,249	6,315,273	303,092	3,475,700	2,388,528	15,819,842
Deferred Inflows of Resources						
Leases	204,248	--	--	--	--	204,248
Unavailable revenues	637,836	--	--	--	741,245	1,379,081
Total Deferred Inflows of Resources	842,084	--	--	--	741,245	1,583,329
Fund Balances						
Nonspendable	471,291	--	--	--	1,830,324	2,301,615
Restricted	--	74,317	6,490,264	26,942,284	14,399,091	47,905,956
Assigned	15,217,017	--	--	--	--	15,217,017
Unassigned	39,214,310	--	--	--	(95,561)	39,118,749
Total Fund Balances	54,902,618	74,317	6,490,264	26,942,284	16,133,854	104,543,337
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 59,081,951	\$ 6,389,590	\$ 6,793,356	\$ 30,417,984	\$ 19,263,627	\$ 121,946,508

The accompanying notes are an integral part of these financial statements.

CITY OF DEERFIELD BEACH, FLORIDA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

SEPTEMBER 30, 2022

Fund Balances, Total Governmental Funds		\$ 104,543,337
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 210,275,823	
Accumulated depreciation	<u>(101,755,912)</u>	108,519,911
Net pension assets are not available to pay for current period expenditures and therefore are not reported in the funds		1,096,566
Long-term liabilities, including bonds and loans payable, are not due and payable in the current period and are not reported in the funds.		
Interest payable	(1,477,712)	
Bonds, loans and leases payable	(63,988,185)	
Insurance claims payable	(8,457,688)	
Compensated absences payable	(1,205,006)	
Total OPEB liabilities	(16,274,307)	
Net pension liabilities	<u>(33,485,307)</u>	(124,888,205)
Deferred outflows and inflows of resources related to pensions and OPEB are recorded in the statement of net position.		
Deferred outflows related to pensions	14,863,525	
Deferred inflows related to pensions	<u>(18,389,300)</u>	(3,525,775)
Deferred outflow from OPEB	965,047	
Deferred inflows related to OPEB	<u>(8,160,758)</u>	(7,195,711)
Revenues are unavailable in the government funds because they are not available to pay current period expenditures. They are, however, recognized in the governmental activities.		1,379,081
Bond premiums and discounts, gains, and losses related to the issuance of long-term debt are charged to "Other Financing Sources and Uses" when debt is issued in the governmental funds. These items, however, are capitalized and amortized over the life of the bonds in the government-wide financial statements.		<u>(264,353)</u>
Net Position of Governmental Activities		<u><u>\$ 79,664,851</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF DEERFIELD BEACH, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	General Fund	American Rescue Plan Fund	Community Development Agency	General Construction Fund	Nonmajor Governmental Funds	Total
Revenues						
Property taxes	\$ 49,734,782	\$ --	\$ 4,559,383	\$ --	\$ --	\$ 54,294,165
Sales and use taxes	7,226,763	--	--	--	--	7,226,763
Fire assessment fees	13,652,540	--	--	--	--	13,652,540
Franchise fees	9,675,197	--	--	--	--	9,675,197
Utility taxes	9,690,469	--	--	--	--	9,690,469
Local option gas tax	--	--	--	--	1,978,920	1,978,920
Alcoholic beverage/mobile home license taxes	88,183	--	--	--	--	88,183
Local business taxes/permits	752,400	--	--	--	4,566,127	5,318,527
Intergovernmental	4,319,901	10,841,665	--	288,690	1,821,055	17,271,311
Charges for services	11,062,304	--	--	--	166,807	11,229,111
Fines and forfeitures	1,322,626	--	--	--	445,910	1,768,536
Impact fees	--	--	--	--	171,851	171,851
Investment earnings	225,291	72,569	3,337	176,727	13,630	491,554
Miscellaneous:			--			
Cemetery plot sales	--	--	--	--	147,316	147,316
Donations/contributions	782,292	--	--	--	32,497	814,789
Administrative fees	8,079,663	--	--	--	437,720	8,517,383
Other	247,930	--	11,000	--	40,618	299,548
Total Revenues	116,860,341	10,914,234	4,573,720	465,417	9,822,451	142,636,163
Expenditures						
Current:						
General government	14,995,878	--	--	--	--	14,995,878
Economic environment	424,828	99,428	673,634	--	722,874	1,920,764
Public safety	69,754,644	--	38,985	--	4,062,175	73,855,804
Human services	1,895,700	--	--	--	26,492	1,922,192
Physical environment	8,343,119	--	--	--	170,850	8,513,969
Transportation	576,424	--	--	--	2,037,354	2,613,778
Culture and recreation	5,421,268	--	167,697	--	74,807	5,663,772
Capital outlay	577,555	742,236	1,578,872	7,898,021	981,991	11,778,675
Debt service:						
Principal retirement	1,061,292	--	885,000	--	1,640,902	3,587,194
Interest and fiscal charges	16,325	--	206,353	--	3,383,974	3,606,652
Total Expenditures	103,067,033	841,664	3,550,541	7,898,021	13,101,419	128,458,678
Excess (Deficiency) of Revenues Over Expenditures	13,793,308	10,072,570	1,023,179	(7,432,604)	(3,278,968)	14,177,485
Other Financing Sources (Uses)						
Transfers in	10,448,054	--	--	4,021,353	5,780,838	20,250,245
Transfers out	(9,442,477)	(10,000,000)	--	--	(719,516)	(20,161,993)
Total Other Financing Sources (Uses)	1,005,577	(10,000,000)	--	4,021,353	5,061,322	88,252
Net Change in Fund Balances	14,798,885	72,570	1,023,179	(3,411,251)	1,782,354	14,265,737
Fund Balances - Beginning	40,103,733	1,747	5,467,085	30,353,535	14,351,500	90,277,600
Fund Balances - Ending	\$ 54,902,618	\$ 74,317	\$ 6,490,264	\$ 26,942,284	\$ 16,133,854	\$ 104,543,337

The accompanying notes are an integral part of these financial statements.

**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, 2022

Net Change in Fund Balances - Total Governmental Funds		\$ 14,265,737
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported in depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay	\$ 11,335,367	
Governmental depreciation	<u>(5,475,770)</u>	5,859,597
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		(748,337)
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore are not reported in the funds.		
Insurance claims and benefits expense	963,632	
Other postemployment benefit expense	3,107,731	
Pension expense	<u>14,356,203</u>	18,427,566
In the statement of activities, certain operating expenses - compensated absences (sick and vacation pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amounts actually used (paid).		
Compensated absences		182,187
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Long-term debt principal repayments	3,587,194	
Bond premium	<u>40,670</u>	3,627,864
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus, requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The interest expense reported in the statement of activities is the result of accrued interest on bonds, leases and loans payable.		
		<u>112,150</u>
Change in Net Position of Governmental Activities		<u><u>\$ 41,726,764</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF DEERFIELD BEACH, FLORIDA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

SEPTEMBER 30, 2022

	Water and Sewar Utility	Solid Waste Fund	Stormwater Utility Fund	Total Proprietary Funds
Assets				
Current Assets				
Cash and cash equivalents	\$ 3,037	\$ 2,466,200	\$ 1,737,724	\$ 4,206,961
Investments	31,469,454	1,264,579	--	32,734,033
Restricted cash and cash equivalents:				
Customer deposits	597,853	4,998	--	602,851
Revolving loan covenant accounts	2,051,993	--	--	2,051,993
Receivables, net of allowances:				
Accounts	3,125,301	1,976,593	139,165	5,241,059
Delinquent assessments	161,139	--	--	161,139
Interest	301,849	--	--	301,849
Due from other funds	131,175	--	1,682,000	1,813,175
Inventories	220,467	--	--	220,467
Prepaid items	1,170,236	--	--	1,170,236
Total Current Assets	39,232,504	5,712,370	3,558,889	48,503,763
Noncurrent Assets				
Capital assets:				
Land	50,531	--	--	50,531
Construction in progress	--	3,205,485	--	3,205,485
Buildings	2,266,147	--	1,630,912	3,897,059
Utility plants in service	46,054,250	--	--	46,054,250
Improvements other than buildings	95,491,938	113,696	--	95,605,634
Equipment	9,516,858	15,177,008	29,120	24,722,986
Less: accumulated depreciation	(91,746,924)	(11,165,002)	(156,862)	(103,068,788)
Sub-total capital assets	61,632,800	7,331,187	1,503,170	70,467,157
Net Pension Asset	1,018,240	391,630	--	1,409,870
Total Noncurrent Assets	62,651,040	7,722,817	1,503,170	71,877,027
Total Assets	101,883,544	13,435,187	5,062,059	120,380,790
Deferred Outflows of Resources				
Pension	471,795	181,459	--	653,254
OPEB	309,844	287,500	14,230	611,574
Total Deferred Outflows of Resources	\$ 781,639	\$ 468,959	\$ 14,230	\$ 1,264,828

The accompanying notes are an integral part of these financial statements.

CITY OF DEERFIELD BEACH, FLORIDA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)**

SEPTEMBER 30, 2022

	Water and Sewer Utility	Solid Waste Fund	Stormwater Utility Fund	Total Proprietary Funds
Liabilities				
Current Liabilities				
Accounts payable	\$ 1,156,404	\$ 879,299	\$ 144,239	\$ 2,179,942
Accrued payroll	104,130	84,122	5,300	193,552
Due to other funds	3,806,013	2,984,663	131,174	6,921,850
Customer deposits	597,853	3,859	--	601,712
Compensated absences	473,209	431,847	45,794	950,850
Accrued interest payable	132,410	19,419	--	151,829
Capital leases payable, current	290,837	305,061	--	595,898
Bonds payable, current	1,006,976	--	--	1,006,976
Loans payable, current	477,718	--	--	477,718
Total Current Liabilities	8,045,550	4,708,270	326,507	13,080,327
Noncurrent Liabilities				
Compensation absences	--	90,349	28,103	118,452
Total OPEB liability	5,225,125	4,848,317	239,974	10,313,416
Capital leases payable	24,607	8,688,939	--	8,713,546
Bonds payable	6,750,503	--	--	6,750,503
Loans payable	1,920,506	--	--	1,920,506
Total Noncurrent Liabilities	13,920,741	13,627,605	268,077	27,816,423
Total Liabilities	21,966,291	18,335,875	594,584	40,896,750
Deferred Inflows of Resources				
OPEB	2,620,142	2,431,191	120,335	5,171,668
Pensions	1,493,122	574,277	--	2,067,399
Total Deferred Inflows of Resources	4,113,264	3,005,468	120,335	7,239,067
Net Position				
Net investment in capital assets	51,119,174	(1,357,752)	1,460,964	51,222,386
Restricted - net pension asset	1,018,240	391,630	--	1,409,870
Restricted for debt service	2,051,993	--	--	2,051,993
Unrestricted	22,396,221	(6,471,075)	2,900,406	18,825,552
Total Net Position	\$ 76,585,628	\$ (7,437,197)	\$ 4,361,370	\$ 73,509,801

The accompanying notes are an integral part of these financial statements.

CITY OF DEERFIELD BEACH, FLORIDA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Water and Sewer Utility	Solid Waste Fund	Stormwater Utility	Total Proprietary Funds
Operating Revenues				
Charges for sales and services:				
Water sales pledged as security for revolving loans	\$ 16,167,600	\$ --	\$ --	\$ 16,167,600
Sewer charges pledged as security for revolving loans	9,099,115	--	--	9,099,115
Solid waste charges	--	18,076,599	--	18,076,599
Stormwater fees	--	--	2,330,888	2,330,888
Engineering fees	254,763	--	--	254,763
Miscellaneous	409,730	22,804	--	432,534
Total Operating Revenues	<u>25,931,208</u>	<u>18,099,403</u>	<u>2,330,888</u>	<u>46,361,499</u>
Operating Expenses				
Personal services	4,067,886	3,497,001	378,078	7,942,965
Contractual services	1,246,969	237,445	219,119	1,703,533
Electricity	931,005	--	--	931,005
Insurance	1,990,217	1,256,090	1,741	3,248,048
Fixed charges	57,876	15,415	105,581	178,872
County wastewater charge	5,784,071	--	--	5,784,071
County raw water charge	39,547	--	--	39,547
Disposal fees	--	4,404,239	--	4,404,239
General administrative charge	4,745,979	3,263,024	282,067	8,291,070
Commodities	2,240,303	2,101,832	188,145	4,530,280
Depreciation	4,038,390	970,018	71,673	5,080,081
Total Operating Expenses	<u>25,142,243</u>	<u>15,745,064</u>	<u>1,246,404</u>	<u>42,133,711</u>
Operating Income (Loss)	<u>788,965</u>	<u>2,354,339</u>	<u>1,084,484</u>	<u>4,227,788</u>
Nonoperating Revenues (Expenses)				
Investment earnings (losses)	(23,632)	24,416	--	784
Interest charges	(305,943)	(237,503)	--	(543,446)
Tap fees	244,265	--	--	244,265
Gain from sale of assets	--	112,400	--	112,400
Total Nonoperating Income (Expenses)	<u>(85,310)</u>	<u>(100,687)</u>	<u>--</u>	<u>(185,997)</u>
Income Before Contributions and Transfers	703,655	2,253,652	1,084,484	4,041,791
Transfers in	--	344,782	--	344,782
Transfers out	(71,296)	(361,738)	--	(433,034)
Change in Net Position	632,359	2,236,696	1,084,484	3,953,539
Net Position - Beginning	<u>75,953,269</u>	<u>(9,673,893)</u>	<u>3,276,886</u>	<u>69,556,262</u>
Net Position - Ending	<u>\$ 76,585,628</u>	<u>\$ (7,437,197)</u>	<u>\$ 4,361,370</u>	<u>\$ 73,509,801</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DEERFIELD BEACH, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Water and Sewer Utility	Solid Waste Fund	Stormwater Utility Fund	Total Proprietary Funds
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 25,545,019	\$ 18,262,465	\$ 2,321,152	\$ 46,128,636
Payments from (to) other funds	(1)	--	1	--
Payments to suppliers	(14,580,781)	(11,869,119)	(685,377)	(27,135,277)
Payments to employees	(5,788,934)	(4,774,500)	(432,019)	(10,995,453)
Net Cash Provided by Operating Activities	<u>5,175,303</u>	<u>1,618,846</u>	<u>1,203,757</u>	<u>7,997,906</u>
Cash Flows from Noncapital Financing Activity				
Transfers to other funds	(71,296)	(16,956)	--	(88,252)
Tap fees	244,265	--	--	244,265
Net Cash Provided by (Used in) Noncapital Financing Activity	<u>172,969</u>	<u>(16,956)</u>	<u>--</u>	<u>156,013</u>
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(1,136,948)	(350,652)	(644,882)	(2,132,482)
Repayment of capital lease	(287,869)	(305,000)	--	(592,869)
Repayment on loans	(2,743,250)	--	--	(2,743,250)
Interest expense	(331,556)	(238,162)	--	(569,718)
Proceeds from retirement of assets	--	112,400	--	112,400
Net Cash Used in Capital and Related Financing Activities	<u>(4,499,623)</u>	<u>(781,414)</u>	<u>(644,882)</u>	<u>(5,925,919)</u>
Cash Flows from Investing Activity				
Investment income	(23,632)	24,416	--	784
Sale of investments	51,203	--	--	51,203
Purchase of investments	--	1,451,445	--	1,451,445
Net Cash Provided by Investing Activities	<u>27,571</u>	<u>1,475,861</u>	<u>--</u>	<u>1,503,432</u>
Net Increase in Cash and Cash Equivalents	876,220	2,296,337	558,875	3,731,432
Cash, Restricted Cash and Cash Equivalents - Beginning	<u>1,776,663</u>	<u>174,861</u>	<u>1,178,849</u>	<u>3,130,373</u>
Cash, Restricted Cash and Cash Equivalents - Ending	<u>\$ 2,652,883</u>	<u>\$ 2,471,198</u>	<u>\$ 1,737,724</u>	<u>\$ 6,861,805</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DEERFIELD BEACH, FLORIDA

**STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Water and Sewer Utility	Solid Waste Fund	Stormwater Utility Fund	Total Proprietary Funds
Cash and Cash Equivalents	\$ 3,037	\$ 2,466,200	\$ 1,737,724	\$ 4,206,961
Cash and Cash Equivalents - Restricted	2,649,846	4,998	--	2,654,844
Cash and Cash Equivalents - End of Year	<u>\$ 2,652,883</u>	<u>\$ 2,471,198</u>	<u>\$ 1,737,724</u>	<u>\$ 6,861,805</u>
Reconciliation Data of Changes in Net Position to Operating Activities Operating Income	\$ 788,965	\$ 2,354,339	\$ 1,084,484	\$ 4,227,788
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation expense	4,038,390	970,018	71,673	5,080,081
Changes in assets, liabilities and deferred inflows/ outflows:				
(Increase) decrease in:				
Accounts receivable, net of allowance	(405,889)	163,558	(9,736)	(252,067)
Inventories	(39,142)	--	--	(39,142)
Prepays	(1,126,044)	--	--	(1,126,044)
Deferred outflows pension	719,805	276,850	--	996,655
Net pension asset	(1,018,240)	(391,630)	--	(1,409,870)
Deferred outflows OPEB	46,931	43,546	2,156	92,633
Increase (Decrease) in:				
Accounts payable	825,372	(591,074)	111,276	345,574
Deposits payable	19,700	(496)	--	19,204
Salaries and benefits available	(153,841)	(121,335)	(7,379)	(282,555)
Compensated absences payable	(94,514)	(47,677)	(736)	(142,927)
Due to other funds	2,795,000	--	1	2,795,001
Net pension liability	(1,669,594)	(642,153)	--	(2,311,747)
Deferred inflows pension	1,493,122	574,277	--	2,067,399
Total OPEB liability	(85,078)	(78,942)	(3,908)	(167,928)
Deferred inflows OPEB	(959,639)	(890,435)	(44,074)	(1,894,148)
Total Adjustments	<u>4,386,338</u>	<u>(735,493)</u>	<u>119,273</u>	<u>3,770,118</u>
Net Cash Provided by Operating Activities	<u>\$ 5,175,303</u>	<u>\$ 1,618,846</u>	<u>\$ 1,203,757</u>	<u>\$ 7,997,906</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DEERFIELD BEACH, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS

SEPTEMBER 30, 2022

	Pension Trust Funds
Assets	
Investments:	
Money market funds	\$ 6,910,777
Fixed income	22,966,325
U.S. government and agency securities	18,190,247
Equity securities	111,140,869
Corporate bonds	12,886,135
Real estate funds	43,734,286
Self directed DROP accounts	2,438,824
Hedge fund	3,408,722
Total investments	<u>221,676,185</u>
Receivables:	
Interest and dividends	246,798
Due from participants	30,032
Pending trades	739,648
Total receivables	<u>1,027,753</u>
Total Assets	<u>222,703,938</u>
Liabilities	
Accounts payable	119,693
Accounts payable - purchase of investments	295,248
Total Liabilities	<u>414,941</u>
Deferred Inflow	<u>50,804</u>
Net Position Restricted for Pension Benefits	
Total Net Position Restricted for Pension Benefits	<u>\$ 222,238,193</u>

The accompanying notes are an integral part of these financial statements.

CITY OF DEERFIELD BEACH, FLORIDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Pension Trust Funds
Additions	
Contributions:	
Employer	\$ 10,346,564
Plan members	739,091
Chapter	1,360,274
Total contributions	<u>12,445,929</u>
Investment Earnings	
Interest and dividend revenue	7,788,552
Net depreciation in the fair value of investments	<u>(38,393,256)</u>
Total investment losses	(30,604,704)
Less: investment expense	<u>(1,076,551)</u>
Net investment losses	<u>(31,681,255)</u>
Miscellaneous	<u>128</u>
Total Additions	<u>(19,235,198)</u>
Deductions	
Benefit payments	18,781,698
DROP distributions	1,174,871
Share account distributions	651,906
Administrative expenses	<u>412,008</u>
Total Deductions	<u>21,020,483</u>
Change in Net Position	(40,255,681)
Net Position Restricted for Pension Benefits -	
Beginning of Year	<u>262,493,874</u>
End of Year	<u>\$ 222,238,193</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. FINANCIAL REPORTING ENTITY

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

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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. FINANCIAL REPORTING ENTITY (CONTINUED)

The Deerfield Beach Community Redevelopment Agency (the “CRA”), a separate legal entity, which is largely responsible for redevelopment of the area that encompasses most of the beach district and the area along Hillsboro Boulevard from Federal Highway to the intracoastal waterway, was established in November 1999. The CRA is governed by a board which is comprised of the City’s elected officials, and management of the City has operational responsibility of the CRA. The CRA is also fiscally dependent upon the City. Accordingly, the CRA is a blended component unit and is presented as a special revenue fund. The CRA has a September 30 year-end. Separate financial statements for the CRA are available.

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

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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Property taxes (when levied), franchise taxes, intergovernmental revenue (when the eligibility requirements are met), licenses, special assessments, charges for services for ambulance fees, as well as interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, if available. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

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

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

The **American Rescue Plan Fund** accounts for the receipt and expenditure related to federal funding provided to assist with Covid 19/post pandemic related assets and lost revenue recovery.

The City reports the following major proprietary funds:

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

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

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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

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

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

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

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

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

D. NEW ACCOUNTING PRONOUNCEMENTS ADOPTED

GASB Statement No. 87, Leases (“GASB 87”), the objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement was implemented by the City for the fiscal year ending September 30, 2022.

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

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

2. Receivables and Payables

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

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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (CONTINUED)

2. Receivables and Payables (continued)

Amounts reflected as “due from other governments” in the government-wide and the fund financial statements represent amounts that are owed to the City by other governmental entities for services. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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

Amounts reflected as “due from other governments” in the government-wide and the fund financial statements represent amounts that are owed to the City by other governmental entities for services

The City’s lease receivable is measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (CONTINUED)

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

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

5. Capital Assets

Capital assets, which include property, plant, equipment, intangibles, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide and the proprietary fund financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (CONTINUED)

5. Capital Assets (continued)

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

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

Assets	Years
Buildings	40
Building improvements	20
Roads	40
Bridges	50
Other infrastructure	20 – 50
Equipment	5 – 10

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

6. Deferred Outflows/Inflows of Resources

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

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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (CONTINUED)

6. Deferred Outflows/Inflows of Resources (continued)

The City reports within its government-wide statement of net position as deferred outflows amounts that were related to pensions and OPEB during fiscal year 2021 into the pension plans as a result of the net pension liability and total OPEB liability associated with the plans measured as of September 30, 2021. The amounts paid during fiscal year 2022 to the plan will be reflected within the City's pension expense and related liability when the net pension liability is measured for the next fiscal year.

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

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

7. Compensated Absences

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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (CONTINUED)

8. Long-term Obligations

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

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

9. Fund Equity/Net Position

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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (CONTINUED)

9. Fund Equity/Net Position (continued)

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

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

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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (CONTINUED)

9. Fund Equity/Net Position (continued)

The following table shows the City's fund balance classification for the governmental funds as of September 30, 2022.

	Governmental Funds					
	General	American	Community	General	Nonmajor	Total
	Fund	Rescue Plan Fund	Redevelopment Agency	Construction Fund	Governmental Funds	Governmental Funds
Nonspendable						
Inventory	\$ 121,981	\$ --	\$ --	\$ --	\$ --	\$ 121,981
Prepays	349,310	--	--	--	--	349,310
Perpetual care and cemetery operation	--	--	--	--	1,830,324	1,830,324
Restricted						
Community Redevelopment programs	--	--	6,490,264	--	--	6,490,264
Debt service	--	--	--	--	4,139,018	4,139,018
General construction projects	--	74,317	--	10,105,421	--	10,179,738
Road improvement projects	--	--	--	5,719,528	2,266,476	7,986,004
Grants and special programs	--	--	--	--	829,371	829,371
Beautification and landscape projects	--	--	--	--	575,147	575,147
Public safety programs	--	--	--	--	2,757,594	2,757,594
Parking improvements	--	--	--	--	82,768	82,768
Recreational programs/projects	--	--	--	11,117,335	2,686,139	13,803,474
Restricted for building permits	--	--	--	--	1,062,578	1,062,578
Assigned to						
Assigned emergency reserve	3,703,465	--	--	--	--	3,703,465
Subsequent year's budget	11,414,444	--	--	--	--	11,414,444
Endowment	99,108	--	--	--	--	99,108
Unassigned						
General fund operations	39,214,310	--	--	--	--	39,214,310
Miscellaneous grant and special programs	--	--	--	--	(95,561)	(95,561)
	<u>\$ 54,902,618</u>	<u>\$ 74,317</u>	<u>\$ 6,490,264</u>	<u>\$ 26,942,284</u>	<u>\$ 16,133,854</u>	<u>\$ 104,543,337</u>

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (CONTINUED)

9. Fund Equity/Net Position (continued)

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

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

The government-wide statement of net position reports \$54,294,710 of restricted net position.

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

10. Estimates

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

11. Property Taxes

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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

DEFICIT FUND EQUITY

At September 30, 2022, the Community Development Block Grant Fund and Miscellaneous Grants Fund had deficit fund balances of \$49,851 and \$42,234, respectively. These deficits are expected to be funded by future grant reimbursements, which were not susceptible to accrual at September 30, 2022.

The Solid Waste Fund also experience a deficit in net position of \$7,437,197 as of September 30, 2022 due the Energy Performance Efficiency audit. Management has undertaken to re-assess the cost of this contract to the benefits received by multiple Funds.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

Deposits

The City maintains a common cash and cash equivalents pool for use by all non-fiduciary funds. Deposits of the City, including time deposit accounts, demand deposit accounts and certificates of deposit, are defined as public deposits. Pursuant to the City's policies, all of the City's deposits are held in qualified public depositories pursuant to Chapter 280.03 of the Florida Statutes, "Florida Security for Public Deposits Act." Under the Act, all qualified public depositories are required to pledge eligible collateral having fair value equal to or greater than the average daily or monthly balance of all public deposits, times the depository's collateral pledging level. The pledging level may range from 50% to 125% depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in fault. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss. At September 30, 2022, the carrying amount of the City's deposits totaled \$28,669,522.

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

Authorized Investments

The City's investments are categorized as investments for the City as a whole (hereinafter referred to as "general City investments") and those of its various defined benefit pension plans. The City is authorized by statute and policy to invest public funds (general City investments) in interest-bearing savings accounts, money market accounts and checking accounts, obligations of the United States government, its agencies and instrumentalities; certificates of deposit that are fully insured and collateralized; high-grade commercial paper, repurchase agreements having a defined termination date and collateralized by U.S. Treasury obligations; and Local Government Surplus Trust Funds, as administered by the Florida State Board of Administration ("SBA"). The City invested funds throughout the year in the Florida PRIME, which is not Securities and Exchange Commission ("SEC") registered, but which qualifies as a fluctuating net asset value ("NAV") pool. The City's investment in the SBA at September 30, 2022 represented less than 1% of the total investment assets of the SBA. The City of Deerfield Beach invests in the pool, the value of the City's position is the same as the value of the pool shares and is recorded at amortized cost. At September 30, 2022, the City's investment in the SBA was \$35,470,813.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the City's investments in the Florida PRIME meets the definition of a qualifying investment pool that measures, for financial reporting purposes, all of its investments at amortized cost and should disclose the presence of any limitations or restrictions on withdrawals. As of September 30, 2022, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

The Florida Municipal Investment Trust (as administered by the Florida League of Cities) is an authorized investment under Section 218.415(115), Florida Statutes, for units of local government in Florida. The operation and administration of the Trust is the responsibility of a Board of Trustees, who are selected from the ranks of elected officials of governmental entities participating in the Trust. The fair value of the City's position in the Trust is the same as the value of the pool share, \$4,684,274.

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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

Authorized Investments (continued)

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

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

As of September 30, 2022, the City and the Plans had the following investments:

	Pension Trust Funds	All Other Funds	Total
Investment in Florida PRIME	\$ --	\$ 28,794,934	\$ 28,794,934
Investment in Florida Municipal Investment Trust	--	4,665,916	4,665,916
Money market funds	6,091,146	41,757,205	47,848,351
Fixed Income Mutual funds	31,874,111	--	31,874,111
Self directed DROP accounts	2,403,070	--	2,403,070
Corporate bonds	12,964,769	--	12,964,769
Hedge fund	3,886,727	--	3,886,727
Real estate funds	33,715,542	--	33,715,542
Equity securities	<u>145,861,370</u>	<u>--</u>	<u>145,861,370</u>
Total	<u>\$ 262,973,456</u>	<u>\$ 111,355,567</u>	<u>\$ 374,329,023</u>

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

Interest Rate Risk

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

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

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

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

Investment Type	Value	Maturities (in Years)	
		Less Than 1 Year	1-5 Years
City General Investments			
FL PRIME	\$ 35,470,813	\$ 35,470,813	\$ --
FL Municipal Investment Trust	4,684,274	--	4,684,274
Money market funds	42,456,304	42,456,304	--
U.S. Government and agency securities	33,306,843	29,686,296	3,620,547
Total	\$ 115,918,234	\$ 107,613,413	\$ 8,304,821

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

Interest Rate Risk (continued)

Investment Type	Value	Maturities (in Years)			
		Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 years
Pension Trust Funds					
Mutual funds	\$ 22,966,325	\$ 2,721,495	\$ 14,602,256	\$ 3,016,307	\$ 2,626,267
U.S. Treasuries	8,819,822	99,196	3,593,496	4,410,279	716,851
U.S. Agencies	9,370,425	705	1,430,181	1,290,239	6,649,300
Corporate bonds and notes	<u>12,886,135</u>	<u>47,816</u>	<u>1,611,084</u>	<u>7,991,869</u>	<u>3,235,366</u>
Total	<u>\$ 54,042,707</u>	<u>\$ 2,869,212</u>	<u>\$ 21,237,017</u>	<u>\$ 16,708,694</u>	<u>\$ 13,227,784</u>

Credit Risk

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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

Credit Risk

The following table discloses credit ratings by investment type, at September 30, 2022, as applicable:

	Quality Credit Rating	Fair Value
	Moody's	
	Aaa	\$ 51,649,119
	Aa1	--
	Aa2	42,030
	As3	74,941
	A	3,647,388
	A+	422,266
	A-	645,047
	A1	940,473
	A2	748,397
	A3	906,822
	AAA	7,636,858
	AA	789,356
	AA+	4,037,939
	AA-	254,060
	Baa1	348,048
	Baa2	132,060
	Baa3	92,360
	Ba1	--
	BBB+	2,034,938
	BBB	3,091,430
	BB	977,662
	BB+	80,250
	B	862,166
	Caa1	1,092,763
	Not rated	56,147,725
Total Credit Risk Securities		136,654,098
U.S. Treasuries and Agency Securities Explicitly Guaranteed		33,306,843
Total Fixed Income/Credit Risk Securities		<u>\$ 169,960,941</u>
Total Fixed Income/Credit Risk Securities - City		\$ 115,918,234
Total Fixed Income Securities - Pension Trust Funds		54,042,707
		<u>\$ 169,960,941</u>

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

Concentration of Credit Risk

The City limits its investments in any one issuer to no more than 5% of total investments, except for investments issued or explicitly guaranteed by the government and investments in mutual funds, external investment pools, and other pooled investments, which are excluded from this requirement. There were no individual investments that represented 5% or more of the City's total investments at September 30, 2022. The three pension plans limit their exposure by limiting their investments in any one issuer to no more than 5% of plan net position other than those issued by the US Government or its agencies. None of the plans had holdings that exceeded the 5% limit.

Custodial Credit Risk

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

Fair Value Hierarchy

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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

Fair Value Hierarchy (continued)

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

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

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

Fire Pension

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

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

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

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

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

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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

Fair Value Hierarchy (continued)

Fire Pension (continued)

	*Fair Value Measurements Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Equity securities:				
Common stocks	\$ 30,800,068	\$ 30,800,068	\$ --	\$ --
Mutual funds	<u>32,495,899</u>	<u>32,495,899</u>	<u>--</u>	<u>--</u>
Total debt securities	<u>63,295,967</u>	<u>63,295,967</u>	<u>--</u>	<u>--</u>
Debt securities:				
Corporate bonds	7,519,314	--	7,519,314	--
U.S. treasury securities	1,980,632	1,980,632	--	--
U.S. agency securities	2,770,568	--	2,770,568	--
Fixed income mutual funds	<u>20,580,334</u>	<u>20,580,334</u>	<u>--</u>	<u>--</u>
Total debt securities	<u>32,850,848</u>	<u>22,560,966</u>	<u>--</u>	<u>--</u>
Self directed DROP accounts	<u>2,438,824</u>	<u>--</u>	<u>2,438,824</u>	<u>--</u>
Total Investments by Fair Value Level	<u>98,585,639</u>	<u>\$ 85,856,933</u>	<u>\$ 12,728,706</u>	<u>\$ --</u>
Investments Measured at Net Asset Value (NAV) (a)				
Real estate funds	29,826,531			
Hedge fund	<u>638,571</u>			
Total investments measured at NAV	<u>30,465,102</u>			
Money market funds (exempt)	<u>5,034,900</u>			
Total Investments	<u>\$ 134,085,641</u>			

* Investment type descriptions mirror audited pension plan financial statements.

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

Fair Value Hierarchy (continued)

Fire Pension (continued)

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

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real Estate Fund ⁽¹⁾	\$ 14,543,419	\$ --	Quarterly	90 Days
Real Estate Fund ⁽²⁾	5,205,018	--	Quarterly	10 Days
Real Estate Fund ⁽³⁾	10,078,094	--	N/A	N/A
Hedge Fund ⁽⁴⁾	<u>638,571</u>	<u>--</u>	Quarterly	90 Days
Total Investments Measured at the NAV	<u>\$ 30,465,102</u>	<u>\$ --</u>		

1. Real estate fund: The fund is an open-ended real estate investment fund investing primarily in core institutional office, retail, industrial, and multi-family properties located throughout the United States. The investment is valued at NAV and its redemptions must be received by the fund 90 days prior to quarter end.
2. Real estate fund: The fund is an open-end diversified core real estate commingled fund that invests primarily in core institutional office, retail, industrial, and multi-family properties located throughout the United States. The investment is valued at NAV and its redemptions must be received by the fund 10 days prior to quarter end.
3. Real estate fund: This fund is an open-end, comingled real estate fund with a diversified portfolio of income producing properties located throughout the United States. The investment is valued at NAV and has no redemption frequency or notice period.
4. Hedge fund: The fund is a multi-strategy fund of hedge funds that aims to pursue varying strategies in order to diversify risk and reduce volatility. The fund is a diversified portfolio offering investment solutions through activist long/short equity hedge funds, event driven hedge funds and multi-strategy hedge funds. The investment is valued at NAV and holder of capital, upon at least 90 days prior written notice, may request to redeem a minimum of \$100,000 of their capital shares, as of the close of business on the last business day of each calendar year, by giving irrevocable written notice.

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

Fair Value Hierarchy (continued)

Police Pension

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

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

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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

Fair Value Hierarchy (continued)

Police Pension (continued)

	*Fair Value Measurements Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Equity securities:				
Equity mutual funds	\$ 23,389,300	\$ 23,389,300	\$ --	\$ --
Debt securities:				
U.S. treasury securities	3,486,445	3,486,445	--	--
U.S. agency securities	1,499,837	--	1,499,837	--
Fixed income mutual funds	2,385,991	2,385,991	--	--
Corporate bonds	935,765	--	935,765	--
Total debt securities	8,308,038	5,872,436	2,435,602	--
Total Investments by Fair Value Level	31,697,338	\$ 29,261,736	\$ 2,435,602	\$ --
Investments Measured at Net Asset Value (NAV) (a)				
Real estate funds	8,373,535			
Total Investments Measured at NAV	8,373,535			
Money market funds (exempt)	502,194			
Total Investments	\$ 40,573,067			

* Investment type descriptions mirror audited pension plan financial statements.

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

Fair Value Hierarchy (continued)

Police Pension (continued)

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real Estate Fund ⁽¹⁾	\$ 1,850,657	\$ --	Quarterly	10 Days
Real Estate Fund ⁽²⁾	6,522,878	--	Quarterly	90 Days
Total Investments Measured at the NAV	\$ 8,373,535	\$ --		

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

Non-Uniformed Pension

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

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

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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

Fair Value Hierarchy (continued)

Non-Uniformed Pension (continued)

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

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

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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

Fair Value Hierarchy (continued)

Non-Uniformed Pension (continued)

	*Fair Value Measurements Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Equity securities:				
Common stocks	\$ 24,455,602	\$ 24,455,602	\$ --	\$ --
Debt securities:				
U.S. treasury securities	3,352,745	2,865,232	487,513	--
U.S. agency securities	3,942,704	--	3,942,704	--
Municipal bonds	1,157,316	--	1,157,316	--
Corporate bonds	4,431,056	--	4,431,056	--
Total debt securities	12,883,821	2,865,232	10,018,589	--
Total Investments by Fair Value Level	37,339,423	\$ 27,320,834	\$ 10,018,589	\$ --
Investments Measured at Net Asset Value (NAV)				
Real estate funds	5,534,220			
Hedge fund	2,770,151			
Total Investments Measured at NAV	8,304,371			
Money market funds (exempt)	1,373,683			
Total Investments	\$ 47,017,477			

* Investment type descriptions mirror audited pension plan financial statements.

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

Fair Value Hierarchy (continued)

Non-Uniformed Pension (continued)

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Real Estate Fund ⁽¹⁾	\$ 5,534,220	\$ --	Quarterly	45 Days
Hedge Fund ⁽²⁾	1,389,449	--	Daily	1-2 Days
Hedge Fund ⁽³⁾	<u>1,380,702</u>	<u>--</u>	Daily	1-2 Days
Total Investments Measured at the NAV	<u><u>\$ 8,304,371</u></u>	<u><u>\$ --</u></u>		

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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

RECEIVABLES AND PAYABLES

The City reports the General, Community Redevelopment Agency (CRA), General Construction, Water & Sewer, Stormwater Utility and Solid Waste funds as major funds. Receivables at September 30, 2022 were as follows:

	General	CRA	General Construction Fund	Nonmajor Governmental Funds	Total
Receivables					
Accounts receivable	\$ 3,522,518	\$ --	\$ --	\$ 254	\$ 3,522,772
Assessments	842	--	--	--	842
Interest	41,768	3,549	34,801	7,312	87,430
Lease	<u>210,917</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>210,917</u>
Total Receivables	<u>\$ 3,776,045</u>	<u>\$ 3,549</u>	<u>\$ 34,801</u>	<u>\$ 7,566</u>	<u>\$ 3,821,961</u>

	Water and Sewer	Solid Waste	Stormwater	Total
Business-type Activities				
Receivables				
Accounts	\$ 3,965,852	\$ 2,210,610	\$ 139,165	\$ 6,315,627
Delinquent assessments	161,139	--	--	161,139
Interest	<u>301,849</u>	<u>--</u>	<u>--</u>	<u>301,849</u>
Gross Receivables	4,428,840	2,210,610	139,165	6,778,615
Less: allowance for uncollectibles	<u>(840,551)</u>	<u>(234,017)</u>	<u>--</u>	<u>(1,074,568)</u>
Total	<u>\$ 3,588,289</u>	<u>\$ 1,976,593</u>	<u>\$ 139,165</u>	<u>\$ 5,704,047</u>

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

Uncollectible related to water sales	\$ 710,220
Uncollectible related to sewer charges	354,328
Uncollectible related to solid waste charges	<u>1,541,789</u>
Total Uncollectible for the Current Fiscal Year	<u>\$ 2,606,337</u>

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

RECEIVABLES AND PAYABLES (CONTINUED)

Accounts payables at September 30, 2022 are as follows:

	Vendors	Retainage	Total Payables
Governmental Activities			
General Fund	\$ 2,058,404	\$ 12,140	\$ 2,070,544
Community Redevelopment Agency	281,238	15,032	296,270
American Rescue Plan	21,540	--	21,540
General Construction Fund	1,004,091	145,358	1,149,449
Nonmajor Governmental Funds	<u>668,788</u>	<u>--</u>	<u>668,788</u>
Total Governmental Activities	<u>\$4,034,061</u>	<u>\$ 172,530</u>	<u>\$4,206,591</u>
Business-type Activities			
Water and Sewer Fund	\$ 1,113,925	\$ 42,479	\$ 1,156,404
Solid Waste Fund	879,299	--	879,299
Stormwater Utility Fund	<u>102,033</u>	<u>42,206</u>	<u>144,239</u>
Total Business-type Activities	<u>\$ 2,095,257</u>	<u>\$ 84,685</u>	<u>\$ 2,179,942</u>

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended September 30, 2022:

	Beginning Balances	Increase	Decrease	Ending Balances
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 18,028,619	\$ --	\$ --	\$ 18,028,619
Construction in progress	17,338,278	6,610,719	--	23,948,997
Total Capital Assets Not Being Depreciated	<u>35,366,897</u>	<u>6,610,719</u>	<u>--</u>	<u>41,977,616</u>
Capital Assets Being Depreciated				
Buildings	40,371,313	414,705	--	40,786,018
Improvements other than buildings	16,227,104	130,697	--	16,357,801
Equipment	23,632,921	2,062,449	1,083,292	24,612,078
Infrastructure	84,425,513	2,116,797	--	86,542,310
Total Capital Assets Being Depreciated	<u>164,656,851</u>	<u>4,724,648</u>	<u>1,083,292</u>	<u>168,298,207</u>
Less: Accumulated Depreciation for				
Buildings	18,348,728	988,647	--	19,337,375
Improvements other than buildings	4,828,711	762,095	--	5,590,806
Equipment	18,246,026	1,306,366	1,083,292	18,469,100
Infrastructure	55,939,969	2,418,662	--	58,358,631
Total Accumulated Depreciation	<u>97,363,434</u>	<u>5,475,770</u>	<u>1,083,292</u>	<u>101,755,912</u>
Total Capital Assets Being Depreciated, Net	<u>67,293,417</u>	<u>(751,122)</u>	<u>--</u>	<u>66,542,295</u>
Governmental Activities Capital Assets, Net	<u>\$102,660,314</u>	<u>\$ 5,859,597</u>	<u>\$ --</u>	<u>\$108,519,911</u>

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

CAPITAL ASSETS (CONTINUED)

	Beginning Balances	Increase	Decrease	Ending Balances
Business-type Activities				
Capital Assets Not Being Depreciated				
Land	\$ 50,531	\$ --	\$ --	\$ 50,531
Construction in progress	3,205,485	--	--	3,205,485
Total Capital Assets Not Being Depreciated	3,256,016	--	--	3,256,016
Capital Assets Being Depreciated				
Buildings	2,265,196	951	--	2,266,147
Utility plants in service	46,054,250	--	--	46,054,250
Improvements other than buildings	94,890,573	2,345,972	--	97,236,545
Equipment	25,738,399	495,111	1,510,525	24,722,985
Total Capital Assets Being Depreciated	168,948,418	2,842,034	1,510,525	170,279,927
Less: Accumulated Depreciation for				
Buildings	1,773,215	74,822	--	1,848,037
Utility plants in service	26,647,939	1,340,174	--	27,988,113
Improvements other than buildings	51,854,004	2,208,992	--	54,062,996
Equipment	19,224,073	1,456,092	1,510,525	19,169,640
Total Accumulated Depreciation	99,499,231	5,080,080	1,510,525	103,068,786
Total Capital Assets Being Depreciated, Net	69,449,187	(2,238,046)	--	67,211,141
Governmental Activities Capital Assets, Net	\$ 72,705,203	\$ (2,238,046)	\$ --	\$ 70,467,157

Depreciation does not begin until one year after acquisition. The Utility plant in service adjustment reflects cost reimbursement.

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General government	\$ 159,670
Public safety	832,722
Human services	80,676
Physical environment	736,611
Transportation	1,975,710
Culture and recreation	1,675,104
Economic environment	15,277
Total Depreciation Expense -	
Governmental Activities	\$ 5,475,770

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

CAPITAL ASSETS (CONTINUED)

Business-type Activities	
Water and sewer	\$ 4,038,390
Solid waste	970,018
Stormwater	<u>71,673</u>
Total Depreciation Expense - Business-type Activities	<u><u>\$ 5,080,081</u></u>

ENCUMBRANCES

Purchase orders are issued throughout the fiscal year to encumber budgets in the governmental funds. Significant encumbrances as of September 30, 2022, are as follows:

Major Funds	
General Fund	\$ 793,880
Community Redevelopment Agency	1,284,842
General Construction Fund	<u>22,862,720</u>
Total Major Funds	24,941,442
Nonmajor Governmental Funds	<u>4,777,090</u>
Total Encumbrances	<u><u>\$29,718,532</u></u>

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

CONSTRUCTION COMMITMENTS

The City has outstanding commitments for construction and acquisition of property, plant and equipment. The following is a summary of the most significant of these commitments at September 30, 2022:

<u>Project</u>	<u>Amounts Outstanding</u>
Miller Electric	\$ 2,337,293
Center for Active Aging Redevelopment	10,720,945
Construction Management Service	1,079,088
Johnny L. Tigner Building	10,225,933
Citywide Street Resurfacing	173,745
Other Projects	<u>553,006</u>
Total Commitments	<u><u>\$25,090,010</u></u>

UNEARNED/UNAVAILABLE REVENUE

Unearned revenue in the General Fund includes \$637,836 for local business taxes (formerly referred to as occupational licenses) relating to fiscal year 2022.

The Miscellaneous Grants and CDBG nonmajor special revenue funds had unavailable revenue of \$741,245 related to the funds received that had not been spent for their specified purpose.

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The interfund balances below represent short-term loans to cover temporary negative balances in each fund’s equity in pooled cash at year-end. The composition of interfund balances at September 30, 2022 is as follows:

Due To/Due From

	Due to						Total
	American Rescue Fund	General Construction Fund	Nonmajor Governmental Funds	Water/Sewer Fund	Solid Waste Fund	Stormwater Utility Fund	
Due From							
General Fund	\$ 900,000	\$ 1,023,140	\$ 1,662,443	\$ 3,806,013	\$ 1,302,663	\$ --	\$ 8,694,259
Nonmajor Government Funds	--	1,303,111	--	--	--	--	1,303,111
Stormwater Utility Fund	--	--	--	--	1,682,000	--	1,682,000
Water and Sewer Fund	--	--	--	--	--	131,174	131,174
Total	<u>\$ 900,000</u>	<u>\$ 2,326,251</u>	<u>\$ 1,662,443</u>	<u>\$ 3,806,013</u>	<u>\$ 2,984,663</u>	<u>\$ 131,174</u>	<u>\$ 11,810,544</u>

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Interfund Transfers

	Transfers Out					Total
	General Fund	American Rescue Plan Fund	Nonmajor Governmental	Water & Sewer Fund	Solid Waste Fund	
Transfers In						
General Fund	\$ --	\$ 10,000,000	\$ 65,516	\$ 20,800	\$ 361,738	\$10,448,054
General Construction Fund	3,367,353	--	654,000	--	--	4,021,353
Community Redevelopment Agency	--	--	--	--	--	--
Solid Waste Fund	294,286	--	--	50,496	--	344,782
Total	<u>\$9,442,477</u>	<u>\$ 10,000,000</u>	<u>\$ 719,516</u>	<u>\$ 71,296</u>	<u>\$ 361,738</u>	<u>\$20,595,027</u>

Transfers to the General Fund by the nonmajor governmental funds represent amounts paid by the nonmajor governmental funds for matching grant requirements for expenditures which were accounted for in the General Fund. Transfers to nonmajor governmental funds represent payments for the City’s match in connection with grants that the City participates in cost sharing for the funded project. Transfers to the General Fund by enterprise funds represents amounts paid by the general fund on behalf of enterprise funds.

CAPITAL LEASES

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

The City has also financed the acquisition of sanitation vehicles in its Solid Waste enterprise fund. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the date of inception.

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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

CAPITAL LEASES (CONTINUED)

The future minimum lease obligations and the net present value of the minimum lease payments as of September 30, 2022, were as follows:

	Governmental Activities	Business- type Activities	Total
Fiscal Year Ending September 30			
2023	\$ 1,077,618	\$ 893,969	\$ 1,971,587
2024	89,801	684,480	774,281
2025	--	722,956	722,956
2026	--	788,809	788,809
2027	--	856,551	856,551
2028-2032	--	4,611,499	4,611,499
2033-2035	--	2,451,478	2,451,478
	1,167,419	11,009,742	12,177,161
Total minimum lease payments	1,167,419	11,009,742	12,177,161
Less: amount representing interest	(6,377)	(1,700,297)	(1,706,674)
Present Value of Future Minimum			
Lease Payments	\$ 1,161,042	\$ 9,309,445	\$10,470,487

As of September 30, 2022, the equipment held under capital leases for governmental activities and business-type activities were \$3,188,960 and \$865,730, respectively. Accumulated depreciation for equipment held under capital leases was \$1,140,174 and \$453,946 for governmental and business type activities, respectively, as of September 30, 2022.

LONG-TERM DEBT

Governmental Activities Debt

General Obligation Bonds, Series 2000 – The original amount of this issue was divided into two series: Series “A,” for which \$9,978,847 in bonds were issued, and Series “B,” for which \$2,820,183 in bonds were issued. The proceeds of these bonds were used to finance the construction of a public safety complex, a public works facility, parks improvements, right-of-way improvements and expansion of the senior services facilities. The combined outstanding bonds of the issue, \$2,607,339, have interest rates that range from 4.25% to 6.08%. For Series A, principal is due annually on April 1st and interest is payable semi-annually on April 1st and October 1st with the final maturity date being October 1, 2024.

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

LONG-TERM DEBT (CONTINUED)

Governmental Activities Debt (continued)

General Obligation Bonds, Series 2012B-2 – The original amount of this issue was \$14,770,000. The proceeds of these bonds were used to refund previously issued debt, namely Florida Municipal Loan Council Revenue Bonds, Series 2000B; Series 2003A and Series 2003B. The interest rates on these bonds range from 2% to 5%. The principal is due annually on April 1st and interest is payable semi-annually on April 1st and October 1st with the final maturity date being October 1, 2028. The principal and interest of this issue will be payable from and secured by the City's ad valorem taxes. For the current year, principal and interest of \$973,300 was paid. Ad valorem taxes amounted to \$44,281,635. The outstanding balance for this issue at year end amounted to \$8,940,000.

The General Obligation Bonds are limited liabilities of the City, payable from ad-valorem taxes, secured by the full faith and credit of the city. In the event of default, bondholders may sue to enforce their rights.

Covenant Bonds, Series 2012B-1 – The original amount of this issue was \$20,090,000. The proceeds of this bond issue were to repay previously issued debt as well as to finance the construction of parks and right of way improvements, in addition to citywide street improvements. The interest rates on these bonds range from 2.00% to 4.00%. Principal is due annually on October 1st and interest is payable semi-annually on April 1st and October 1st, with the final maturity date being October 1, 2032. The remaining outstanding bonds of this issue total \$10,470,000 with total interest payable of \$1,410,559 over the remainder of the term of the bonds. For the current year, principal and interest of \$1,558,932 was paid.

Covenant Bonds, Series 2018 – The original amount of this issue was \$36,155,000. The proceeds of this bond issue were to repay previously issued debt, Series 2006 Covenant Bonds, as well as to finance the renovation and construction of City facilities, parks and citywide street improvements. The interest rates on these bonds range from 2.44% to 5.25%. Principal is due annually on December 1st and interest is payable semi-annually on June 1st and December 1st, with the final maturity date being December 1, 2042. The remaining outstanding bonds of this issue total \$35,620,000 with total interest payable of \$24,853,012 over the remainder of the term of the bonds. For the current year, principal and interest of \$2,041,825 was paid.

Covenant bonds are limited obligations of the City, payable solely from non-ad valorem revenues, set aside by the City in its annual budget. In the event of default, the payment of principal or interest, owners of the bonds shall have remedies as specified by the federal bankruptcy code, the bond indenture of and any bond policy insurance.

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

LONG-TERM DEBT (CONTINUED)

Business-type Activities Debt

Loans Payable – The City has entered into two loan agreements with the State of Florida Department of Environmental Protection. The primary purpose of these loans is to construct water and wastewater facilities. As of September 30, 2009, the City borrowed \$8,662,208, with interest rates ranging from 2.27% to 3.57%. As of September 30, 2021, the outstanding principal amount of these loans totaled \$2,865,506. Principal and interest payments on the two Florida Water Pollution Control Construction loans are due on April 15 and October 15 of each year. At September 30, 2022, the unpaid principal balances of Water Pollution Control Loan No. WW69302L and Loan No. WW693030 were \$376,248, and \$2,021,977, respectively. Revenues of the Water and Sewer System have been pledged as security for repayment of these loans. Total principal and interest paid during the current year totaled \$528,306.

These loans are payable from Gross Revenues derived yearly from the operation of the Water and Sewer Systems after operation and maintenance expense. Upon any event of default the lender may take action by mandamus or other proceeding at law to enforce the rights of the lender.

Wells Fargo Loan - On April 9, 2015, the City issued Wells Fargo Revenue Loan in the amount of \$8,580,000. The loan matures on November 15, 2021. The loan bears interest on the outstanding principal balance at 1.63%. Payments are due annually starting November 15, 2015. The proceeds of this loan were used to refund State Revenue Loan No. DW060610, which was paid in full, and the liability for this loan was removed from the Business-type activities column in the statement of net position. As of September 30, 2022, the principal balance outstanding was \$0. The principal and interest paid during the current year totaled \$1,310,595.

Bank of America Revenue and Refunding Note, Series 2018 – On June 13, 2018, the City entered into a loan agreement with Bank of America in the amount of \$11,397,243. The proceeds of this bond issue were used to refund the Florida Municipal Loan Council Revenue Bonds, Series 2008A. The reacquisition price exceeded the net carrying amount of the old debt by \$85,603. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. This refunding was undertaken to reduce the total debt service payments over the next 10 years by \$1,068,336 and resulted in an economic gain of \$914,540. The interest rate on the new debt is 3.07%. Principal is due annually on October 1st and interest is payable

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

LONG-TERM DEBT (CONTINUED)

Business-type Activities Debt (continued)

semiannually on April 1st and October 1st, with the final maturity date being October 1, 2028. As of September 30, 2022, the principal balance outstanding was \$7,757,478. The principal and interest paid during the current year totaled \$1,229,105.

Remedies on Default allows the lenders of these loans to take whatever action at law or in equity which may appear necessary or desirable to collect amounts then due and thereafter to become due.

Changes in Long-Term Debt

The following is a summary of changes in long-term liabilities for the year ended September 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 11,785,277	\$ --	\$ 1,085,902	\$ 10,699,375	\$ 1,076,232
Covenant bonds	47,530,000	--	1,440,000	46,090,000	1,500,000
Plus: Deferred amounts for premiums/discounts	<u>6,132,414</u>	<u>--</u>	<u>94,646</u>	<u>6,037,768</u>	<u>--</u>
Total bonds payable	65,447,691	--	2,620,548	62,827,143	2,576,232
Capital leases	2,222,334	--	1,061,292	1,161,042	1,071,311
Compensated absences	1,387,193	1,359,232	1,541,419	1,205,006	1,205,006
Claims and judgments	<u>9,421,320</u>	<u>2,483,824</u>	<u>3,447,456</u>	<u>8,457,688</u>	<u>951,177</u>
Total Governmental Activities Long-Term Liability	<u>\$ 78,478,538</u>	<u>\$ 3,843,056</u>	<u>\$ 8,670,715</u>	<u>\$ 73,650,879</u>	<u>\$ 5,803,726</u>
Business-type Activities					
Bonds payable	\$ 8,733,449	\$ --	\$ 975,970	7,757,479	1,006,976
Loans payable	4,165,504	--	1,767,281	2,398,223	477,718
Capital leases	9,902,313	--	592,868	9,309,445	595,898
Compensated absences	<u>1,212,230</u>	<u>932,792</u>	<u>1,075,720</u>	<u>1,069,302</u>	<u>950,850</u>
Total Governmental Activities	<u>\$ 24,013,496</u>	<u>\$ 932,792</u>	<u>\$ 4,411,839</u>	<u>\$ 20,534,449</u>	<u>\$ 3,031,442</u>

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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

LONG-TERM DEBT (CONTINUED)

Summary of Annual Debt Service Requirements

The annual debt service requirements to maturity for debt outstanding as of September 30, 2022 are as follows:

Fiscal Year Ending September 30,	Governmental Activities Debt					
	General Obligation Bonds			Covenant Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 1,076,232	\$ 1,417,556	\$ 2,493,788	\$ 1,500,000	\$ 2,103,769	\$ 3,603,769
2024	1,067,961	1,424,252	2,492,213	1,560,000	2,051,394	3,611,394
2025	1,088,285	1,406,415	2,494,700	1,615,000	2,000,044	3,615,044
2026	1,510,182	989,318	2,499,500	1,670,000	1,945,169	3,615,169
2027	1,106,715	1,390,034	2,496,749	1,725,000	1,888,394	3,613,394
2028-2032	4,850,000	146,551	4,996,551	9,755,000	8,311,984	18,066,984
2033-2037	--	--	--	12,360,000	5,704,056	18,064,056
2038-2042	--	--	--	15,905,000	2,158,763	18,063,763
Total	<u>\$ 10,699,375</u>	<u>\$ 6,774,125</u>	<u>\$ 17,473,500</u>	<u>\$ 46,090,000</u>	<u>\$ 26,163,572</u>	<u>\$ 72,253,572</u>

Fiscal Year Ending September 30,	Business-Type Activities Debt					
	Revolving Loans			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 477,718	\$ 50,588	\$ 528,306	\$ 1,006,976	\$ 222,697	\$ 1,229,673
2024	488,390	39,916	528,306	1,038,985	191,292	1,230,277
2025	499,298	29,008	528,306	1,071,243	158,900	1,230,143
2026	510,455	17,851	528,306	1,106,124	125,477	1,231,601
2027	422,362	7,012	429,374	1,141,347	90,978	1,232,325
2028-2030	--	--	--	2,392,804	74,033	2,466,837
Total	<u>\$ 2,398,223</u>	<u>\$ 144,375</u>	<u>\$ 2,542,598</u>	<u>\$ 7,757,479</u>	<u>\$ 863,377</u>	<u>\$ 8,620,856</u>

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

LONG-TERM DEBT (CONTINUED)

Pollution Remediation

The City accepted approximately 44.65 acres of donated land in October 2011 from a private donor. The City plans to redevelop the land (Tam O'Shanter project) and eventually use it for community facilities and recreation, as well as open space. The land has been found to contain contamination from toxic substances. According to studies conducted to determine the extent of the pollution and the expected costs of remediation can range between \$150,000 and \$4,000,000 depending on the prospective use of the land. The donor has contributed \$250,000 towards the future costs of clean-up. No remediation efforts had begun as of September 30, 2022. The remediation outlays are considered necessary to prepare the asset for its intended use, and will be capitalized as part of the newly developed asset as expenditures are incurred, and therefore no expenditure and liability have been accrued at this time.

NOTE 4 – OTHER INFORMATION

RESTRICTED ASSETS

The amounts shown below are those assets restricted by sources external to the City. Ordinances and bond covenants pertaining to long-term debt and other agreements require segregation and restriction of certain assets represented by the following amounts as of September 30, 2022:

Governmental Activities

American Rescue Plan proceeds	\$ 6,389,590
Cemetery Trust Fund	1,233,895
General Construction Fund	30,093,903
Forfeiture	902,767
General Obligation Debt Service	<u>4,806,862</u>
Total Governmental Activities Restricted Assets	<u>\$ 43,427,017</u>

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 4 – OTHER INFORMATION (CONTINUED)

RESTRICTED ASSETS (continued)

	Water and Sewer Fund	Solid Waste Fund	Total
Business-type Activities			
Customer deposits	\$ 597,853	\$ 4,998	\$ 602,851
Bond construction accounts	709,553	--	709,553
Revolving loan covenant accounts	1,342,440	--	1,342,440
Total Business-type Activities			
Restricted Assets	\$ 2,649,846	\$ 4,998	\$ 2,654,844

RISK MANAGEMENT

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

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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 4 – OTHER INFORMATION (CONTINUED)

RISK MANAGEMENT (CONTINUED)

At September 30, 2022, the amount of these liabilities was \$9,457,688. Changes in the reported liability since October 1, 2021 resulted from the following:

	Claims Payable October 1	Current Year's Claims and Changes in Estimates	Claims Payments	Liability September 30
Fiscal Year Ended September 30, 2022	\$ 9,421,320	\$ 2,483,824	\$(3,447,456)	\$ 9,457,688

CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally, the federal and state agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

The City is currently the defendant in a number of litigation issues and claims that arose in the normal course of operations. City management has indicated that they intend to vigorously defend such matters, the ultimate outcome of which, in the opinion of management, will not have a significant adverse effect on the financial condition of the City.

DEFINED BENEFIT PENSION PLANS

Plan Description

The City of Deerfield Beach, as a single-employer, maintains three defined benefit pension plans covering full-time firefighters employed by the City prior to October 1, 2011, police officers employed by the City prior to January 13, 1990, and non-uniformed employees hired before April 17, 1990. The Deerfield Beach Municipal Firefighters' Pension Trust

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 4 – OTHER INFORMATION (CONTINUED)

DEFINED BENEFIT PENSION PLANS (CONTINUED)

Plan Description (continued)

Fund (the Fire Pension Plan), the City of Deerfield Beach Police Officers' Retirement Plan (the Police Pension Plan) and the City of Deerfield Beach Non-Uniformed Employees' Retirement Fund (the Non-uniformed Pension Plan) are individual plans administered for each of three employee categories: fire, police and non-uniformed personnel. Each plan is governed by its own board of trustees, which is responsible for establishing employee benefit provisions within the framework of Chapters 175 and 185 of the Florida Statutes and local ordinances. Retirement, disability and death benefits and annual cost-of-living adjustments are provided by all three plans to members and beneficiaries. New members are no longer admitted to any of the three defined benefit plans.

The financial statements for the City's pension plans are prepared using the accrual basis of accounting. Contributions from plan members are recognized in the period in which the contributions are due. The City's contributions are recognized when due and when a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of each individual plan. All plan investments are reported at fair value with the exception of money market funds which are reported at amortized cost. Securities traded on a national exchange are valued at the last reported sales price on the plan's fiscal year end. Securities without an established market price are reported at estimated fair value.

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

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

On January 13, 1990 the police officers of the City of Deerfield Beach merged with the Broward County Sheriff's Office. State law provides that these officers, who are now employees of the Broward County Sheriff's Office, could make an irrevocable election to

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 4 – OTHER INFORMATION (CONTINUED)

DEFINED BENEFIT PENSION PLANS (CONTINUED)

Plan Description (continued)

remain in the City’s pension plan. On October 1, 2012, the firefighters of the City of Deerfield Beach also merged with the Broward Sheriff’s Office. Like the police officers, they were also allowed to make an irrevocable election to remain in the City’s pension plan or join the Florida Retirement System.

Funding Policy

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

The Fire Pension Fund, as well as the Police Pension Fund, is partially funded by contributions from the State of Florida. The state’s contribution to the pension funds consists of excise taxes collected on fire and casualty insurance premiums on policies written within the City limits. For fiscal year 2022, the state contributed \$565,496 and \$794,778 to the Fire Pension and Police Pension Funds, respectively. On-behalf payments of fringe benefits and salaries for the City’s employees were recognized as revenues and expenditures during the period.

Information regarding fiscal year 2022 participant data for the three pension plans is as follows:

	Fire	Police	Non-Uniformed	Total
Plan membership as of actuarial valuation date	10/1/2021	10/1/2020	10/1/2020	
Inactive plan members and beneficiaries currently receiving benefits	141	73	120	334
Inactive plan members entitled but not yet receiving benefits	--	--	--	--
Active plan members	<u>57</u>	<u>--</u>	<u>1</u>	<u>58</u>
Total Members	<u>198</u>	<u>73</u>	<u>121</u>	<u>392</u>

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 4 – OTHER INFORMATION (CONTINUED)

DEFINED BENEFIT PENSION PLANS (CONTINUED)

Funding Policy (continued)

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

Net Pension Liability

The component of net pension liability as of September 30, 2021 (measurement date) were as follows:

	Fire	Police	Non-Uniformed	Total
Total pension liability	\$ 175,098,914	\$ 63,249,682	\$ 54,313,153	\$ 292,661,749
Less plan fiduciary net position	<u>(156,391,448)</u>	<u>(49,275,282)</u>	<u>(56,819,589)</u>	<u>(262,486,319)</u>
City's Net Pension Liability (Asset)	<u>\$ 18,707,466</u>	<u>\$ 13,974,400</u>	<u>\$ (2,506,436)</u>	<u>\$ 30,175,430</u>
 Plan fiduciary net position as a percentage of the total pension liability (asset)	 89.32%	 77.91%	 104.61%	

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 4 – OTHER INFORMATION (CONTINUED)

DEFINED BENEFIT PENSION PLANS (CONTINUED)

Net Pension Liability

	Fire	Police	Non-Uniformed
Total pension liability - beginning	\$ 166,196,697	\$ 64,784,629	\$ 55,787,619
Changes for the year:			
Service cost	2,792,531	--	23,650
Interest	12,195,280	4,082,775	3,613,220
Difference between expected and actual experience	1,592,301	(1,623,147)	(1,927,274)
Change in benefit terms	--	581,998	--
Change of assumptions	4,549,759	--	2,167,297
Share plan allocation	--	532,827	--
Benefit payments	(12,227,654)	(5,109,400)	(5,351,359)
Net change in total pension liability	8,902,217	(1,534,947)	(1,474,466)
Total pension liability - ending (a)	175,098,914	63,249,682	54,313,153
Plan fiduciary net position - beginning	129,626,638	40,637,559	51,677,847
Contributions - employer	6,299,087	2,335,897	1,372,990
Contributions - State of Florida	557,148	738,278	--
Contributions - employee	757,673	--	7,277
Net investment income	31,592,893	10,739,019	9,216,496
Benefit payments	(12,227,654)	(5,109,400)	(5,351,359)
Administrative expenses	(214,337)	(66,071)	(103,662)
Net change in plan fiduciary position - ending (b)	26,764,810	8,637,723	5,141,742
Plan fiduciary net position - ending (b)	156,391,448	49,275,282	56,819,589
Net Pension Liability (Asset) (a-b)	\$ 18,707,466	\$ 13,974,400	\$ (2,506,436)
Plan fiduciary net position as a percentage of total pension liability (asset)	89.32%	77.91%	104.61%

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 4 – OTHER INFORMATION (CONTINUED)

SIGNIFICANT ACTUARIAL ASSUMPTIONS

The total pension liability was determined by an actuarial valuation as of October 1, 2020.

	Fire Pension	Police Pension	Non-Uniformed
Inflation	2.27%	N/A	2.00%
Salary increases	5.2% to 11%	N/A	6.00% per year
Investment rate of return	7.50%	6.50%	6.80%
Mortality	RP-2000 fully generational with scale BB	RP-2000 Table with no RP-2000 Disabled Table for disabled lives projection Disables Lives: RP-2000 disabled males and females	RP-2000 Mortality tables, fully generational with scale BB
Retirement Age	N/A	N/A	Age 64 with 10 years of service or age 55 with 25 years of service

PENSION DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.25%, 6.50%, and 6.80% for the Fire, Police, and Non-Uniformed Pension plans respectively. This is a single rate that reflects the long-term expected rate of return on Pension plan investments expected to be used to finance the payment of benefits, including inflation. The projection of cash flows used to determine the discount rate assumed member contributions are made at 9% of pay and City contributions will be made in an amount equal to the difference between the actuarially determined contributions and member contributions. Fiduciary net position is projected to be sufficient to make projected benefit payments, for purposes of this determination.

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 4 – OTHER INFORMATION (CONTINUED)

PENSION DISCOUNT RATE

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

Net Pension Liability	Fire Pension Plan		
	1% Decrease	Current Discount Rate	1% Increase
Percent	6.25%	7.25%	8.25%
Net pension liability	\$36,890,396	\$18,707,466	\$ 3,553,081

Net Pension Liability	Police Pension Plan		
	1% Decrease	Current Discount Rate	1% Increase
Percent	5.50%	6.50%	7.50%
Net pension liability	\$21,078,590	\$13,974,400	\$ 8,042,971

Net Pension Liability (Asset)	Non-Uniformed Pension Plan		
	1% Decrease	Current Discount Rate	1% Increase
Percent	5.80%	6.80%	7.80%
Net pension liability (Asset)	\$ 2,100,018	\$ (2,506,436)	\$ (6,484,506)

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 4 – OTHER INFORMATION (CONTINUED)

DEFINED BENEFITS PENSION PLANS

Investments – Long-Term Expected Rate of Return

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

Asset Class	Long-Term Expected Real Rate of Return
Fire	
Domestic equity	8.35%
International equity	4.07%
Bonds	3.14%
Convertibles	7.82%
Private real estate	5.55%
Infrastructure	7.01%
Cash	0.20%

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

Asset Class	Long-Term Expected Real Rate of Return
Non-Uniformed	
Large cap value equity	6.85%
Large cap growth equity	7.15%
Small cap core equity	7.40%
International equity	6.05%
Hedge fund	3.90%
Core private real estate	5.65%
Core fixed income	1.75%

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 4 – OTHER INFORMATION (CONTINUED)

DEFINED BENEFITS PENSION PLANS

Asset Allocation

The tables below indicate the fund investment policy targets, and actual asset allocations as of September 30, 2022:

Asset Class	Investment Policy
Fire	
Fixed income	12-60%
International equity	10-25%
Large-cap core	3-13%
Large-cap value	3-13%
Large-cap growth	3-13%
Mid cap core	5-9%
Small cap value	3-7%
Convertibles	6-11%
Infrastructure	2-7%
Real estate	0-17%
Cash and cash equivalents	0-2%

Asset Class	Actual Allocation
Fire	
Fixed income	13.7%
International equity	25.3%
Large-cap core	7.5%
Large-cap value	0.0%
Large-cap growth	15.5%
Mid cap core	6.8%
Small cap value	5.0%
Convertibles	9.0%
Infrastructure	0.6%
Real estate	14.1%
Cash and cash equivalents	2.50%

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 4 – OTHER INFORMATION (CONTINUED)

DEFINED BENEFITS PENSION PLANS (CONTINUED)

Asset Allocation (continued)

Asset Class	Investment Policy
Police	
Domestic equity	40-55%
International equity	10-20%
Fixed income	15-35%
Real estate fund	5-17%
Cash and cash equivalents	0-5%

Asset Class	Actual Allocation
Police	
Domestic equity	44.00%
International equity	16.00%
Fixed income	25.00%
Real estate fund	14.00%
Cash and cash equivalents	1.00%

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

Asset Class	Actual Allocation
Non-Uniformed	
Domestic equity	46.90%
International equity	10.30%
Fixed income	26.40%
Hedge funds	5.30%
Real estate fund	8.80%
Cash and cash equivalents	2.30%

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 4 – OTHER INFORMATION (CONTINUED)

DEFINED BENEFITS PENSION PLANS (CONTINUED)

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

Pension expense and deferred outflows and deferred inflows of resources related to pensions: The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2020. The City reported deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows (Inflows)		
	Police	Fire	Non-Uniformed
Contributions subsequent to the measurement date	\$3,104,052	\$ 7,441,445	\$ 1,161,341
Difference between expected and actual experience	--	597,113	--
Change in assumptions	--	1,706,160	--
Difference between expected and actual earnings on investments	<u>1,286,917</u>	<u>(16,706,917)</u>	<u>(3,675,375)</u>
Total Deferred Outflows (Inflows)	<u>\$4,390,969</u>	<u>\$ (6,962,199)</u>	<u>\$ (2,514,034)</u>

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

Fiscal Year Ending September 30,	Police	Fire	Non-Uniformed
2023	\$ (41,729)	\$ (1,390,930)	\$ (734,630)
2024	417,162	(3,740,975)	(701,976)
2025	683,522	(4,866,783)	(991,157)
2026	<u>227,962</u>	<u>(4,404,956)</u>	<u>(1,247,612)</u>
Total	<u>\$1,286,917</u>	<u>\$ (14,403,644)</u>	<u>\$ (3,675,375)</u>

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 4 – OTHER INFORMATION (CONTINUED)

DEFINED CONTRIBUTION PLAN

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

The City contributed 8% of salaries to the plan on a bi-weekly basis, for a contribution for the year ending September 30, 2022 of \$1,838,036. The plan requires a 4% match of all participants. Plan participants become fully vested in the plan after five years of service. Total member contributions for the fiscal year totaled \$919,018.

DEFINED COMPENSATION PLAN

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

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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 4 – OTHER INFORMATION (CONTINUED)

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, 2022:

	Deposits	Withdrawals
Source of Deposits		
Tax incremental revenues	\$ 4,559,383	\$ --
Investment income	3,337	--
Charges for services	11,000	--
Purpose of Withdrawals		
Debt service - principal & interest	--	1,091,353
Other contractual	--	107,473
Administrative and overhead	--	605,146
Economic development	--	1,746,569
Total	\$ 4,573,720	\$ 3,550,541

NOTE 5 – COST SHARING DEFINED BENEFIT PLANS

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

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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 5 – COST SHARING DEFINED BENEFIT PLANS (CONTINUED)

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

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

PLAN DESCRIPTION

FRS Pension Plan

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

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

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

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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 5 – COST SHARING DEFINED BENEFIT PLANS (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

HIS Plan

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

BENEFITS PROVIDED

FRS Pension Plan

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

Elected Officers' Class: 3.00%

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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 5 – COST SHARING DEFINED BENEFIT PLANS (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

HIS Plan

For the fiscal year ended September 30, 2021 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

FRS Pension Plan

The Florida Legislature establishes contribution rates for participating employers and employees. Employees are required to contribute 3% of gross salary. Employer contribution is based on class. For the fiscal year ended September 30, 2022, the contribution rate for Elected Officers' Class was 49.7%.

The City's contributions for FRS totaled \$88,059 and employee contributions totaled \$5,314 for the fiscal year ended September 30, 2022.

HIS Plan

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2022, the HIS contribution was 1.66 percent. The City contributed 100 percent of its statutorily required contributions for the current year and preceding three years. The HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 5 – COST SHARING DEFINED BENEFIT PLANS (CONTINUED)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO PENSIONS

At September 30, 2022, the City reported liabilities of \$749,728 for its proportionate share of the FRS net pension liability and \$53,713 for the HIS net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The City’s proportionate share of the net pension liability was based on the City’s fiscal year 2022 contributions relative to the fiscal year 2022 contributions of all participating members.

For the fiscal year ended September 30, 2022, the City recognized pension expense of \$628. In addition, the City reported, in the government-wide financial statements, deferred outflows of resources and deferred inflows of resources related to both plans from the following sources:

Description	Deferred Outflows of Resources		
	FRS	HIS	Total
Differences between expected and actual experience	\$ 35,608	\$ 1,630	\$ 37,238
Change of assumptions	92,332	3,079	95,411
Net difference between projected and actual earnings on plan investments	49,504	78	49,582
Changes in proportion and differences between City contributions and proportionate share of contributions	9,410	2,287	11,697
City contributions subsequent to measurement date	<u>25,007</u>	<u>816</u>	<u>25,823</u>
Total Deferred Outflows of Resources	<u>\$ 211,861</u>	<u>\$ 7,890</u>	<u>\$ 219,751</u>

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 5 – COST SHARING DEFINED BENEFIT PLANS (CONTINUED)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)

Description	Deferred Inflows of Resources		
	FRS	HIS	Total
Differences between expected and actual experience	\$ --	\$ 236	\$ 236
Change of assumptions	--	8,309	8,309
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>64,258</u>	<u>1,604</u>	<u>65,862</u>
Total Deferred Inflows of Resources	<u>\$ 64,258</u>	<u>\$ 10,149</u>	<u>\$ 74,407</u>

The deferred outflows of resources related to pensions, totaling \$65,862, resulting from City contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Employer Share of Deferred Outflows/Deferred Inflows		
	FRS	HIS	Total
Fiscal Year Ending September 30			
2023	\$ 29,948	\$ (460)	\$ 29,488
2024	1,190	(404)	786
2025	(31,212)	(261)	(31,473)
2026	116,143	(577)	115,566
2027	6,527	(959)	5,568
Thereafter	<u>--</u>	<u>(414)</u>	<u>(414)</u>
Total	<u>\$ 122,596</u>	<u>\$ (3,075)</u>	<u>\$ 119,521</u>

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 5 – COST SHARING DEFINED BENEFIT PLANS (CONTINUED)

ACTUARIAL ASSUMPTIONS

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

Mortality Table Experience Study Actuarial Cost Method	Generational RP-2000 with projection scale BB tables 7/1/13 - 6/30/18 Individual Entry Age Normal	
	FRS	HIS
Investment rate of return	6.70%	3.54%
Projected salary increases	3.25%	3.25%
Inflation	2.40%	2.40%

LONG-TERM EXPECTED RATE OF RETURN

FRS Pension Plan

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

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.6%	2.6%	1.1%
Fixed income	19.8%	4.4%	4.4%	3.2%
Global equity	54.0%	8.8%	7.3%	17.8%
Real estate (property)	10.3%	7.4%	6.3%	15.7%
Private equity	11.1%	12.0%	8.9%	26.3%
Strategic investments	3.8%	6.2%	5.9%	7.8%
Total	<u>100.0%</u>			
Assumed Inflation-Mean			2.4%	1.3%

Note: As outlined in the Plan's investment policy

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 5 – COST SHARING DEFINED BENEFIT PLANS (CONTINUED)

DISCOUNT RATE OF RETURN

The discount rate used to measure the total pension liability was 6.70% for the FRS plan. The fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

The HIS program uses a pay as you go funding structure, so therefore, the depletion date is considered to be immediate and the single equivalent discount rate is equal to the municipal bond rate. The municipal bond rate of 3.54% was used to determine the total pension liability for the program. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

SENSITIVITY OF THE CITY’S PROPORTIONATE SHARE OF THE NET POSITION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following table presents the sensitivity of the City’s proportionate share of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the City’s proportionate share of the net pension liability if the discount rate was 1.00% lower or 1.00% higher than the current discount rate at June 30, 2022.

	City's Proportionate Share of the Net Pension Liability		
	1% Decrease	Current Discount Rate	1% Increase
Pension Plan	5.70%	6.70%	7.70%
FRS	\$ 1,296,603	\$ 749,728	\$ 292,475
	1% Decrease	Current Discount Rate	1% Increase
Pension Plan	2.54%	3.54%	4.54%
HIS	\$ 61,452	\$ 53,713	\$ 47,309

PENSION PLAN FIDUCIARY NET POSITION

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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 5 – COST SHARING DEFINED BENEFIT PLANS (CONTINUED)

SUMMARY OF PENSION EXPENSE, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO ALL PENSIONS OF THE CITY

For the year ended September 30, 2022, the City recognized a reduction in pension expense of \$14,356,203 as the result of GASB Statement No. 68. Deferred outflows and inflows of resources and Net Pension Liability related to pensions are as follows:

	Non-- Uniformed Pension	Police Pension	Fire Pension	FRS/HIS Pension	Total
Deferred outflows	\$ 1,161,341	\$ 4,390,969	\$ 9,744,718	\$ 219,751	\$ 15,516,779
Deferred inflows	3,675,375	--	16,706,917	74,407	20,456,699
Net pension liability	--	13,974,400	18,707,466	803,441	33,485,307
Net pension asset	2,506,436	--	--	--	2,506,436
Pension expense (income)	(511,439)	(11,578,962)	(2,266,430)	628	(14,356,203)

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS

PLAN DESCRIPTION

The City of Deerfield Beach’s Retiree Health Care Plan (Plan) is a single employer defined benefit postemployment health care plan that covers eligible retired employees of the City. The Plan, which is administered by the City, allows employees who retire and meet retirement eligibility requirements under one of the City’s retirement plans to continue health and life insurance coverage as a participant in the City’s plan. For purposes of applying Paragraph 4 under Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the Plan does not meet the requirements for an OPEB plan administered through a trust.

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

Benefit Description and Funding Policy

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

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

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

Benefits. Benefit provisions and City contribution requirements are established and may be amended by the City Commission. The City currently provides direct subsidies for certain retirees by paying a portion of the retiree's premium for individual coverage.

Employees Covered by benefit terms. As of September 30, 2020, the following employees were covered by the benefit terms:

Inactive plan members, or beneficiaries currently receiving benefits	196
Inactive plan members entitle to but not yet receiving benefits	--
Active plan members	<u>318</u>
Total	<u>514</u>

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY

The City's Total OPEB Liability (TOL) was measured as of September 30, 2021, and was determined by an actuarial valuation as of September 30, 2020. As of September 30, 2022, the reported TOL of \$26,587,723, represents 120.69% of the covered payroll. The components of TOL are as follows:

Balance at September 30, 2021	<u>\$27,020,635</u>
Changes for the Year	
Services cost	1,431,099
Interest	599,577
Changes in assumptions or other inputs	(1,590,684)
Benefit Payments	<u>(872,904)</u>
Net Changes	<u>(432,912)</u>
Balance at September 30, 2022	<u>\$26,587,723</u>
Covered Employee Payroll	<u>\$22,029,556</u>
City's Total OPEB liability as a % of Covered Payroll	120.69%

DISCOUNT RATE AND SENSITIVITY DISCLOSURES

Discount Rate

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

A discount rate of 2.43% was used to measure the September 30, 2020 Total OPEB Liability. A discount rate of 2.43% was used for the beginning of the measurement period. These rates are based on the Fidelity 20-Year Municipal GO AA Index - daily rate closest or equal to but not later than the respective measurement dates.

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

DISCOUNT RATE AND SENSITIVITY DISCLOSURES (CONTINUED)

Discount Rate (continued)

Sensitivity of the Total OPEB Liability to the Discount Rate Assumption

The chart below represents the total OPEB liability of the City, calculated using the 2.43% discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.43%) or 1-percentage point higher (3.43%) than the current rate.

Pension Plan	Measurement Date: September 30, 2021		
	1% Decrease	Current Discount Rate	1% Increase
Discount rate	1.43%	2.43%	3.43%
Total OPEB Liability	\$ 32,766,269	\$ 26,587,723	\$ 22,070,715

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

The chart below represents the total OPEB liability of the City, calculated using the 4.0% to 7.5%, as well as what the total OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage point lower (3.0% to 6.5%) or 1-percentage point higher (5.0% to 8.5%) than the current rate.

Pension Plan	Current Healthcare Cost Trend Rate		
	1% Decrease	Current Rate	1% Increase
Discount rate	3.0% to 6.5%	4.0% to 7.5%	5.0% to 8.5%
Total OPEB Liability	\$ 22,860,800	\$ 26,587,723	\$ 31,827,987

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

The Total OPEB Liability was determined based on several actuarial assumptions using the Actuarial Cost Method. Total OPEB liability was calculated by an actuarial valuation as of September 30, 2020, with a measurement date of September 30, 2021, using the following assumptions, applied to all prior periods included in the measurement:

Measurement date	September 30, 2021
Actuarial valuation date	September 30, 2020
Inflation	2.50%
Salary increases	6.00%
Discount rate	2.43%
Projected salary increases	4.0% - 7.5%
Healthcare cost trend rates	7.5% based on the Getzen Model
Retirees’ share of benefit-related costs	Retirees pay various portions of full blended premium for individual coverage

Discount rate – based on the Fidelity 20-Year Municipal GO AA Index

Mortality rates – All mortality rates were based on the Pub-2010 mortality tables with fully generational improvement using Scale MP-2018. Rates are based on those outlined in Milliman’s July 1, 2019 Florida Retirement System (FRS) valuation report with appropriate adjustments made based on plan demographics.

STATEMENT OF OPEB EXPENSES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO OPEB

Summary of Outstanding Deferred Inflows and Outflows of Resources Related to OPEB.

For the fiscal year ended September 30, 2022, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ --	\$ 10,285,871
Changes of assumptions	640,014	3,046,555
Employer contributions subsequent to measurement date	<u>936,607</u>	<u>--</u>
Total	<u><u>\$1,576,621</u></u>	<u><u>\$ 13,332,426</u></u>

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

*STATEMENT OF OPEB EXPENSES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES
RELATED TO OPEB (CONTINUED)*

*Summary of Outstanding Deferred Inflows and Outflows of Resources Related to OPEB
(continued)*

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

On September 30, 2022, the City reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources:

	<u>Amount</u>
Fiscal Year Ending September 30	
2023	\$ (5,425,364)
2024	(5,425,365)
2025	(1,523,547)
2026	<u>(318,136)</u>
Total	<u><u>\$ (12,692,412)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DEERFIELD BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		(Budgetary Basis) Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 49,899,619	\$ 49,899,619	\$ 49,734,782	\$ (164,837)
Sales taxes	6,876,101	6,876,101	7,226,763	350,662
Fire assessment fees	15,986,043	15,986,043	13,652,540	(2,333,503)
Franchise fees	7,343,000	7,343,000	9,675,197	2,332,197
Utility tax	8,364,000	8,364,000	9,690,469	1,326,469
Licenses and permits	907,200	907,200	840,583	(66,617)
Intergovernmental	3,249,312	3,249,312	4,319,901	1,070,589
Charges for services	10,409,034	10,409,034	11,062,304	653,270
Fines and forfeitures	1,007,500	1,007,500	1,322,626	315,126
Investment earnings	268,400	268,400	225,291	(43,109)
Miscellaneous:				
Donations/contributions	828,500	828,500	782,292	(46,208)
Administrative fees	8,079,662	8,079,662	8,079,663	1
Other	11,162,307	11,162,307	247,930	(10,914,377)
Total Revenues	<u>124,380,678</u>	<u>124,380,678</u>	<u>116,860,341</u>	<u>(7,520,337)</u>
Expenditures				
Departmental:				
City commission	458,194	458,194	405,789	52,405
City manager	636,358	636,358	606,712	29,646
City clerk	571,108	571,108	539,352	31,756
City attorney	550,000	550,000	346,911	203,089
Central services	2,652,844	2,652,844	2,652,844	--
Parks and recreation	14,192,154	14,192,154	13,834,731	357,423
Office of Public Safety	70,580,038	70,580,038	69,870,431	709,607
Human resources	902,520	902,520	796,216	106,304
Environmental services	2,587,765	2,587,765	2,347,231	240,534
Financial services	3,122,535	3,122,535	2,884,587	237,948
Planning and development services	1,622,290	1,622,290	1,158,780	463,510
Information technology services	2,607,896	2,607,896	2,393,187	214,709
Sustainable management	1,298,986	1,298,986	925,841	373,145
Community services	2,330,698	2,330,698	1,770,700	559,998
Economic development	525,005	525,005	425,925	99,080
Public affairs and marketing	650,737	650,737	528,942	121,795
Community participation	125,000	125,000	125,000	--
Other - unclassified	19,261,577	19,261,577	376,600	18,884,977
Debt service	1,078,797	1,078,797	1,077,617	1,180
Total Expenditures	<u>125,754,502</u>	<u>125,754,502</u>	<u>103,067,396</u>	<u>22,687,106</u>
Other Financing Sources (Uses)				
Transfers in	10,448,054	10,448,054	10,448,054	--
Transfers out	(14,309,566)	(14,309,566)	(9,442,477)	4,867,089
Total Other Financing Sources (Uses)	<u>(3,861,512)</u>	<u>(3,861,512)</u>	<u>1,005,577</u>	<u>4,867,089</u>
Net Change in Budgetary Fund Balances	<u>\$ (5,235,336)</u>	<u>\$ (5,235,336)</u>	<u>\$ 14,798,522</u>	<u>\$ (25,340,354)</u>

CITY OF DEERFIELD BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**BUDGETARY COMPARISON SCHEDULE
(NON-GAAP BUDGETARY BASIS - UNAUDITED)
COMMUNITY REDEVELOPMENT AGENCY FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		(Budgetary Basis) Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 4,534,994	\$ 4,534,994	\$ 4,559,383	\$ 24,389
Charges for services	25,000	25,000	11,000	(14,000)
Investment earnings	--	--	3,337	3,337
Total Revenues	<u>4,559,994</u>	<u>4,559,994</u>	<u>4,573,720</u>	<u>13,726</u>
Expenditures				
Current:				
Economic environment	1,565,174	1,565,174	673,634	891,540
Public safety	75,000	75,000	38,985	36,015
Culture and recreation	202,000	202,000	167,697	34,303
Capital outlay	7,003,906	7,003,906	1,578,872	5,425,034
Debt Service:				
Principal retirement	885,000	885,000	885,000	--
Interest and fiscal charges	207,698	207,698	206,353	1,345
Total Expenditures	<u>9,938,778</u>	<u>9,938,778</u>	<u>3,550,541</u>	<u>6,388,237</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,378,784)</u>	<u>(5,378,784)</u>	<u>1,023,179</u>	<u>(6,401,963)</u>
Other Financing Sources				
Appropriation of prior year's fund balance	<u>5,378,784</u>	<u>5,378,784</u>	--	<u>(5,378,784)</u>
Total Other Financing Sources	<u>5,378,784</u>	<u>5,378,784</u>	--	<u>(5,378,784)</u>
Change in Fund Balance	<u>\$ --</u>	<u>\$ --</u>	1,023,179	<u>\$ (1,023,179)</u>
Fund Balance - Beginning			<u>5,467,085</u>	
Fund Balance - Ending			<u>\$ 6,490,264</u>	

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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

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

NOTE 2 – RECONCILIATION OF BUDGET TO ACTUAL

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

	GAAP Basis Actual	Non GAAP Basis Actual
Departmental Expenditures	\$ 101,411,861	\$ 101,989,779
Debt Service	1,077,617	1,077,617
Capital Outlay	<u>577,555</u>	<u>--</u>
Total Expenditures	<u>\$ 103,067,033</u>	<u>\$ 103,067,396</u>

CITY OF DEERFIELD BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
FIRE PENSION PLAN
LAST EIGHT FISCAL YEARS

Measurement Date, September 30,	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 2,792,531	\$ 2,724,692	\$ 3,114,673	\$ 2,845,745	\$ 2,786,085	\$ 2,793,233	\$ 2,745,537	\$ 2,859,229
Interest	12,195,280	11,824,774	11,505,441	10,937,984	10,565,444	10,371,874	10,038,296	9,456,530
Changes of benefit terms	--	54,450	--	--	--	48,546	106,820	172,555
Differences between expected and actual experience	1,592,301	3,374,966	(1,130,384)	1,865,722	1,046,101	(82,819)	(1,414,007)	846,838
Changes in assumption	4,549,759	(1,991,954)	509,219	509,219	104,413	140,613	--	1,795,582
Benefit payments, including refunds of employee contributions	(12,227,654)	(10,080,776)	(8,601,583)	(9,204,187)	(9,978,487)	(6,795,446)	(7,418,254)	(7,328,455)
Refunds of member contributions	--	--	--	(17,570)	(6,856)	--	(47,544)	--
Net Change in Total Pension Liability	8,902,217	5,906,152	5,397,366	6,936,913	4,516,700	6,476,001	4,010,848	7,802,279
Total Pension Liability, Beginning	<u>166,196,697</u>	<u>160,290,545</u>	<u>154,893,179</u>	<u>147,956,266</u>	<u>143,439,566</u>	<u>136,963,565</u>	<u>132,952,717</u>	<u>125,150,438</u>
Total Pension Liability, Ending (a)	<u>\$175,098,914</u>	<u>\$166,196,697</u>	<u>\$160,290,545</u>	<u>\$154,893,179</u>	<u>\$147,956,266</u>	<u>\$143,439,566</u>	<u>\$136,963,565</u>	<u>\$132,952,717</u>
Plan Fiduciary Net Position								
Contributions								
Employer and state	\$ 6,299,087	\$ 6,047,459	\$ 5,988,490	\$ 5,307,928	\$ 5,058,562	\$ 5,060,592	\$ 5,064,382	\$ 5,051,768
State of Florida	557,148	632,681	649,209	628,008	603,646	667,147	725,199	791,013
Plan member	757,673	792,533	853,718	901,704	898,299	883,740	868,805	882,792
Net investment income (loss)	31,592,893	11,298,087	3,253,915	8,197,285	10,012,955	7,926,978	(3,188,136)	8,931,143
Benefit payments	(12,227,654)	(10,080,776)	(8,601,583)	(9,204,187)	(9,978,487)	(6,795,446)	(7,418,254)	(7,328,455)
Refund of member contributions	--	--	--	(17,570)	(6,856)	--	(47,544)	--
Administrative expense	(214,337)	(170,150)	(251,339)	(198,994)	(177,535)	(214,739)	(237,672)	(232,032)
Net Change in Plan Fiduciary Net Position	26,764,810	8,519,834	1,892,410	5,614,174	6,410,584	7,528,272	(4,233,220)	8,096,229
Plan Fiduciary Net Position, Beginning	<u>129,626,638</u>	<u>121,106,804</u>	<u>119,214,394</u>	<u>113,600,220</u>	<u>107,189,636</u>	<u>99,661,364</u>	<u>103,894,584</u>	<u>95,798,355</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$156,391,448</u>	<u>\$129,626,638</u>	<u>\$121,106,804</u>	<u>\$119,214,394</u>	<u>\$113,600,220</u>	<u>\$107,189,636</u>	<u>\$ 99,661,364</u>	<u>\$103,894,584</u>
City's Net Pension Liability - Ending [(a)-(b)]	<u>\$ 18,707,466</u>	<u>\$ 36,570,059</u>	<u>\$ 39,183,741</u>	<u>\$ 35,678,785</u>	<u>\$ 34,356,046</u>	<u>\$ 36,249,930</u>	<u>\$ 37,302,201</u>	<u>\$ 29,058,133</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)	<u>89.30%</u>	<u>78.00%</u>	<u>75.60%</u>	<u>77.00%</u>	<u>76.80%</u>	<u>74.70%</u>	<u>72.80%</u>	<u>78.10%</u>
Covered Payroll	<u>\$ 8,417,851</u>	<u>\$ 8,806,379</u>	<u>\$ 9,485,800</u>	<u>\$ 8,806,379</u>	<u>\$ 9,485,800</u>	<u>\$ 10,020,449</u>	<u>\$ 9,659,471</u>	<u>\$ 9,687,400</u>
Net Pension Liability (Asset) as a Percentage of Covered Payroll	<u>222.20%</u>	<u>415.30%</u>	<u>413.10%</u>	<u>405.10%</u>	<u>362.20%</u>	<u>361.80%</u>	<u>386.20%</u>	<u>300.00%</u>

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

CITY OF DEERFIELD BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CITY CONTRIBUTIONS - FIRE PENSION FUND
LAST NINE FISCAL YEARS**

Year Ended September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Actual Contribution as a % of Covered Payroll
2014	\$ 5,842,802	\$ 5,842,802	\$ --	\$ 9,687,400	60.31%
2015	5,789,681	5,789,681	--	9,628,949	60.13%
2016	5,727,617	5,727,617	--	9,412,235	60.85%
2017	5,662,208	5,662,208	--	9,659,471	58.62%
2018	5,911,574	5,926,407	(14,833)	10,020,449	59.14%
2019	6,606,969	6,606,969	--	9,485,800	69.65%
2020	6,720,388	6,720,388	--	8,806,379	76.31%
2021	6,856,235	6,856,235	--	8,417,851	81.45%
2022	7,433,097	7,441,445	(8,348)	8,116,062	91.69%

Methods and assumptions used to determine rates:

Actuarial valuation date	10/1/2021
Notes	Actuarially determined contribution are calculated as of October 1, one year prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	2.00%
Salary increases	5.2% to 11%, including inflation
Investment rate of return	7.25%
Mortality	From July 1, 2019, 2020 and 2021 FRS special risk valuation

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

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
POLICE PENSION PLAN
LAST EIGHT FISCAL YEARS

Measurement Date, September 30,	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Interest	\$ 4,082,775	\$ 4,019,827	\$ 4,043,732	\$ 3,836,745	\$ 3,410,810	\$ 3,359,275	\$ 3,459,881	\$ 3,367,750
Changes of benefit terms	581,998	1,146,116	3,072,186	--	--	--	2,326,603	--
Share plan allocation	532,827	537,969	539,589	469,049	451,648	421,602	359,314	338,294
Differences between expected and actual experience	(1,623,147)	(667,007)	(1,730,593)	58,615	332,132	223,166	(515,319)	--
Changes in assumption	--	1,608,577	726,498	712,839	7,201,737	3,535,687	--	--
Benefit payments, including refunds of employee contributions	(5,109,400)	(5,116,472)	(5,069,748)	(4,860,289)	(4,826,660)	(4,838,890)	(4,749,759)	(4,585,732)
Net Change in Total Pension Liability	(1,534,947)	1,529,010	1,581,664	216,959	6,569,667	2,700,840	880,720	(879,688)
Total Pension Liability, Beginning	64,784,629	63,255,619	61,673,955	61,456,996	54,887,329	52,186,489	51,305,769	52,185,457
Total Pension Liability, Ending (a)	63,249,682	64,784,629	63,255,619	61,673,955	61,456,996	54,887,329	52,186,489	51,305,769
Plan Fiduciary Net Position								
Contributions								
Employer	\$ 2,335,897	\$ 2,218,557	\$ 2,160,331	\$ 2,149,466	\$ 2,166,053	\$ 1,908,777	\$ 1,944,572	\$ 1,779,355
State	738,278	743,420	745,040	674,500	657,100	627,053	564,765	543,745
Net investment income (loss)	10,739,019	1,478,014	455,951	3,950,827	4,742,331	3,436,195	952,079	3,324,844
Benefit payments, including refunds of employee contributions	(5,109,400)	(5,116,472)	(5,069,748)	(4,860,289)	(4,826,660)	(4,838,890)	(4,749,759)	(4,585,732)
Administrative expense	(66,071)	(74,855)	(85,121)	(85,887)	(92,815)	(96,419)	(97,436)	(71,170)
Net Change in Plan Fiduciary Net Position	8,637,723	(751,336)	(1,793,547)	1,828,617	2,646,009	1,036,716	(1,385,779)	991,042
Plan Fiduciary Net Position, Beginning	40,637,559	41,388,895	43,182,442	41,353,825	38,707,816	37,671,100	39,056,879	38,065,837
Plan Fiduciary Net Position, Ending (b)	\$ 49,275,282	\$ 40,637,559	\$ 41,388,895	\$ 43,182,442	\$ 41,353,825	\$ 38,707,816	\$ 37,671,100	\$ 39,056,879
City's Net Pension Liability - Ending [(a)-(b)]	\$ 13,974,400	\$ 24,147,070	\$ 21,866,724	\$ 18,491,513	\$ 20,103,171	\$ 16,179,513	\$ 14,515,389	\$ 12,248,890
Net Position as a Percentage of the Total Pension Liability	77.90%	62.70%	65.40%	70.00%	67.30%	70.50%	72.20%	76.10%
Covered Payroll	N/A	N/A	N/A*	N/A	N/A	N/A	N/A	N/A

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

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

CITY OF DEERFIELD BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CITY CONTRIBUTIONS - POLICE PENSION FUND
LAST NINE FISCAL YEARS**

Year Ended September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll*	Actual Actual Contribution as a % of Covered Payroll
2014	\$ 1,984,806	\$ 1,984,806	\$ --	N/A	N/A
2015	2,150,023	2,150,023	--	N/A	N/A
2016	2,114,228	2,114,229	(1)	N/A	N/A
2017	2,371,504	2,371,505	(1)	N/A	N/A
2018	2,354,917	2,354,917	--	N/A	N/A
2019	2,365,782	2,365,782	--	N/A	N/A
2020	2,424,008	2,424,008	--	N/A	N/A
2021	2,541,348	2,541,348	--	N/A	N/A
2022	2,514,725	2,514,725	--	N/A	N/A

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

Methods and assumptions used to determine rates:

Actuarial valuation date	10/1/2021
Notes	Actuarially determined contribution are calculated as of October 1, one year prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	The lesser of 20 years and the average future lifetime of the inactive participants
Asset valuation method	Restricted to 80% - 120% of market value, obtained by smoothing three years' past differences between actual investment earnings and assumed investment return, then adding this number on the current market value.
Inflation	N/A
Salary increases	N/A
Investment rate of return	6.50% compounded annually, net of investment related expenses
Retirement age	N/A
Mortality	Healthy Lives: Female: PubS.H-2010 (Above Median) for Healthy Retirees, set forward one year. Male: PubS.H-2010 (Above Median) for Healthy Retirees, set forward one year. Disabled Lives: 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H- 2010 for Disabled Retirees.

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

CITY OF DEERFIELD BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
NON-UNIFORMED PENSION PLAN
LAST EIGHT FISCAL YEARS**

Measurement Date, September 30,	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 23,650	\$ 27,504	\$ 70,591	\$ 75,770	\$ 70,710	\$ 66,123	\$ 77,233	\$ 78,741
Interest	3,613,220	3,753,624	4,047,412	4,144,079	4,221,714	4,325,572	4,161,337	4,289,889
Differences between expected and actual experience	(1,927,274)	(385,909)	(2,011,107)	26,603	348,056	612,743	528,068	--
Changes in assumption	2,167,297	--	882,797	--	2,822	3,377,835	1,187,719	--
Benefit payments, including refunds of employee contributions	(5,351,359)	(5,560,896)	(5,571,956)	(5,672,502)	(5,842,352)	(5,917,598)	(5,826,053)	(5,786,184)
Net Change in Total Pension Liability	(1,474,466)	(2,165,677)	(2,582,263)	(1,426,050)	(1,199,050)	2,464,675	128,304	(1,417,554)
Total Pension Liability, Beginning	55,787,619	57,953,296	60,535,559	61,961,609	63,160,659	60,695,984	60,567,680	61,985,234
Total Pension Liability, Ending (a)	\$ 54,313,153	\$ 55,787,619	\$ 57,953,296	\$ 60,535,559	\$ 61,961,609	\$ 63,160,659	\$ 60,695,984	\$ 60,567,680
Plan Fiduciary Net Position								
Contributions								
Employer and state	\$ 1,372,990	\$ 1,412,726	\$ 1,546,408	\$ 1,645,642	\$ 1,595,214	\$ 1,543,620	\$ 1,713,421	\$ 1,721,000
Member	7,277	7,415	20,200	27,199	28,361	27,643	26,457	33,417
Net investment income (loss)	9,216,496	2,224,559	2,195,349	3,924,126	5,041,747	4,169,121	(330,924)	5,519,418
Benefit payments, including refunds of employee contributions	(5,351,359)	(5,560,896)	(5,571,956)	(5,672,502)	(5,842,352)	(5,917,598)	(5,826,053)	(5,786,184)
Administrative expense	(103,662)	(95,014)	(103,212)	(96,927)	(96,331)	(102,723)	(101,412)	(93,157)
Net Change in Plan Fiduciary Net Position	5,141,742	(2,011,210)	(1,913,211)	(172,462)	726,639	(279,937)	(4,518,511)	1,394,494
Plan Fiduciary Net Position, Beginning	51,677,847	53,689,057	55,602,268	55,774,730	55,048,091	55,328,028	59,846,539	58,452,045
Plan Fiduciary Net Position, Ending (b)	\$ 56,819,589	\$ 51,677,847	\$ 53,689,057	\$ 55,602,268	\$ 55,774,730	\$ 55,048,091	\$ 55,328,028	\$ 59,846,539
City's Net Pension Liability (Asset) - Ending [(a)-(b)]	\$ (2,506,436)	\$ 4,109,772	\$ 4,264,239	\$ 4,933,291	\$ 6,186,879	\$ 8,112,568	\$ 5,367,956	\$ 721,141
Net Position as a Percentage of the Total Pension Liability (Asset)	104.60%	92.60%	92.60%	91.90%	90.00%	87.20%	91.20%	98.80%
Covered Payroll	\$ 80,855	\$ 82,388	\$ 321,771	\$ 302,211	\$ 315,122	\$ 307,142	\$ 412,795	\$ 371,300
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-3099.90%	4988.30%	1325.20%	1632.40%	1963.30%	2641.30%	1300.40%	194.20%

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

CITY OF DEERFIELD BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CITY CONTRIBUTIONS - NON-UNIFORMED PENSION FUND
LAST NINE FISCAL YEARS**

Year Ended September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll*	Actual Actual Contribution as a % of Covered Payroll
2014	\$ 1,721,000	\$ 1,721,000	\$ --	\$ 371,300	463.51%
2015	1,713,421	1,713,421	--	412,795	415.08%
2016	1,543,620	1,543,620	--	307,142	502.58%
2017	1,595,214	1,595,214	--	315,122	506.22%
2018	1,645,642	1,645,642	--	302,211	544.53%
2019	1,546,408	1,546,408	--	321,771	480.59%
2020	1,412,726	1,412,726	--	82,388	1714.72%
2021	1,372,990	1,372,990	--	80,855	1698.09%
2022	1,161,341	1,161,341	--	94,443	1229.67%

Methods and assumptions used to determine rates:

Actuarial valuation date	10/1/2021
Notes	Actuarially determined contribution are calculated as of October 1, one year prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age normal cost, with amortization periods for new bases lowered by one year each year going forward
Amortization method	Level dollar, closed
Remaining amortization period	9 years
Asset valuation method	4-year smoothed market
Inflation	2.00%
Salary increases	6% per year from valuation date to the assumed retirement age
Investment rate of return	6.00%
Retirement age	Age 64 with 10 years of service or age 55 with 25 years of service
Mortality	Healthy pre-retirement mortality rates: PUB-2010 Headcount Weighted General Below Median Employee tables, generationally projected from year 2010 using Scale MP-2018, set back 1 year for males.

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

CITY OF DEERFIELD BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
FLORIDA RETIREMENT SYSTEM (FRS) PENSION PLAN
LAST SEVEN YEARS**

	Measurement Date June 30,						
	2022	2021	2020	2019	2018	2017	2016
City's proportion of the net pension liability	<u>0.00201%</u>	<u>0.00202%</u>	<u>0.00227%</u>	<u>0.00237%</u>	<u>0.00228%</u>	<u>0.00223%</u>	<u>0.00211%</u>
City's proportionate share of the net pension liability	<u>\$ 749,728</u>	<u>\$ 152,858</u>	<u>\$ 984,503</u>	<u>\$ 815,338</u>	<u>\$ 688,321</u>	<u>\$ 660,640</u>	<u>\$ 533,351</u>
City's covered payroll	<u>\$ 169,551</u>	<u>\$ 167,455</u>	<u>\$ 171,904</u>	<u>\$ 172,607</u>	<u>\$ 167,347</u>	<u>\$ 163,001</u>	<u>\$ 145,925</u>
City's proportionate share of the net pension liability as a percentage of City's covered payroll	<u>442.18%</u>	<u>91.28%</u>	<u>572.71%</u>	<u>472.37%</u>	<u>411.31%</u>	<u>405.30%</u>	<u>365.50%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>0.00%</u>	<u>0.00%</u>	<u>78.85%</u>	<u>82.61%</u>	<u>82.48%</u>	<u>83.89%</u>	<u>840.00%</u>

**SCHEDULE OF THE CITY'S CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM (FRS) PENSION PLAN
LAST SEVEN YEARS**

	Measurement Date September 30,						
	2022	2021	2020	2019	2018	2017	2016
Contractually required FRS contribution	<u>\$ 88,059</u>	<u>\$ 77,089</u>	<u>\$ 75,472</u>	<u>\$ 73,410</u>	<u>\$ 73,052</u>	<u>\$ 70,230</u>	<u>\$ 61,648</u>
FRS contribution in relation to the contractually required contribution	<u>88,059</u>	<u>77,089</u>	<u>75,472</u>	<u>73,410</u>	<u>73,052</u>	<u>70,230</u>	<u>61,648</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered payroll	<u>\$ 168,589</u>	<u>\$ 167,028</u>	<u>\$ 171,689</u>	<u>\$ 173,754</u>	<u>\$ 167,347</u>	<u>\$ 162,463</u>	<u>\$ 145,929</u>
FRS contribution as a percentage of covered payroll	<u>52.23%</u>	<u>46.15%</u>	<u>43.96%</u>	<u>42.25%</u>	<u>43.65%</u>	<u>43.23%</u>	<u>42.25%</u>

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

CITY OF DEERFIELD BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
HEALTH INSURANCE SUBSIDY (HIS) PENSION PLAN
LAST SIX YEARS**

	Measurement Date June 30,						
	2022	2021	2020	2019	2018	2017	2016
City's proportion of the net pension liability	<u>0.000507%</u>	<u>0.000492%</u>	<u>0.000495%</u>	<u>0.000516%</u>	<u>0.000512%</u>	<u>0.002233%</u>	<u>0.002112%</u>
City's proportionate share of the net pension liability	<u>\$ 53,713</u>	<u>\$ 60,391</u>	<u>\$ 60,478</u>	<u>\$ 57,747</u>	<u>\$ 54,214</u>	<u>\$ 54,680</u>	<u>\$ 54,911</u>
City's covered payroll	<u>\$ 169,551</u>	<u>\$ 167,455</u>	<u>\$ 171,904</u>	<u>\$ 172,607</u>	<u>\$ 167,347</u>	<u>\$ 163,001</u>	<u>\$ 145,925</u>
City's proportionate share of the net pension liability as a percentage of City's covered payroll	<u>31.68%</u>	<u>36.06%</u>	<u>35.18%</u>	<u>33.46%</u>	<u>32.40%</u>	<u>33.55%</u>	<u>37.63%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>0.00%</u>	<u>0.00%</u>	<u>3.00%</u>	<u>2.63%</u>	<u>1.63%</u>	<u>1.64%</u>	<u>0.97%</u>

**SCHEDULE OF THE CITY'S CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY (HIS) PENSION PLAN
LAST SIX YEARS**

	Measurement Date September 30,						
	2022	2021	2020	2019	2018	2017	2016
Contractually required HIS contribution	\$ 5,314	\$ 2,894	\$ 2,854	\$ 2,866	\$ 1,491	\$ 1,186	\$ 1,041
HIS contribution in relation to the contractually required contribution	<u>5,314</u>	<u>2,894</u>	<u>2,854</u>	<u>2,866</u>	<u>1,491</u>	<u>1,186</u>	<u>1,041</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered payroll*	<u>\$ 168,589</u>	<u>\$ 167,028</u>	<u>\$ 171,639</u>	<u>\$ 173,754</u>	<u>\$ 167,347</u>	<u>\$ 162,463</u>	<u>\$ 145,929</u>
HIS contribution as a percentage of covered payroll	<u>3.15%</u>	<u>1.73%</u>	<u>1.66%</u>	<u>1.65%</u>	<u>0.89%</u>	<u>0.73%</u>	<u>0.71%</u>

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

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

CITY OF DEERFIELD BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FIVE YEARS**

	Measurement Date, September 30				
	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	\$ 1,431,099	\$ 1,605,611	\$ 1,487,838	\$ 3,203,104	\$ 3,021,796
Interest	599,577	1,178,082	1,138,573	2,753,484	2,490,545
Changes of benefit terms	--	--	--	(26,256,835)	--
Differences between expected and actual experience	--	(3,348,371)	--	(24,830,544)	--
Changes in assumptions	(1,590,684)	(2,956,680)	333,616	1,419,623	(5,077,191)
Benefit payments, including refunds of employee contributions	<u>(872,904)</u>	<u>(1,506,155)</u>	<u>(1,394,588)</u>	<u>(2,526,195)</u>	<u>(2,051,208)</u>
Net Change in Total OPEB Liability	(432,912)	(5,027,513)	1,565,439	(46,237,363)	(1,616,058)
Total OPEB Liability, Beginning	<u>27,020,635</u>	<u>32,048,148</u>	<u>30,482,709</u>	<u>76,720,072</u>	<u>78,336,130</u>
Total OPEB Liability, Ending	<u>\$ 26,587,723</u>	<u>\$ 27,020,635</u>	<u>\$ 32,048,148</u>	<u>\$ 30,482,709</u>	<u>\$ 76,720,072</u>
Covered Employee Payroll	<u>\$ 22,029,556</u>	<u>\$ 20,782,600</u>	<u>\$ 22,571,016</u>	<u>\$ 21,293,411</u>	<u>\$ 23,857,562</u>
Total OPEB Liability as a Percentage of City Covered Employee Payroll	<u>120.70%</u>	<u>130.00%</u>	<u>142.00%</u>	<u>143.20%</u>	<u>321.60%</u>

Notes to the Schedule:

The plan is funded on a pay-as-you-go basis and is not administered as a formal qualifying trust. There were no plan assets as of the date of the most recent valuation. Since there are currently no invested plan assets held in trust to finance the OPEB obligation, the discount rate is the long-term expected rate of return on tax-exempt, high quality municipal bonds based on the Bond Buyer 20-Bond GO Index.

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

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

DEBT SERVICE FUNDS

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

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

CAPITAL GRANTS PROJECTS FUNDS

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

PERMANENT FUNDS

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

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

CITY OF DEERFIELD BEACH, FLORIDA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2022

	Special Revenue Funds	General Obligation Debt Service Fund	Capital Grants Projects Fund	Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
Assets					
Cash and cash equivalents	\$ 8,668,072	\$ 616,254	\$ --	\$ 479,692	\$ 9,764,018
Investments	133,067	--	--	114,068	247,135
Restricted cash and cash equivalents	902,767	--	--	--	902,767
Restricted investments	--	4,806,862	--	1,233,895	6,040,757
Receivables, net of allowances:					
Accounts	--	--	--	254	254
Interest	197	4,700	--	2,415	7,312
Due from other funds	1,303,111	--	--	--	1,303,111
Due from other governments	998,273	--	--	--	998,273
Total Assets	\$ 12,005,487	\$ 5,427,816	\$ --	\$ 1,830,324	\$ 19,263,627
Liabilities					
Accounts payable	\$ 668,788	\$ --	\$ --	\$ --	\$ 668,788
Accrued payroll	9,711	--	--	--	9,711
Due to other funds	370,169	1,288,798	3,476	--	1,662,443
Due to other Government	3,241	--	--	--	3,241
Unearned revenue	44,345	--	--	--	44,345
Total Liabilities	1,096,254	1,288,798	3,476	--	2,388,528
Deferred Inflows of Resources					
Unavailable revenue	741,245	--	--	--	741,245
Fund Balances					
Nonspendable		--	--	1,830,324	1,830,324
Restricted	10,260,073	4,139,018	--	--	14,399,091
Assigned	--	--	--	--	--
Unassigned	(92,085)	--	(3,476)	--	(95,561)
Total Fund Balances (Deficit)	10,167,988	4,139,018	(3,476)	1,830,324	16,133,854
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 12,005,487	\$ 5,427,816	\$ --	\$ 1,830,324	\$ 19,263,627

CITY OF DEERFIELD BEACH, FLORIDA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Special Revenue Funds	General Obligation Debt Service Fund	Capital Grants Projects Fund	Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
Revenues					
Local option gas tax	\$ 1,978,920	\$ --	\$ --	\$ --	\$ 1,978,920
Local business taxes/permits	4,566,127	--	--	--	4,566,127
Intergovernmental	1,821,055	--	--	--	1,821,055
Charges for services	166,807	--	--	--	166,807
Fines and forfeitures	445,910	--	--	--	445,910
Impact fees	171,851	--	--	--	171,851
Investment earnings (loss)	77	15,148	--	(1,595)	13,630
Miscellaneous:					
Cemetery plot sales	--	--	--	147,316	147,316
Donations/contributions	32,497	--	--	--	32,497
Administrative fees	437,720	--	--	--	437,720
Other	40,618	--	--	--	40,618
Total Revenues	<u>9,661,582</u>	<u>15,148</u>	<u>--</u>	<u>145,721</u>	<u>9,822,451</u>
Expenditures					
Current:					
Economic environment	722,874	--	--	--	722,874
Public safety	4,062,175	--	--	--	4,062,175
Human services	26,492	--	--	--	26,492
Physical environment	170,850	--	--	--	170,850
Transportation	2,037,354	--	--	--	2,037,354
Culture and recreation	74,807	--	--	--	74,807
Capital outlay	981,991	--	--	--	981,991
Debt service:					
Principal	--	1,640,902	--	--	1,640,902
Interest and other fiscal charges	--	3,383,974	--	--	3,383,974
Total Expenditures	<u>8,076,543</u>	<u>5,024,876</u>	<u>--</u>	<u>--</u>	<u>13,101,419</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,585,039</u>	<u>(5,009,728)</u>	<u>--</u>	<u>145,721</u>	<u>(3,278,968)</u>
Other Financing Uses					
Transfers in	750,000	5,030,838	--	--	5,780,838
Transfers out	(719,516)	--	--	--	(719,516)
Total Other Financing Sources (Uses)	<u>30,484</u>	<u>5,030,838</u>	<u>--</u>	<u>--</u>	<u>5,061,322</u>
Net Change in Fund Balances	1,615,523	21,110	--	145,721	1,782,354
Fund Balances - Beginning	<u>8,552,465</u>	<u>4,117,908</u>	<u>(3,476)</u>	<u>1,684,603</u>	<u>14,351,500</u>
Fund Balance - Ending	<u>\$ 10,167,988</u>	<u>\$ 4,139,018</u>	<u>\$ (3,476)</u>	<u>\$ 1,830,324</u>	<u>\$ 16,133,854</u>

CITY OF DEERFIELD BEACH, FLORIDA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

SEPTEMBER 30, 2022

	Building Permits Fund	Road and Bridge Tax Fund	CDGB Fund	SHIP Grant Fund	Miscellaneous Grants Fund	Parking Deviation Fund
Assets						
Cash and cash equivalents	\$ 1,366,263	\$ 942,256	\$ 15,540	\$ 398,606	\$ 621,132	\$ 82,768
Investments	--	133,067	--	--	--	--
Restricted cash and cash equivalents	--	--	--	--	--	--
Receivables, net of allowances						
Accounts	--	--	--	--	--	--
Interest	--	197	--	--	--	--
Due from other funds	--	1,303,111	--	--	--	--
Due from other governments	--	176,848	325,518	--	495,907	--
Total Assets	<u>\$ 1,366,263</u>	<u>\$ 2,555,479</u>	<u>\$ 341,058</u>	<u>\$ 398,606</u>	<u>\$ 1,117,039</u>	<u>\$ 82,768</u>
Liabilities						
Accounts payable	\$ 298,392	\$ 281,344	\$ 6,766	\$ --	\$ 3,401	\$ --
Accrued payroll	2,052	7,659	--	--	--	--
Due to other funds	--	--	197,536	--	117,480	--
Due to other Government	3,241	--	--	--	--	--
Unearned revenue	--	--	--	--	44,345	--
Total Liabilities	<u>303,685</u>	<u>289,003</u>	<u>204,302</u>	<u>--</u>	<u>165,226</u>	<u>--</u>
Deferred Inflows of Resources						
Unavailable revenue	--	--	177,963	--	563,282	--
Fund Balances						
Restricted	1,062,578	2,266,476	8,644	398,606	430,765	82,768
Assigned	--	--	--	--	--	--
Unassigned	--	--	(49,851)	--	(42,234)	--
Total Fund Balances	<u>1,062,578</u>	<u>2,266,476</u>	<u>(41,207)</u>	<u>398,606</u>	<u>388,531</u>	<u>82,768</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,366,263</u>	<u>\$ 2,555,479</u>	<u>\$ 341,058</u>	<u>\$ 398,606</u>	<u>\$ 1,117,039</u>	<u>\$ 82,768</u>

CITY OF DEERFIELD BEACH, FLORIDA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

SEPTEMBER 30, 2022

General Trust Fund	Impact Fees Fund	Target Area Trust Fund	Beautification and Landscape Trust Fund	Crime Prevention Trust Fund	Law Enforcement Trust Fund	Nuisances Abatement Assessment Fund	Total Nonmajor Special Revenue Funds
\$ 1,400,501	\$ 1,543,409	\$ 1,552,743	\$ 575,147	\$ 78,178	\$ --	\$ 91,529	\$ 8,668,072
--	--	--	--	--	--	--	133,067
--	--	--	--	--	902,767	--	902,767
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	197
--	--	--	--	--	--	--	1,303,111
--	--	--	--	--	--	--	998,273
<u>\$ 1,400,501</u>	<u>\$ 1,543,409</u>	<u>\$ 1,552,743</u>	<u>\$ 575,147</u>	<u>\$ 78,178</u>	<u>\$ 902,767</u>	<u>\$ 91,529</u>	<u>\$ 12,005,487</u>
\$ 6,043	\$ --	\$ --	\$ --	\$ --	\$ 72,842	\$ -	\$ 668,788
--	--	--	--	--	--	--	9,711
--	--	--	--	--	55,153	--	370,169
--	--	--	--	--	--	--	3,241
--	--	--	--	--	--	--	44,345
<u>6,043</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>127,995</u>	<u>--</u>	<u>1,096,254</u>
--	--	--	--	--	--	--	741,245
1,394,458	1,543,409	1,552,743	575,147	78,178	774,772	91,529	10,260,073
--	--	--	--	--	--	--	--
--	--	--	--	--	--	--	(92,085)
<u>1,394,458</u>	<u>1,543,409</u>	<u>1,552,743</u>	<u>575,147</u>	<u>78,178</u>	<u>774,772</u>	<u>91,529</u>	<u>10,167,988</u>
<u>\$ 1,400,501</u>	<u>\$ 1,543,409</u>	<u>\$ 1,552,743</u>	<u>\$ 575,147</u>	<u>\$ 78,178</u>	<u>\$ 902,767</u>	<u>\$ 91,529</u>	<u>\$ 12,005,487</u>

CITY OF DEERFIELD BEACH, FLORIDA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Building Permits Fund	Road and Bridge Tax Fund	CDGB Fund	SHIP Grant Fund	Miscellaneous Grants Fund	Parking Deviation Fund
Revenues						
Local option gas tax	\$ --	\$ 1,978,920	\$ --	\$ --	\$ --	\$ --
Local business taxes/permits	4,566,127	--	--	--	--	--
Intergovernmental	--	774,287	358,429	545,963	142,376	--
Charges for services	--	--	--	--	--	--
Fines and forfeitures	--	--	--	--	--	--
Impact fees	--	--	--	--	--	--
Investment earnings	--	77	--	--	--	--
Miscellaneous:	--	--	--	--	--	--
Donations/contributions	--	--	--	--	--	--
Administrative fees	--	437,720	--	--	--	--
Other	--	--	--	--	40,618	--
Total Revenues	<u>4,566,127</u>	<u>3,191,004</u>	<u>358,429</u>	<u>545,963</u>	<u>182,994</u>	<u>--</u>
Expenditures						
Current:						
Economic environment	--	--	271,895	208,818	242,161	--
Public safety	4,023,108	--	--	--	--	--
Human services	--	--	26,492	--	--	--
Physical environment	--	--	--	--	--	--
Transportation	--	2,037,354	--	--	--	--
Culture and recreation	--	--	--	--	--	--
Capital outlay	--	880,069	--	--	--	--
Total Expenditures	<u>4,023,108</u>	<u>2,917,423</u>	<u>298,387</u>	<u>208,818</u>	<u>242,161</u>	<u>--</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>543,019</u>	<u>273,581</u>	<u>60,042</u>	<u>337,145</u>	<u>(59,167)</u>	<u>--</u>
Other Financing Uses						
Transfers in	--	--	--	--	--	--
Transfers out	--	--	(65,516)	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(65,516)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	543,019	273,581	(5,474)	337,145	(59,167)	--
Fund Balances - Beginning	<u>519,559</u>	<u>1,992,895</u>	<u>(35,733)</u>	<u>61,461</u>	<u>447,698</u>	<u>82,768</u>
Fund Balance - Ending	<u>\$ 1,062,578</u>	<u>\$ 2,266,476</u>	<u>\$ (41,207)</u>	<u>\$ 398,606</u>	<u>\$ 388,531</u>	<u>\$ 82,768</u>

CITY OF DEERFIELD BEACH, FLORIDA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

General Trust Fund	Impact Fees Fund	Target Area Trust Fund	Beautification and Landscape Trust Fund	Crime Prevention Trust Fund	Law Enforcement Trust Fund	Nuisances Abatement Assessment Fund	Total Nonmajor Special Revenue Funds
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,978,920
--	--	--	--	--	--	--	4,566,127
--	--	--	--	--	--	--	1,821,055
68,881	--	--	97,926	--	--	--	166,807
--	--	287,062	--	--	117,445	41,403	445,910
--	171,851	--	--	--	--	--	171,851
--	--	--	--	--	--	--	77
--	--	--	--	--	--	--	--
21,127	--	--	4,870	6,500	--	--	32,497
--	--	--	--	--	--	--	437,720
--	--	--	--	--	--	--	40,618
<u>90,008</u>	<u>171,851</u>	<u>287,062</u>	<u>102,796</u>	<u>6,500</u>	<u>117,445</u>	<u>41,403</u>	<u>9,661,582</u>
--	--	--	--	--	--	--	722,874
24,452	--	--	--	4,719	--	9,896	4,062,175
--	--	--	--	--	--	--	26,492
--	--	--	170,850	--	--	--	170,850
--	--	--	--	--	--	--	2,037,354
74,807	--	--	--	--	--	--	74,807
--	--	--	--	--	101,922	--	981,991
<u>99,259</u>	<u>--</u>	<u>--</u>	<u>170,850</u>	<u>4,719</u>	<u>101,922</u>	<u>9,896</u>	<u>8,076,543</u>
<u>(9,251)</u>	<u>171,851</u>	<u>287,062</u>	<u>(68,054)</u>	<u>1,781</u>	<u>15,523</u>	<u>31,507</u>	<u>1,585,039</u>
--	--	--	--	--	750,000	--	750,000
<u>(154,000)</u>	<u>(500,000)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(719,516)</u>
<u>(154,000)</u>	<u>(500,000)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>750,000</u>	<u>--</u>	<u>30,484</u>
<u>(163,251)</u>	<u>(328,149)</u>	<u>287,062</u>	<u>(68,054)</u>	<u>1,781</u>	<u>765,523</u>	<u>31,507</u>	<u>1,615,523</u>
<u>1,557,709</u>	<u>1,871,558</u>	<u>1,265,681</u>	<u>643,201</u>	<u>76,397</u>	<u>9,249</u>	<u>60,022</u>	<u>8,552,465</u>
<u>\$ 1,394,458</u>	<u>\$ 1,543,409</u>	<u>\$ 1,552,743</u>	<u>\$ 575,147</u>	<u>\$ 78,178</u>	<u>\$ 774,772</u>	<u>\$ 91,529</u>	<u>\$ 10,167,988</u>

CITY OF DEERFIELD BEACH, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BASIS) AND ACTUAL
ROAD AND BRIDGE TAX FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	<u>Budgeted Amounts</u>		(Budgetary Basis) Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Local option gas tax	\$ 1,234,205	\$ 1,234,205	\$ 1,978,920	\$ 744,715
Transit surtax	3,033,107	3,033,107	--	(3,033,107)
Intergovernmental	480,019	480,019	774,287	294,268
Investment earnings	5,000	5,000	77	(4,923)
Administrative fees	430,139	430,139	437,720	7,581
Total Revenues	<u>5,182,470</u>	<u>5,182,470</u>	<u>3,191,004</u>	<u>(1,991,466)</u>
Expenditures				
Current:				
Transportation	4,797,854	4,797,854	2,037,354	2,760,500
Capital outlay	465,041	465,041	880,069	(415,028)
Total Expenditures	<u>5,262,895</u>	<u>5,262,895</u>	<u>2,917,423</u>	<u>2,345,472</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(80,425)</u>	<u>(80,425)</u>	<u>273,581</u>	<u>(4,336,938)</u>
Appropriation of Prior Year Fund Balance	<u>80,425</u>	<u>80,425</u>	<u>--</u>	<u>(80,425)</u>
Net Change in Fund Balances	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 273,581</u>	<u>\$ (4,417,363)</u>

CITY OF DEERFIELD BEACH, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BASIS) AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	<u>Budgeted Amounts</u>		(Budgetary Basis) Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 690,707	\$ 690,707	\$ 358,429	\$ (332,278)
Total Revenues	<u>690,707</u>	<u>690,707</u>	<u>358,429</u>	<u>(332,278)</u>
Expenditures				
Current:				
Economic environment	643,360	643,360	271,895	371,465
Human services	72,930	72,930	26,492	46,438
Capital outlay	<u>163,993</u>	<u>163,993</u>	<u>--</u>	<u>163,993</u>
Total Expenditures	<u>880,283</u>	<u>880,283</u>	<u>298,387</u>	<u>581,896</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(189,576)</u>	<u>(189,576)</u>	<u>60,042</u>	<u>(249,618)</u>
Other Financing Sources (Uses)				
Transfers out	<u>(65,211)</u>	<u>(65,211)</u>	<u>(65,516)</u>	<u>(305)</u>
Net Change in Fund Balances	<u>\$ (254,787)</u>	<u>\$ (254,787)</u>	<u>\$ (5,474)</u>	<u>\$ (249,923)</u>

CITY OF DEERFIELD BEACH, FLORIDA

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS**

SEPTEMBER 30, 2022

	Firefighters' Pension Fund	Police Pension Fund	Non- Uniform Pension	Total Pension Trust Funds
Assets				
Investments:				
Money market funds	\$ 5,034,900	\$ 502,194	\$ 1,373,683	\$ 6,910,777
Fixed income	20,580,334	2,385,991	--	22,966,325
U.S. government and agency securities	4,751,200	4,986,282	8,452,765	18,190,247
Equity securities	63,295,967	23,389,300	24,455,602	111,140,869
Corporate bonds	7,519,314	935,765	4,431,056	12,886,135
Real estate funds	29,826,531	8,373,535	5,534,220	43,734,286
Self directed DROP accounts	2,438,824	--	--	2,438,824
Hedge fund	638,571	--	2,770,151	3,408,722
Total investments	<u>134,085,641</u>	<u>40,573,067</u>	<u>47,017,477</u>	<u>221,676,185</u>
Receivables:				
Interest and dividends	96,555	32,167	118,076	246,798
Due from participants	22,479	7,553	--	30,032
Contributions receivable (state)	11,275	--	--	11,275
Pending trades	165,094	452,372	122,182	739,648
Total receivables	<u>295,403</u>	<u>492,092</u>	<u>240,258</u>	<u>1,027,753</u>
Total Assets	<u>134,381,044</u>	<u>41,065,159</u>	<u>47,257,735</u>	<u>222,703,938</u>
Liabilities				
Accounts payable	28,640	27,542	63,511	119,693
Accounts payable - purchase of investments	168,417	--	126,831	295,248
Total Liabilities	<u>197,057</u>	<u>27,542</u>	<u>190,342</u>	<u>414,941</u>
Deferred Inflow	<u>--</u>	<u>--</u>	<u>50,804</u>	<u>50,804</u>
Net Position Restricted for Pension Benefits				
Total Net Position Restricted for Pension Benefits	<u>\$ 134,183,987</u>	<u>\$ 41,037,617</u>	<u>\$ 47,016,589</u>	<u>\$ 222,238,193</u>

CITY OF DEERFIELD BEACH, FLORIDA

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Firefighters' Pension Fund	Police Pension Fund	Non- Uniform Pension	Total Pension Trust Funds
Additions				
Contributions:				
Employer	\$ 6,875,949	\$ 2,309,274	\$ 1,161,341	\$ 10,346,564
Plan members	730,591	--	8,500	739,091
Chapter	565,496	794,778	--	1,360,274
Total contributions	<u>8,172,036</u>	<u>3,104,052</u>	<u>1,169,841</u>	<u>12,445,929</u>
Investment earnings:				
Interest and dividend revenue	3,787,580	2,793,184	1,207,788	7,788,552
Net depreciation in the fair value of investments	<u>(23,334,193)</u>	<u>(8,474,695)</u>	<u>(6,584,368)</u>	<u>(38,393,256)</u>
Total investment losses	(19,546,613)	(5,681,511)	(5,376,580)	(30,604,704)
Less: investment expense	<u>(413,339)</u>	<u>(320,693)</u>	<u>(342,519)</u>	<u>(1,076,551)</u>
Net investment losses	<u>(19,959,952)</u>	<u>(6,002,204)</u>	<u>(5,719,099)</u>	<u>(31,681,255)</u>
Miscellaneous	--	--	128	128
Total Additions	<u>(11,787,916)</u>	<u>(2,898,152)</u>	<u>(4,549,130)</u>	<u>(19,235,198)</u>
Deductions				
Benefit payments	8,964,870	4,662,624	5,154,204	18,781,698
DROP distributions	1,174,871	--	--	1,174,871
Share account distributions	62,579	589,327	--	651,906
Administrative expenses	217,225	95,117	99,666	412,008
Total Deductions	<u>10,419,545</u>	<u>5,347,068</u>	<u>5,253,870</u>	<u>21,020,483</u>
Change in Net Position	(22,207,461)	(8,245,220)	(9,803,000)	(40,255,681)
Net Position Restricted for Pension				
Benefits -				
Beginning of Year	<u>156,391,448</u>	<u>49,282,837</u>	<u>56,819,589</u>	<u>262,493,874</u>
End of Year	<u>\$ 134,183,987</u>	<u>\$ 41,037,617</u>	<u>\$ 47,016,589</u>	<u>\$ 222,238,193</u>

STATISTICAL SECTION

STATISTICAL SECTION

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STATISTICAL SECTION (CONTINUED)

(UNAUDITED)

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

CITY OF DEERFIELD BEACH, FLORIDA

NET POSITION BY COMPONENT

**LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental Activities										
Net investment in capital assets	\$ 71,037,127	\$ 65,038,801	\$ 63,275,945	\$ 65,413,462	\$ 66,878,760	\$ 68,098,733	\$ 64,215,625	\$ 61,201,885	\$ 57,468,114	\$ 58,120,088
Restricted	50,832,847	18,174,938	21,765,881	21,139,007	80,502,274	10,712,284	9,614,790	7,853,503	9,663,870	10,058,524
Unrestricted (deficit)	(42,205,123)	(45,275,652)	(56,699,883)	(60,647,204)	(143,581,097)	(33,718,932)	(28,967,707)	(31,131,872)	(615,504)	(4,979,499)
Total Governmental Activities Net Position	<u>\$ 79,664,851</u>	<u>\$ 37,938,087</u>	<u>\$ 28,341,943</u>	<u>\$ 25,905,265</u>	<u>\$ 3,799,937</u>	<u>\$ 45,092,085</u>	<u>\$ 44,862,708</u>	<u>\$ 37,923,516</u>	<u>\$ 66,516,480</u>	<u>\$ 63,199,113</u>
Business-type Activities										
Net investment in capital assets	\$ 51,222,386	\$ 49,443,126	\$ 58,857,747	\$ 34,510,573	\$ 52,967,087	\$ 51,774,904	\$ 56,362,887	\$ 52,525,476	\$ 50,924,663	\$ 48,869,742
Restricted	3,461,863	1,193,510	1,178,354	--	1,839,167	1,834,565	1,834,718	1,760,856	743,838	743,838
Unrestricted	18,825,552	18,919,626	18,593,835	8,326,003	8,011,660	29,117,078	26,713,892	31,535,603	33,335,797	32,233,021
Total Business-type Activities Net Position	<u>\$ 73,509,801</u>	<u>\$ 69,556,262</u>	<u>\$ 78,629,936</u>	<u>\$ 42,836,576</u>	<u>\$ 62,817,914</u>	<u>\$ 82,726,547</u>	<u>\$ 84,911,497</u>	<u>\$ 85,821,935</u>	<u>\$ 85,004,298</u>	<u>\$ 81,846,601</u>
Primary Government										
Net investment in capital assets	\$ 122,259,513	\$ 114,481,927	\$ 122,133,692	\$ 42,931,897	\$ 119,845,847	\$ 119,873,637	\$ 120,578,512	\$ 113,727,361	\$ 108,392,777	\$ 106,989,830
Restricted	54,294,710	19,368,448	22,944,235	173,140	82,341,441	12,546,849	11,449,508	9,614,359	10,407,708	10,802,362
Unrestricted	(23,379,571)	(26,356,026)	(38,106,048)	14,026,546	(135,569,437)	(4,601,854)	(2,253,815)	403,731	32,720,293	27,253,522
Total Primary Government Net Position	<u>\$ 153,174,652</u>	<u>\$ 107,494,349</u>	<u>\$ 106,971,879</u>	<u>\$ 57,131,583</u>	<u>\$ 66,617,851</u>	<u>\$ 127,818,632</u>	<u>\$ 129,774,205</u>	<u>\$ 123,745,451</u>	<u>\$ 151,520,778</u>	<u>\$ 145,045,714</u>

CITY OF DEERFIELD BEACH, FLORIDA

CHANGES IN NET POSITION

**LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental activities:										
General government	\$ 10,834,495	\$ 14,174,978	\$ 13,200,897	\$ 10,139,309	\$ 13,858,877	\$ 18,833,091	\$ 15,971,447	\$ 14,043,751	\$ 12,353,311	\$ 11,821,874
Economic environment	1,936,041	4,293,606	3,006,189	1,831,573	3,255,195	2,421,264	2,770,154	1,746,288	2,832,290	1,981,715
Public safety	60,843,134	73,254,510	75,166,877	67,759,892	72,209,952	65,353,492	59,621,417	56,811,183	55,555,149	52,604,329
Human services	2,002,868	2,026,671	2,258,427	352,258	3,415,404	2,847,032	2,836,456	2,382,915	2,159,042	2,136,865
Physical environment	9,250,580	6,700,678	6,966,270	3,903,291	7,561,665	5,780,265	4,952,451	6,311,645	3,974,644	4,978,883
Transportation	4,589,488	4,464,749	5,683,850	5,293,134	4,863,339	4,527,599	4,047,654	4,125,562	3,375,247	2,906,127
Culture and recreation	7,338,876	5,740,552	5,717,348	4,525,216	7,398,066	5,992,978	5,846,869	3,728,135	4,032,285	4,358,166
Interest on long-term debt	3,453,832	3,683,713	3,369,738	3,614,126	2,317,478	1,884,325	1,895,608	1,921,214	2,807,078	3,024,834
Total Governmental Activities Expenses	100,249,314	114,339,457	115,369,596	97,418,799	114,879,976	107,640,046	97,942,056	91,070,693	87,089,046	83,812,793
Business-type activities:										
Water and sewer utility	25,448,186	24,516,242	24,985,197	24,088,048	26,719,702	26,341,135	25,282,502	23,570,064	22,210,582	20,899,520
Solid waste	15,982,567	14,883,574	21,697,597	15,522,046	17,109,044	17,163,860	15,712,131	14,468,169	13,849,313	14,354,330
Stormwater utility	1,246,404	1,100,143	926,581	1,222,265	--	--	--	--	--	--
Total Business-type Activities Expenses	42,677,157	40,499,959	47,609,375	40,832,359	43,828,746	43,504,995	40,994,633	38,038,233	36,059,895	35,253,850
Total Primary Government Expenses	142,926,471	154,839,416	162,978,971	138,251,158	158,708,722	151,145,041	138,936,689	129,108,926	123,148,941	119,066,643
Program Revenues										
Governmental activities:										
Charges for services:										
General government	14,278,779	9,476,546	10,448,831	10,484,542	4,289,131	4,439,989	4,757,881	4,291,549	540,328	878,655
Economic environment	1,102,257	--	--	--	--	--	--	--	--	--
Public safety	19,003,706	25,092,920	22,395,951	23,921,809	26,114,265	25,350,237	21,932,165	23,802,373	20,615,778	16,737,515
Human services	182	77	196,219	84,130	100,229	56,573	50,140	10,020	29,316	12,699
Physical environment	203,784	172,293	350,471	634,542	343,511	183,105	189,872	355,326	286,215	185,794
Transportation	3,779,540	2,691,836	1,978,435	2,441,655	2,572,664	2,689,914	2,566,791	2,537,022	1,829,159	1,677,235
Culture and recreation	1,680,129	1,323,813	1,045,270	1,643,719	1,707,368	2,161,352	3,078,829	2,113,288	1,907,505	1,699,851
Operating grants and contributions:										
General government	13,209,259	6,359,000	5,879,144	5,551,403	5,521,769	4,803,382	6,690,084	4,941,733	6,253,912	7,588,761
Capital grants and contributions:	742,236	--	--	50,000	689,982	2,616,764	2,374,178	348,392	285,142	1,630,221
Total Governmental Activities	53,999,872	45,116,485	42,294,321	44,811,800	41,338,919	42,301,316	41,639,940	38,399,703	31,747,355	30,410,731
Business-type activities:										
Charges for services:										
Water and sewer	25,931,208	23,889,173	23,932,893	27,394,983	25,729,905	25,556,346	24,908,850	25,296,809	24,754,868	24,651,018
Solid waste	18,099,403	17,392,321	17,456,238	17,770,995	16,754,407	15,832,628	15,327,755	14,748,707	14,626,474	15,441,291
Stormwater utility	2,330,888	2,183,627	2,233,083	2,117,203	--	--	--	--	--	--
BUS-operating grants and contributions	244,265	71,705	126,990	--	--	--	--	--	--	--
Capital grants and contributions	--	--	--	--	--	398,300	--	64,452	45,899	111,699
Total Business-type Activities	46,605,764	43,536,826	43,749,204	47,283,181	42,484,312	41,787,274	40,236,605	40,109,968	39,427,241	40,204,008
Total Primary Government Program Revenues	100,605,636	88,653,311	86,043,525	92,094,981	83,823,231	84,088,590	81,876,545	78,509,671	71,174,596	70,614,739
Net (Expense) Revenue										
Governmental activities	(46,249,442)	(69,222,972)	(73,075,275)	(52,606,999)	(73,541,057)	(65,338,730)	(56,302,116)	(52,670,990)	(55,341,691)	(53,402,062)
Business-type activities	3,928,607	3,036,867	(3,860,171)	6,450,822	(1,344,434)	(1,717,721)	(758,028)	2,071,735	3,367,346	4,950,158
Total Primary Government Net Expense	\$ (42,320,835)	\$ (66,186,105)	\$ (76,935,446)	\$ (46,156,177)	\$ (74,885,491)	\$ (67,056,451)	\$ (57,060,144)	\$ (50,599,255)	\$ (51,974,345)	\$ (48,451,904)

CITY OF DEERFIELD BEACH, FLORIDA

CHANGES IN NET POSITION (CONTINUED)

**LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 53,545,828	\$ 51,262,337	\$ 48,309,392	\$ 45,215,722	\$ 42,852,391	\$ 39,732,879	\$ 37,603,317	\$ 35,512,381	\$ 33,750,761	\$ 28,188,611
Utility taxes	9,690,469	8,694,445	8,421,784	8,709,365	8,429,194	8,307,025	8,074,781	7,976,554	7,907,567	7,343,575
Sales taxes	9,205,683	5,670,300	4,803,143	5,321,474	5,384,431	5,062,149	5,413,109	4,875,615	4,648,145	4,394,070
Franchise taxes	9,675,197	8,267,024	7,365,570	7,840,494	7,622,049	7,648,226	7,795,465	6,832,413	8,867,645	8,959,809
Motor fuel taxes	--	1,282,239	1,203,827	1,427,609	1,418,558	1,416,578	1,491,230	1,353,883	1,318,433	1,285,882
Alcoholic beverage/mobile home license taxes	88,183	87,244	86,107	85,214	86,067	96,204	85,980	96,892	55,777	48,407
Impact fees	171,851	--	--	--	--	--	--	--	--	--
Grants and contributions not restricted to specific programs	4,123,235	2,483,335	1,715,329	1,983,976	2,065,013	1,987,520	1,868,658	1,804,085	1,622,476	1,471,496
Unrestricted investment earnings	502,924	165,996	1,325,584	2,403,213	894,912	279,975	207,623	85,147	56,617	64,333
Miscellaneous revenues	884,584	492,195	2,128,836	1,454,295	2,187,154	730,852	380,032	1,797,415	166,676	166,419
Transfers	88,252	411,171	155,211	270,961	306,699	--	321,113	270,893	--	--
Total Governmental Activities	<u>87,976,206</u>	<u>78,816,286</u>	<u>75,514,783</u>	<u>74,712,323</u>	<u>71,246,468</u>	<u>65,261,408</u>	<u>63,241,308</u>	<u>60,605,278</u>	<u>58,394,097</u>	<u>51,922,602</u>
Business-type activities:										
Unrestricted investment earnings	784	47,444	708,666	1,112,080	493,611	237,770	168,703	59,880	55,312	45,401
Miscellaneous revenues	112,400	2,325	77,650	--	--	--	--	(46,381)	--	--
Transfers	(88,252)	(411,171)	(155,211)	(270,961)	(306,699)	(306,699)	(321,113)	(270,893)	(264,961)	(1,678,071)
Total Business-type Activities	<u>24,932</u>	<u>(361,402)</u>	<u>631,105</u>	<u>841,119</u>	<u>186,912</u>	<u>(68,929)</u>	<u>(152,410)</u>	<u>(257,394)</u>	<u>(209,649)</u>	<u>(1,632,670)</u>
Total Primary Government	<u>88,001,138</u>	<u>78,454,884</u>	<u>76,145,888</u>	<u>75,553,442</u>	<u>71,433,380</u>	<u>65,192,479</u>	<u>63,088,898</u>	<u>60,347,884</u>	<u>58,184,448</u>	<u>50,289,932</u>
Changes in Net Position										
Governmental activities	41,726,764	9,593,314	2,439,508	22,105,324	(2,294,589)	(77,322)	6,939,192	7,934,288	3,052,406	(1,479,460)
Business-type activities	3,953,539	2,675,465	(3,229,066)	7,291,941	(1,157,522)	(1,786,650)	(910,438)	1,814,341	3,157,697	3,317,488
Total Primary Government	<u>\$ 45,680,303</u>	<u>\$ 12,268,779</u>	<u>\$ (789,558)</u>	<u>\$ 29,397,265</u>	<u>\$ (3,452,111)</u>	<u>\$ (1,863,972)</u>	<u>\$ 6,028,754</u>	<u>\$ 9,748,629</u>	<u>\$ 6,210,103</u>	<u>\$ 1,838,028</u>

CITY OF DEERFIELD BEACH, FLORIDA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Property Tax	Utility Taxes	Sales Taxes	Franchise Taxes	Local Option Gas Tax	Alcoholic Beverage/ Mobile Home License Taxes	Total
2013	\$ 28,188,611	\$ 7,343,575	\$ 4,394,070	\$ 8,959,809	\$ 1,285,882	\$ 48,407	\$ 50,220,354
2014	33,750,761	7,907,567	5,934,513	8,867,645	1,318,433	55,777	57,834,696
2015	35,512,381	7,976,554	4,875,615	6,832,413	1,353,883	96,892	56,647,738
2016	37,603,317	8,074,781	6,393,307	7,639,677	1,491,230	85,980	61,288,292
2017	39,732,879	8,307,025	5,062,149	7,648,226	1,416,578	96,204	62,263,061
2018	42,852,391	8,429,194	6,677,330	7,622,049	1,418,558	86,067	67,085,589
2019	45,215,722	8,709,365	5,321,474	7,840,494	1,427,609	85,214	68,599,878
2020	48,309,392	8,421,784	4,803,143	7,365,570	1,203,827	86,107	70,189,823
2021	51,262,337	8,694,445	5,670,300	8,267,024	1,282,239	87,244	75,263,589
2022	53,545,828	9,690,469	9,205,683	9,675,197	1,978,920	88,183	84,184,280

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

CITY OF DEERFIELD BEACH, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS

**LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	2022	2021	2020	2019	2018	Fiscal Year 2017	2016	2015	2014	2013
General Fund										
Non-spendable	\$ 471,291	\$ 355,872	\$ 402,789	\$ 231,158	\$ 700,972	\$ 441,359	\$ 245,932	\$ 211,331	\$ 663,995	\$ 696,001
Assigned to:	15,217,017	4,704,811	9,543,562	8,848,378	8,291,753	8,057,917	7,855,937	7,028,371	4,502,471	4,193,717
Unassigned	<u>39,214,310</u>	<u>35,043,050</u>	<u>21,664,616</u>	<u>17,617,916</u>	<u>17,968,892</u>	<u>16,400,894</u>	<u>16,512,401</u>	<u>11,631,572</u>	<u>8,781,650</u>	<u>2,823,003</u>
Total General Fund	<u>\$54,902,618</u>	<u>\$40,103,733</u>	<u>\$31,610,967</u>	<u>\$26,697,452</u>	<u>\$26,961,617</u>	<u>\$24,900,170</u>	<u>\$24,614,270</u>	<u>\$18,871,274</u>	<u>\$13,948,116</u>	<u>\$ 7,712,721</u>
All Other Governmental Funds										
Unreserved, reported in:										
Non-spendable	\$ 1,830,324	\$ 1,684,603	\$ 1,492,547	\$ 1,408,008	\$ 1,408,008	\$ 1,657,455	\$ 1,066,318	\$ 1,251,701	\$ 1,240,498	\$ 1,229,499
Restricted	47,905,956	43,269,575	46,701,455	49,356,084	49,356,084	12,317,388	12,263,149	11,323,253	17,303,614	22,844,054
Assigned	--	5,258,898	2,341,276	--	--	--	--	--	--	--
Unassigned	<u>(95,561)</u>	<u>(39,209)</u>	<u>(208,849)</u>	<u>(164,575)</u>	<u>(164,575)</u>	<u>(294,146)</u>	<u>(284,862)</u>	<u>(231,284)</u>	<u>(181,733)</u>	<u>101,767</u>
Total All Other Governmental Funds	<u>\$49,640,719</u>	<u>\$50,173,867</u>	<u>\$50,326,429</u>	<u>\$50,599,517</u>	<u>\$50,599,517</u>	<u>\$13,680,697</u>	<u>\$13,044,605</u>	<u>\$12,343,670</u>	<u>\$18,362,379</u>	<u>\$24,175,320</u>

CITY OF DEERFIELD BEACH, FLORIDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

**LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues										
Property taxes	\$ 54,294,165	\$ 51,262,337	\$ 48,309,392	\$ 45,215,722	\$ 42,852,391	\$ 39,732,879	\$ 37,603,317	\$ 35,512,396	\$ 28,291,130	\$ 27,771,349
Sales and use taxes	7,226,763	6,965,726	6,179,244	6,725,332	6,677,330	6,374,461	6,790,747	6,221,255	5,565,280	5,432,787
Fire assessment fees	13,652,540	13,534,043	13,687,279	11,288,253	11,026,863	11,041,726	11,068,185	11,007,913	8,491,262	8,371,764
Franchise fees	9,675,197	8,267,025	7,365,570	7,840,494	7,622,049	7,648,226	7,795,465	8,447,210	8,959,809	8,704,150
Utility taxes	9,690,469	8,694,445	8,421,784	8,709,365	8,429,194	8,307,025	8,074,781	7,976,554	7,343,575	6,705,240
Local option gas tax	1,978,920	1,282,238	1,203,827	1,427,609	1,418,558	1,416,578	1,491,230	1,353,883	1,285,882	1,289,074
Alcoholic beverage/mobile home license taxes	88,183	87,244	86,107	85,214	--	--	--	--	--	--
Local business taxes/permits	5,318,527	5,004,356	7,344,457	7,535,466	4,951,256	5,432,035	4,202,781	4,674,337	3,006,077	2,906,324
Intergovernmental	17,271,311	5,771,003	6,632,289	3,494,173	5,838,827	7,000,870	5,058,080	5,058,080	8,753,280	7,380,901
Charges for services	11,229,111	10,227,471	9,005,717	10,050,895	9,998,883	10,275,886	9,674,471	9,785,012	8,236,329	7,476,283
Fines and forfeitures	1,768,536	1,491,805	1,770,589	1,325,231	1,529,006	1,484,146	1,830,841	1,726,615	911,536	1,031,508
Impact fees	171,851	244,801	664,558	457,807	138,626	244,612	176,954	--	--	--
Investment earnings	491,554	165,996	1,325,584	2,403,213	894,911	279,974	207,695	85,191	64,333	39,677
Miscellaneous	9,779,036	12,032,341	9,497,112	10,600,470	9,244,581	9,424,423	9,085,943	17,030,831	6,870,128	7,651,004
Total Revenues	142,636,163	125,030,831	121,493,509	117,159,244	110,622,475	108,662,841	103,060,490	108,879,277	87,778,621	84,760,061
Expenditures										
General government	14,995,878	14,173,917	14,636,010	16,796,303	16,637,413	20,379,141	18,083,088	21,977,441	15,510,007	15,483,228
Economic environment	1,920,764	4,278,742	3,457,681	2,832,044	2,782,544	2,121,390	2,770,158	1,821,340	2,964,052	2,113,478
Public safety	73,855,804	71,241,015	71,277,001	68,763,739	65,048,696	61,789,116	60,100,777	58,670,678	54,809,205	51,659,751
Human services	1,922,192	1,948,179	2,520,942	2,832,728	2,915,117	2,436,525	2,197,031	2,842,242	2,154,433	2,081,504
Physical environment	8,513,969	5,984,005	6,138,135	7,361,321	7,265,038	6,160,397	4,843,967	6,845,708	3,518,440	4,334,094
Transportation	2,613,778	2,542,517	2,497,918	2,398,753	2,902,618	2,795,435	2,812,545	2,737,514	2,292,118	1,850,040
Culture and recreation	5,663,772	4,110,789	4,624,314	5,725,177	5,507,911	4,603,199	3,975,250	3,658,093	2,997,052	3,504,151
Capital outlay	11,778,675	5,418,970	7,700,899	5,434,535	2,885,587	2,885,587	4,717,906	5,872,209	5,770,037	6,176,331
Debt service:										
Principal retirement	3,587,194	3,723,045	2,653,195	2,564,594	2,745,479	2,725,773	2,520,002	2,504,085	2,606,667	2,285,825
Interest and fiscal charges	3,606,652	3,680,619	3,673,954	4,026,808	2,101,051	2,150,785	2,048,017	2,063,110	2,710,837	2,208,582
Fiscal agent fees and other fees	--	--	--	--	--	--	--	--	102,057	332,013
Total Expenditures	128,458,678	117,101,798	119,180,049	118,736,002	110,791,454	108,047,348	104,068,741	108,992,420	95,434,905	92,028,997
Excess of Revenues Over (Under) Expenditures	14,177,485	7,929,033	2,313,460	(1,576,758)	(168,979)	615,493	(1,008,251)	(113,143)	(7,656,284)	(7,268,936)
Other Financing Sources (Uses)										
Transfers in	20,250,245	7,726,482	8,686,107	6,425,237	6,896,744	7,316,052	6,843,592	6,966,774	7,517,606	10,647,167
Transfers out	(20,161,993)	(7,315,311)	(8,530,897)	6,154,275	6,590,045	7,009,353	6,552,479	6,695,875	7,252,645	8,969,096
Premiums on bonds issued	--	--	--	--	5,826,066	--	--	--	--	1,125,416
Proceeds from refunded bonds	--	--	--	--	--	--	--	--	--	(14,282,254)
Bonds and notes issued	--	--	--	--	36,155,000	--	--	--	--	34,860,000
Bonds and notes issued	--	--	--	--	36,155,000	--	--	--	--	--
CARES act funds	--	--	1,374,764	--	--	--	--	--	--	--
Capital lease proceeds	--	--	1,838,622	--	--	--	--	--	--	--
Total Other Financing Sources (Uses)	88,252	411,171	3,368,596	12,579,512	91,622,855	14,325,405	13,396,071	13,662,649	14,770,251	41,319,425
Net Change in Fund Balances	\$ 14,265,737	\$ 8,340,204	\$ 5,682,056	\$ 11,002,754	\$ 91,453,876	\$ 14,940,898	\$ 12,387,820	\$ 13,549,506	\$ 7,113,967	\$ 34,050,489
Debt Service as a Percentage of Non-Capital Expenditures	2.87%	3.21%	3.15%	3.46%	1.95%	2.04%	2.02%	1.94%	3.02%	2.82%

CITY OF DEERFIELD BEACH, FLORIDA

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

**LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Utility Service Taxes</u>	<u>Sales Taxes</u>	<u>Franchise Taxes</u>	<u>Local Option Gas Tax</u>	<u>Alcoholic Beverage/ Mobile Home License Taxes</u>	<u>Total</u>
2013	\$ 28,291,130	\$ 7,343,575	\$ 5,565,280	\$ 8,959,809	\$ 1,285,882	\$ 48,407	\$ 51,494,083
2014	33,750,761	7,907,567	5,934,513	8,867,645	1,318,433	55,777	57,834,696
2015	35,512,396	7,976,554	4,875,615	6,832,413	1,353,883	96,892	56,647,753
2016	37,603,317	8,074,781	6,393,307	7,639,677	1,377,907	85,980	61,174,969
2017	39,732,879	8,307,025	6,374,461	7,648,226	1,416,578	96,204	63,575,373
2018	42,852,391	8,429,194	6,677,330	7,622,049	1,418,558	86,067	67,085,589
2019	45,215,722	8,709,365	6,725,332	7,840,494	1,427,609	85,214	70,003,736
2020	48,309,392	8,421,784	6,179,244	7,365,570	1,203,827	86,107	71,565,924
2021	51,251,890	7,190,501	4,691,707	6,038,244	1,055,335	80,104	70,307,781
2022	54,294,165	9,690,469	7,226,763	9,675,197	1,978,920	88,183	82,953,697

CITY OF DEERFIELD BEACH, FLORIDA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year Ending September 30,	Real Property ⁽¹⁾	Personal Property	Less Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value ⁽¹⁾	Taxable Assessed Value as a Percentage of Actual Taxable Value
2013	\$ 6,068,817,518	\$ 389,788,094	\$ 1,614,924,968	\$ 4,843,680,644	5.7688	\$ 7,605,089,169	63.690%
2014	6,282,449,796	398,719,587	1,673,533,699	5,007,635,684	6.7688	7,864,092,199	63.677%
2015	6,965,511,494	402,157,090	2,064,034,621	5,303,633,963	6.7688	8,646,548,680	61.338%
2016	7,575,534,000	428,708,115	2,347,582,606	5,656,659,509	6.6688	9,388,030,664	60.254%
2017	8,926,809,490	449,468,620	1,425,792,130	7,950,485,980	6.5007	10,961,317,366	72.532%
2018	9,581,418,870	452,285,512	1,952,768,762	8,080,935,620	6.5007	11,710,313,829	69.007%
2019	10,703,956,100	456,247,845	1,536,709,678	9,623,494,267	6.4810	12,993,128,014	74.066%
2020	1,255,996,692	68,819,182	1,536,709,678	(211,893,804)	6.3560	12,993,128,014	-1.631%
2021	11,310,071,470	496,696,461	1,572,158,502	10,234,609,429	6.1416	13,755,438,418	74.404%
2022	10,447,677,563	496,657,029	1,605,603,376	9,338,731,216	6.2825	9,467,117,621	98.644%

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

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

Source: Broward County, Florida Property Appraiser

CITY OF DEERFIELD BEACH, FLORIDA

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

Fiscal Year Ending September 30,	City of Deerfield Beach			Overlapping Rates										
	Operating Millage	Debt Service Millage	Total City Millage	County			School District			Children's Services	North Broward Hospital District	South Florida Water Management District	Florida Inland Navigation District	Total Direct and Overlapping Rates
				Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage					
2013	5.1856	0.5832	5.7688	5.2576	0.2954	5.5530	7.4560	--	7.4560	0.4902	1.8564	0.4289	0.0345	21.5878
2014	6.2317	0.5371	6.7688	5.44	0.2830	5.7230	7.4800	--	7.4800	0.4882	1.7554	0.411	0.0345	22.6609
2015	6.2745	0.4943	6.7688	5.4584	0.2646	5.7230	7.4380	--	7.4380	0.4882	1.5939	0.3842	0.0345	22.4306
2016	6.1949	0.4739	6.6688	5.4741	0.2489	5.7230	7.2030	0.0710	7.2740	0.4882	1.4425	0.3551	0.0320	21.9836
2017	6.0493	0.4514	6.5007	5.4474	0.2216	5.6690	6.8360	0.0703	6.9063	0.4882	1.3462	0.3307	0.0320	21.2731
2018	6.0981	0.4026	6.5007	5.4623	0.2067	5.6690	6.4740	0.0654	6.5394	0.4882	1.2483	0.31	0.0320	20.7876
2019	6.1267	0.3740	6.5007	5.4792	0.1898	5.6690	6.2750	0.1279	6.4029	0.4882	1.0855	0.2936	0.0320	20.4719
2020	6.0018	0.3542	6.3560	5.4999	0.1691	5.6690	6.4140	0.9120	7.3260	0.4882	1.1469	0.2675	0.0320	21.2856
2021	6.0018	0.3107	6.3125	5.5134	0.1556	5.6690	6.3180	0.1441	6.4621	0.4699	1.2770	0.2675	0.0320	20.4900
2022	6.0018	0.2807	6.2825	5.5306	0.1384	5.6690	5.9510	0.1873	6.1383	0.4699	1.6029	0.2301	0.0320	20.4247

Source: Broward County, Florida Property Appraiser

CITY OF DEERFIELD BEACH, FLORIDA

PRINCIPAL PROPERTY TAX PAYERS

CURRENT YEAR AND NINE YEARS AGO

	2022				2013			
	Taxable Assessed Valuation	Taxes	Rank	Percentage of Total Taxes Levied	Taxable Assessed Valuation	Taxes	Rank	Percentage of Total Taxes Levied
	\$ 90,647,091	--	1	1.59	\$ 51,888,407	--	3	1.07%
Publix Super Markets Inc.	88,876,010	--	2	1.56	64,621,890	--	1	1.33%
SCG Atlas Deercreek 11 LLC %	87,857,770	--	3	1.54	--	--	-	
Deerfield Beach ES Hotel LLC	69,909,930	--	4	1.23	42,701,760	--	4	0.88%
Weingarten Realty Investors	68,967,696	--	5	1.21	--	--	-	
Quiet Waters Business Park LLC %	60,549,640	--	6	1.06	41,236,190	--	6	0.85%
Hillsboro Technology Center LLC	54,200,640	--	7	0.95	--	--	-	
Land TR	45,996,422	--	8	0.81	32,522,483	--	9	0.67%
EQR-Waterways LLC	45,929,210	--	9	0.81	--	--	-	
Crown Diversified Ind Corp	41,427,745	--	10	0.73	--	--	-	
City National Bank of FL TRSTE	--	--	-	-	58,471,609	--	2	1.21%
CP Deerfield LLC	--	--	-	-	42,551,670	--	5	0.88%
City National Bank of Florida	--	--	-	-	40,260,191	--	7	0.83%
Florida Land Holdings LLC TR	--	--	-	-	29,831,040	--	10	0.62%
News & Sun Sentinel	--	--	-	-	37,297,365	--	8	0.77%
Totals	<u>\$ 654,362,154</u>	<u>\$ --</u>		11.50	<u>\$ 441,382,605</u>	<u>\$ --</u>		<u>9.11%</u>

Source: Broward County Records, Taxes and Treasury Division
 Broward County, Florida Property Appraiser

CITY OF DEERFIELD BEACH, FLORIDA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year Ending September 30,	Tax Roll Year	Tax Levies	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections*	Total Collections to Date	
			Amount	Percentage of Levies		Amount	Percentage of Levy
2013	2012	\$ 28,007,125	\$ 26,185,412	93.50%	\$ 362,795	\$26,548,207	94.79%
2014	2013	31,263,431	29,869,364	95.54%	(113,030) *	29,756,334	95.18%
2015	2014	33,333,975	32,924,554	98.77%	(121,127) *	32,803,427	98.41%
2016	2015	35,102,340	34,887,089	99.39%	47,214	34,934,303	99.52%
2017	2016	39,631,940	37,991,955	95.86%	62,509	38,054,464	96.02%
2018	2017	42,810,803	40,940,537	95.63%	860,484	41,801,021	97.64%
2019	2018	46,146,136	44,107,935	95.58%	912,471	45,020,406	97.56%
2020	2019	45,040,154	44,481,393	98.76%	1,324,546	45,805,939	101.70%
2021	2020	46,740,320	46,096,554	98.62%	1,239,938	47,336,492	101.28%
2022	2021	48,666,619	48,556,865	99.77%	1,177,917	49,734,782	102.19%

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

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

Source: Broward County, Florida Revenue Collector

CITY OF DEERFIELD BEACH, FLORIDA

WATER SOLD BY TYPE OF CUSTOMER

**LAST TEN FISCAL YEARS
(IN THOUSANDS OF GALLONS)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Residential - Single Family	\$ 71,037,127	\$ 838,760	\$ 827,172	\$ 794,050	\$ 796,740	\$ 853,859	\$ 790,967	\$ 784,548	\$ 745,569	\$ 772,444
Residential - Multi-Family	50,832,847	894,770	710,714	663,433	753,441	763,095	1,006,073	1,084,878	1,063,107	1,123,024
Commercial	(42,205,123)	539,279	518,004	540,127	596,111	546,010	592,708	554,552	532,985	557,271
Irrigation	607,838	517,839	538,558	596,566	578,262	579,577	520,962	548,671	556,219	551,942
Hydrants	1,932	10,264	1,113	8,862	5,102	7,988	793	9,795	345	98
Total	<u>\$ 80,274,621</u>	<u>\$ 2,800,912</u>	<u>\$ 2,595,561</u>	<u>\$ 2,603,038</u>	<u>\$ 2,729,656</u>	<u>\$ 2,750,529</u>	<u>\$ 2,911,503</u>	<u>\$ 2,982,444</u>	<u>\$ 2,898,225</u>	<u>\$ 3,004,779</u>
Total Direct Rate Per 1,000 Gallons	\$ 5.64	\$ 5.35	\$ 5.84	\$ 6.41	\$ 5.47	\$ 2.65	\$ 2.65	\$ 2.65	\$ 2.65	\$ 2.65

Source: City of Deerfield Beach, Department of Financial Services

CITY OF DEERFIELD BEACH, FLORIDA

WATER AND SEWER RATES

LAST TEN FISCAL YEARS

Fiscal Year Ending September 30,	Water		Sewer	
	Monthly Base Rate		Monthly Base Rate	
2013	\$ 15.00	\$ 2.65	\$ 10.98	\$ 2.71
2014	15.00	2.65	10.98	2.71
2015	15.00	2.65	10.98	2.71
2016	15.00	2.65	10.98	2.71
2017	15.00	2.65	10.98	2.71
2018	15.00	2.65	10.98	2.71
2019	15.00	2.65	10.98	2.71
2020	15.00	2.65	10.98	2.71
2021	15.00	2.65	10.98	2.71
2022	15.79	2.79	12.00	2.96

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

Source: City of Deerfield Beach, Customer Service

CITY OF DEERFIELD BEACH, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita	Population	Personal Income
	General Obligation Bonds	Covenant Bonds	Capital Leases	Water and Sewer Bonds	Capital Leases	Loans and Notes					
2013	\$ 21,128,368	\$ 25,265,000	\$ 231,996	\$ 14,827,383	\$ 1,760,609	\$ 16,388,471	\$ 79,601,827	4.33%	1041	76,473	\$ 1,836,793,000
2014	19,797,105	24,140,000	80,981	14,938,143	1,087,825	14,196,426	74,240,480	4.06%	960	77,361	1,829,286,000
2015	18,533,690	22,980,000	--	14,042,421	639,800	14,196,426	70,392,337	3.96%	918	76,662	1,779,325,000
2016	17,295,290	21,785,000	1,665,572	12,839,802	3,042,143	12,498,150	69,125,957	3.77%	890	77,659	1,834,539,000
2017	16,977,148	20,921,705	1,296,968	12,112,720	831,697	10,884,734	63,024,972	3.34%	793	78,042	1,852,951,000
2018	15,073,185	51,265,000	951,425	11,397,243	610,114	9,246,973	88,543,940	3.78%	1127	78,573	2,343,754,000
2019	14,262,255	56,186,812	601,070	10,595,004	9,696,445	7579659	98,921,245	4.79%	1244	79,497	2,066,445,000
2020	12,877,338	48,925,000	3,458,318	9,678,126	10,309,198	5,882,575	91,130,555	4.18%	1124	81,066	2,179,216,212
2021	11,785,277	47,530,000	2,250,967	8,733,448	9,880,254	4,165,505	84,345,451	3.87%	977	86,339	2,335,728,967
2022	10,699,375	46,090,000	1,161,042	7,757,479	9,309,445	2,398,223	77,415,564	3.01%	878	88,146	2,571,042,528

Source: City of Deerfield Beach, Financial Services Department

Personal Income:

<https://www.census.gov/quickfacts/deerfieldbeachcityflorida>

CITY OF DEERFIELD BEACH, FLORIDA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year	General Obligations Bonds	Less:		Percentage of Actual Taxable Value	Per Capita
		Amounts Available in Debt Service Funds	Total		
2013	\$ 2,112,836	\$ 2,539,617	\$ (426,781)	0.24%	\$ 243.00
2014	19,797,105	2,513,964	17,283,141	0.22%	223.00
2015	18,533,690	2,534,573	15,999,117	0.19%	209.00
2016	17,295,290	2,400,835	14,894,455	0.18%	223.00
2017	16,977,148	2,440,501	14,536,647	0.17%	207.00
2018	15,073,185	6,507,301	8,565,884	0.10%	140.00
2019	14,262,255	4,537,565	9,724,690	0.08%	122.00
2020	12,877,338	4,252,912	8,624,426	0.07%	108.00
2021	11,785,277	4,117,908	7,667,369	0.07%	89.00
2022	10,669,375	4,139,018	6,530,357	0.06%	92.00

Source: City of Deerfield Beach, Financial Services Department

CITY OF DEERFIELD BEACH, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2022

	Debt Outstanding ⁽¹⁾	Estimated Percentage Applicable	Estimated Share of Overlapping Debt ⁽²⁾
General obligation bonds	\$ 10,699,375	100.00%	\$ 10,699,375
Covenant bonds ⁽³⁾	46,090,000	100.00%	46,090,000
Capital leases	<u>1,161,042</u>	100.00%	<u>1,161,042</u>
Total Direct Debt	<u>57,950,417</u>		<u>57,950,417</u>
Overlapping Debt			
School Board of Broward County, Florida:			
Certificates of participation	1,378,183	0.13%	1,792
Capital leases	<u>507,000</u>	0.13%	<u>659</u>
Subtotal, Overlapping Debt	<u>1,885,183</u>		<u>2,451</u>
Total Direct Debt and Overlapping Debt	<u>\$ 59,835,600</u>		<u>\$ 57,952,868</u>

(1) Debt outstanding data provided by each government unit.

(2) Overlapping debt includes only general obligation debt secured by ad valorem taxes as of September 30, 2022.

(3) \$4,350,000 of covenant bonds are secured by and payable from the Florida Power and Light Company electric franchise fees. The remaining balance of covenant bonds are payable from all governmental activities revenue sources of the City, except for ad valorem taxes.

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

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

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

CITY OF DEERFIELD BEACH, FLORIDA

WATER AND SEWER PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Gross Revenues ^(A)	Expenses ^(B)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage ^(D)
				Escrow or Principal	Interest	Total ^(C)	
2013	24,277,472	13,681,310	10,596,162	1,962,273	1,293,540	3,255,813	3.25
2014	24,810,180	17,417,474	7,392,706	2,081,285	1,152,032	3,233,317	3.22
2015	25,356,689	15,350,588	10,006,101	1,498,498	1,065,191	2,563,689	2.29
2016	25,077,553	15,838,252	9,239,301	2,238,878	877,272	3,116,150	2.97
2017	25,395,815	17,079,275	8,316,540	2,340,498	829,997	3,170,495	2.62
2018	25,434,035	16,904,326	8,529,709	2,402,352	875,366	3,277,718	2.60
2019	28,213,257	14,086,816	14,126,441	2,584,194	650,132	3,234,326	2.78
2020	24,529,012	15,471,131	9,057,881	865,000	447,769	1,312,769	2.91
2021	23,596,878	15,312,199	8,284,679	2,823,409	324,925	3,148,334	2.63
2022	25,907,576	16,357,875	9,549,701	2,743,251	305,943	3,049,194	3.13

Gross revenue for the purpose of determining debt service coverage, is equal to the sum of the operating revenues of the Water and Sewer Fund and total interest earnings.

Expenses, for the purpose of determining debt service coverage, are equal to the total operating expenses of the Water and Sewer Fund less depreciation and less the general administrative charge.

The debt service requirement for the Florida Municipal Loan Council Revenue bonds, Series 2008A is set forth in the tri-partite loan agreement between the City ("the Borrower"); Banc of America Public Capital Corporation ("the Purchaser"); and the Florida Municipal Loan Council ("the Issuer").

The debt service requirements for the State of Florida Drinking Water Revolving Loan, as well as the State's Water Pollution Control Financing Corporation revolving loans are set forth in the 'Clean Water State Revolving Fund Agreement' between the City and the State of Florida, Department of Environment Protection.

CITY OF DEERFIELD BEACH, FLORIDA

**NON AD-VALOREM REVENUE
ANTI-DILUTION TEST**

AS OF SEPTEMBER 30, 2022

	FY 2022	FY 2021	Prior Two- Year Average
Revenues			
Total governmental funds	\$ 142,636,163	\$ 125,030,831	\$ 133,833,497
Less: Ad valorem tax revenues	(49,734,782)	(46,864,226)	(48,299,504)
Incremental tax revenues	<u>(4,559,383)</u>	<u>(4,398,111)</u>	<u>(4,478,747)</u>
Total Governmental Non-Ad Valorem Revenues	88,341,998	73,768,494	81,055,246
Less: restricted funds:			
Community Redevelopment Agency	(14,337)	(3,080)	(8,709)
General Construction Fund	(465,417)	(741,873)	(603,645)
Non-major governmental funds	<u>(9,822,451)</u>	<u>(11,146,607)</u>	<u>(10,484,529)</u>
Adjusted Non-Ad Valorem Revenues	<u>78,039,793</u>	<u>61,876,934</u>	<u>69,958,364</u>
Expenditures			
Essential expenditures			
Public Safety	\$ 73,855,804	\$ 71,241,015	\$ 72,548,410
General government	<u>14,995,878</u>	<u>14,173,917</u>	<u>14,584,898</u>
Total Essential Expenditures	88,851,682	85,414,932	87,133,307
Less: Ad valorem revenues available to pay essential expenditures	<u>(49,734,782)</u>	<u>(46,864,226)</u>	<u>(48,299,504)</u>
Adjusted Essential Expenditures	<u>39,116,900</u>	<u>38,550,706</u>	<u>38,833,803</u>
Net Non Ad-Valorem Revenues Available for Debt Service	<u>\$ 38,922,893</u>	<u>\$ 23,326,228</u>	<u>\$ 31,124,561</u>
Adjustments			
Ad valorem revenue restricted for debt service	<u>\$ 4,139,018</u>	<u>\$ 2,493,150</u>	<u>\$ 2,608,894</u>

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

Net non-ad valorem revenues available for debt service	\$ 31,124,561
Maximum annual non-ad valorem debt service	\$ 2,000,000
Coverage	1556.23%

Test 2 - Projected MADS does not exceed 20% of Governmental Fund, Less Ad Valorem Revenues Restricted for Debt Service and Debt Proceeds

Two-year average net total governmental funds	\$ 133,833,497
Maximum annual non-ad valorem debt service	\$ 2,000,000
Coverage	1.49%

CITY OF DEERFIELD BEACH, FLORIDA

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Population ⁽¹⁾	Personal Income**	Per Capita Personal Income ⁽²⁾	Median Age ⁽¹⁾	School Enrollment ⁽³⁾	Unemploy- ment Rate ⁽²⁾
2013	76,473	1,836,793	24,019	43.3	7,496	7.1%
2014	77,361	1,829,286	23,646	43.2	7,442	6.6%
2015	76,662	1,779,325	26,210	42.1	7,961	5.1%
2016	77,659	1,834,539	23,623	42.9	7,397	4.9%
2017	78,042	1,852,951	23,743	43.5	7,285	4.4%
2018	78,573	2,343,754	29,829	41.6	7,522	3.0%
2019	79,497	2,066,445	25,994	42.5	6,861	2.9%
2020	80,188	2,220,049	27,689	41.6	6,455	7.0%
2021	86,339	2,356,479	27,053	41.5	7,100	3.5%
2022	88,146	2,569,874	29,168	43.8	7,946	2.5%

Sources:

⁽¹⁾ Bureau of Economic and Business Research (BEBR)

⁽²⁾ American Factfinder and QuickFacts Census.gov

⁽³⁾ School Board of Broward County, Florida

** Personal income data expressed in thousands

CITY OF DEERFIELD BEACH, FLORIDA

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2022			2013		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Publix Corporation	2,313	1	6.31%	1,751	1	4.36%
Campbell Property Management	839	2	2.29%	--		0.00%
JM Family Enterprises	838	3	2.29%	1,132	3	2.82%
UPS	710	4	1.94%	503	5	1.25%
Advantage Therapies	684	5	1.87%	124	10	0.31%
Humana Pharmacy	450	6	1.23%	--		0.00%
Republic National Distribution	420	7	1.15%	327	7	0.81%
City of Deerfield Beach	395	8	1.08%	478	6	1.19%
Peoples Trust	320	9	0.87%	--		0.00%
Target	319	10	0.87%	--		0.00%
Broward Health North	--		0.00%	1,134	2	2.83%
List Industries	--		0.00%	217	9	0.54%
Broward Sheriff Office	--		0.00%	298	8	0.74%
Sun-Sentinel	--		0.00%	527	4	1.31%
Totals	<u>7,288</u>			<u>6,491</u>		<u>16.16%</u>

⁽¹⁾ Source: Employer's Human Resource Department
Florida Department of Economic Opportunity

CITY OF DEERFIELD BEACH, FLORIDA

FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Function/Program	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General government	85	60	60	64	62	60	66	73	63	64
Public safety:										
Police:										
Uniformed	135	132	135	135	135	130	127	127	126	126
Civilians	16	17	17	17	17	42	42	45	45	46
Fire/Rescue:										
Firefighters and officers	143	146	146	146	145	141	139	138	147	143
Bldg. inspection services	--	--	--	--	--	--	--	--	16	19
Civilians	1	1	1	1	1	2	5	5	6	2
Economic environment	2	2	2	2	2	2	1	1	1	1
Culture and recreation	97	90	84	53	53	94	75	72	66	70
Human services	9	28	28	23	22	39	40	39	40	39
Public works administration	--	--	--	--	--	--	--	--	--	--
Grounds maintenance	2	4	4	4	4	42	39	36	37	31
Parks	12	11	11	7	5	7	7	10	10	7
Water and sewer	64	104	105	81	81	69	56	60	58	58
Solid waste	60	69	75	68	68	68	75	64	54	55
Transportation:										
Street maintenance	<u>6</u>	<u>15</u>	<u>11</u>	<u>11</u>	<u>15</u>	<u>14</u>	<u>11</u>	<u>12</u>	<u>11</u>	<u>10</u>
Total	<u>632</u>	<u>679</u>	<u>679</u>	<u>612</u>	<u>610</u>	<u>710</u>	<u>683</u>	<u>682</u>	<u>680</u>	<u>671</u>

Source: City of Deerfield Beach, Financial Services Department

CITY OF DEERFIELD BEACH, FLORIDA

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

Function/Program	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Public Safety										
Police										
Physical arrests	1,570	1,563	1,298	2,136	2,552	2,600	2,616	2,563	2,729	2,435
Parking violations	14,497	17,116	14,803	18,474	17,413	17,982	19,980	20,084	15,315	15,248
Traffic violations	20,388	16,007	11,354	17,361	14,031	15,402	17,220	17,631	17,382	11,214
Fire/Rescue										
Number of emergency responses	15,529	16,485	15,531	15,927	15,472	11,642	15,458	15,217	14,606	21,005
Inspections	4,473	3,702	2,879	2,651	3,193	2,420	3,916	7,653	5,332	5,400
Fire extinguished	166	127	118	130	145	185	162	139	152	162
Transportation										
Street maintenance:										
Streets resurfacing (miles)	11	6	20	11	--	--	--	22	28	13
Potholes repaired	70	117	427	403	577	436	200	204	556	800
Sidewalk repaired (feet)	951	3,430	4,383	4,781	3,911	2,894	3,920	8,555	5,705	12,000
Transit Services										
Total route miles	87,037	1,595	89,674	143,705	148,424	116,317	140,124	106,942	142,690	64,570
Number of trips	13,093	329	41,949	71,996	43,020	79,836	86,048	91,902	97,743	87,205
Physical Environment										
Number of burials	154	151	153	121	125	104	112	110	122	113
Culture and Recreation										
Athletic field permits issued	113	106	36	--	116	1,682	1,344	493	246	65
Number of participants in arts and education classes	1,147	4,600	1,500	6,217	2,560	2,015	6,144	5,684	5,498	13,625
Number of special event permits issued	184	156	57	70	115	81	76	88	192	121
Attendance at special events	171,111	49,990	99,513	275,677	325,000	336,644	292,000	285,500	298,530	231,995
Human Services - HR										
Childcare:										
Average daily attendance	--	--	12	15	12	18	12	10	12	15
Number of meals served	--	--	9,235	6,302	18,505	15,098	18,467	18,381	15,785	20,491
Adult daycare:										
Average daily attendance	--	--	4	4	31	31	5	7	7	8
Alzheimer's daycare:										
Average daily attendance	--	--	34	34	151	139	28	24	27	25
Water										
New connections	20	20	30	287	34	32	5	10	10	8
Water main breaks	8	8	17	192	60	36	40	13	12	53
Average daily consumption (millions of gallons)	10	10	9	--	--	10	9	9	9	9
Permitted raw water withdrawal	14	14	14	--	9	17	12	14	14	14
Sewer										
Average daily sewage treatment (thousands of gallons)	5,664	5,664	5,900	5,324	5,796	7,000	7,000	7,000	7,000	7,000
Solid Waste										
Refuse collected (tons/day)	332	333	433	371	464	260	402	276	247	251
Recyclables collected (tons/day)	--	--	23	25	35	29	49	27	33	29

Sources: Various City departments

Note: Indicators are not available for the general government function

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

CITY OF DEERFIELD BEACH, FLORIDA

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

Function	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Public Safety										
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	130	130	130	130	130	130	130	130	126	126
Fire/Rescue										
Stations	6	6	6	6	6	6	6	6	6	6
Rescue ambulances	6	6	6	6	6	6	6	6	6	6
Fire engines	4	4	4	4	4	4	4	4	4	4
Ladder/heavy squad trucks	--	--	--	1	1	1	1	1	1	1
Transportation										
Streets (miles)	146	146	146	146	146	146	146	146	146	146
Sidewalks (miles)	136	136	136	136	136	136	136	136	136	136
Streetlights (poles)	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Traffic signals	7	7	7	70	70	70	70	68	68	68
Culture and Recreation										
Parks acreage	398	398	398	398	298	398	398	345	338	317
Parks acreage	52	52	52	52	52	52	52	44	35	34
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	12	12	12	12	12	12	12	12	12	12
Community centers	3	3	3	3	3	3	3	3	2	2
Water										
Water main (miles)	234	234	234	234	234	234	234	232	232	232
Maximum daily capacity (millions of gallons)	24	24	24	24	24	24	24	24	24	35
Sewer										
Sanitary sewers (miles)	188	136	136	136	136	136	136	137	137	137
Storm sewers (miles)	147	48	48	48	48	48	48	48	48	48
Average daily treatment capacity (thousands of gallons)	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400
Solid Waste										
Collection trucks	23	42	42	23	23	23	23	23	28	32

Sources: Various City departments

Note: No capital assets indicators are available for the general government

REPORTING SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Deerfield Beach, Florida (the "City"), as of and for the fiscal year ended September 30, 2022, 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 31, 2023. Our report includes a reference to other auditors who audited the financial statements of the City of Deerfield Beach Municipal Firefighter's Pension Trust Fund, City of Deerfield Beach Non-Uniformed Employees' Retirement Plan and the City of Deerfield Beach Police Officer's Retirement Plan as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing on internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not 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 financial statements. 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 31, 2023

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER
COMPLIANCE AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Deerfield Beach, Florida's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the fiscal year ended September 30, 2022. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the fiscal year ended September 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 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 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the City as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated May 31, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 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 financial statements or to the 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 is fairly stated in all material respects in relation to the financial statements as a whole.

Marcum LLP

Fort Lauderdale, FL
May 31, 2023

CITY OF DEERFIELD BEACH, FLORIDA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Federal Agency, Pass-Through Entity Federal Program	Assistance Listing No.	Contract/Grant Number	Total Expenditures
<i>U.S. Department of Health and Human Services</i>			
Indirect Programs:			
Pass-through the Broward County - Department of Elder Affairs:			
Special Programs for the Aging			
Title III, Part B - Grants for Supportive Services and Seniors Centers	93.044	JA 122-06-2022	\$ 136,059
Title III, Part B - Grants for Supportive Services and Seniors Centers - COVID-19	93.044	JVC 21-06-2022	1,918
			<u>137,977</u>
<i>Total Special Programs for the Aging Cluster</i>			<u>137,977</u>
Title III, Part E - National Family Caregiver Support	93.052	JA 121-06-2021	115
Title III, Part E - National Family Caregiver Support	93.052	JA 122-06-2021	850
			<u>965</u>
<i>Total U.S. Department of Health and Human Services</i>			<u>138,942</u>
<i>U.S. Department of Housing and Urban Development</i>			
Direct Programs:			
Community Development Block Grant (CDBG)			
CDBG Entitlement Cluster	14.218	B15MC120046	9,687
CDBG Entitlement Cluster	14.218	B19MC120046	400
CDBG Entitlement Cluster	14.218	B20MC120046	100,385
CDBG Entitlement Cluster (COVID-19)	14.218	B20MW120046	73,923
CDBG Entitlement Cluster	14.218	B21MC120046	179,508
<i>Total Community Development Block Grant (CDBG) Entitlement Cluster</i>			<u>363,903</u>
Home Rehabilitation Program	14.239	N/A	206,947
<i>Total U.S. Department of Housing and Urban Development</i>			<u>570,850</u>
<i>U.S. Department of Homeland Security</i>			
Indirect Program:			
Passed through State of Florida			
Division of Emergency Management - Disaster Relief Funding, Hurricane Dorian	97.036	4468	40,618
Passed through Florida Division of Emergency Management			
Disaster Grants - Public Assistance, Flood Mitigation	97.036	B0057	12,000
<i>Total U.S. Department of Homeland Security</i>			<u>52,618</u>
<i>U.S. Department of Agriculture</i>			
Direct Program:			
Cooperative Forestry Assistance	10.664	20-DG-1108112-001	15,000
<i>Total U.S. Department of Agriculture</i>			<u>15,000</u>
<i>U.S. Department of Treasury</i>			
Direct Programs:			
Coronavirus State and Local Fiscal Recovery Fund	21.027	N/A	11,121,454
<i>Total U.S. Department of Treasury</i>			<u>11,121,454</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 11,898,864</u>

See notes to schedule of expenditures of federal awards.

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) presents the expenditure activity of all federal awards of the City of Deerfield Beach, Florida (the “City”) for the fiscal year ended September 30, 2022. 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). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

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

CITY OF DEERFIELD BEACH, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over the major federal program:

Material weakness(es) identified? Yes No

Significant deficiency (ies) identified? Yes None reported

Type of auditors' report issued on compliance for the major federal program: *Unmodified Opinion*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) Yes No

Identification of the major federal program:

<u>Federal Program</u>	<u>AL No.</u>
Coronavirus State and Local Fiscal Recovery Fund	21.027

Dollar threshold used to distinguish between Type A and Type B federal programs: \$750,000

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

CITY OF DEERFIELD BEACH, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

CITY OF DEERFIELD BEACH, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND STATUS

SIGNIFICANT DEFICIENCY

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

II. PRIOR YEAR FEDERAL AWARD 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 Deerfield Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the City of Deerfield Beach, Florida (the City), as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated May 31, 2023. We did not audit the financial statements of the Pension Trust Funds, which represent 92%, 93% and 204%, 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 the Major Federal Program; Report on Internal Control Over Compliance; Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance; 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 31, 2023, 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 except as noted in the summary schedule of prior audit findings and in Appendix A to this report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information regarding the specific legal authority for the City and its component units is discussed in Note 1 to the financial statements.

Financial Condition and Management

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did have two recommendations identified as MLC 2022-001 and MLC 2020-002 which are included in Appendix A.

Special District Component Units

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

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, 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 31, 2023

CITY OF DEERFIELD BEACH, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

No.	Current Year’s Observations	Observation Is Still Relevant	Observation Addressed or No Longer Relevant
MLC 2022-001	Bank Reconciliations		
No.	Prior Year’s Observations		
MLC 2021-001	Utility Billing – Solid Waste Rate		X
MLC 2020-002	Solid Waste Fund Deficit Net Position	X	

CITY OF DEERFIELD BEACH, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

MLC 2022-001 –BANK RECONCILIATIONS

Criteria

Bank reconciliations should be prepared on a timely manner in accordance with the City’s policies and procedures manual with evidence of preparation and review.

Condition

During our review of the internal control processes over Financial Close and Reporting, it was noted that three of the four bank reconciliations tested did not document the date of the review. The auditor noted that the October 2021, December 2021 and August 2022 bank reconciliations for the operating bank account did not document the date of the review to support adherence with the City’s policy (no later than 30 days from month end).

Cause

Lack of adequate documentation over the preparation and review of bank reconciliations to ensure they are prepared and reviewed timely.

Effect

Potential effects of this condition could result in failure to timely detect loss or misuse of funds.

Recommendation

In order to ensure that assets are safeguarded from loss or misuse and that City policy is being followed, all bank reconciliations should document the date they are prepared and reviewed, and they should be prepared and reviewed within the City’s policy time frame.

Management’s Response

See accompanying Corrective Action Plan.

CITY OF DEERFIELD BEACH, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

MLC 2020-002 –SOLID WASTE NET POSITION/FUND BALANCE DEFICIT

Criteria

Per Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis—for State and Local Governments*, paragraph 67, Enterprise funds should establish pricing policies that are designed to recover its costs, including capital costs (such as depreciation or debt service).

Condition

During the fiscal year ended September 30, 2022, it was noted that the Solid Waste fund had a deficit net position/fund balance of \$7,437,197. The Solid Waste fund has an ending deficit net position fund balance of \$9,673,893, \$11,800,689, \$7,403,536, \$9,418,532 and \$611,423 as of September 30, 2021, 2020, 2019, 2018 and 2017, respectively. Ending net position of the fund as of September 30, 2016 was a positive \$1,026,508.

Cause

This was due to solid waste utility rates not being sufficient to meet the increased personal and contractual service costs incurred by the solid waste fund during the year and previous years.

Effect

This could impact the City's bond ratings as well as other financial indicators. Enterprise funds distinguish between current and non-current assets and liabilities. It is possible to take advantage of this distinction to calculate working capital (i.e., current assets less current liabilities). The measure of working capital indicates the relatively liquid portion of total enterprise fund capital, which constitutes a margin or buffer for meeting obligations and considerations of future debt payments. It is essential that a government maintain adequate levels of working capital in its enterprise funds to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenses) and to ensure stable services and fees.

Recommendation

Marcum recommends that the City consider reviewing the solid waste rate charges to ensure future solid waste utility rates/revenues are sufficient in order to continue funding annual operating and maintenance costs, debt service, meet debt service coverage ratio requirements, eliminate the deficit and build/maintain a positive net position/fund balance.

Management's Response

See accompanying Corrective Action Plan.



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

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

We have examined the City of Deerfield Beach, Florida's (the "City") compliance with Section 218.415 Florida Statutes, Local Government Investment Policies for the fiscal year ended September 30, 2022. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the City's compliance with the specified requirements.

In our opinion, the City complied, in all material respects, with Section 218.415 Florida Statutes, for the fiscal year ended September 30, 2022.

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

Marcum LLP

Fort Lauderdale, FL
May 31, 2023



MLC 2022-001 – Bank Reconciliations

Management acknowledges and is aware that the bank reconciliations for the operating bank account for the months of October 2021, December 2021, and August 2022 did not document the date of the review. The City maintains nine separate accounts that are reconciled by staff monthly in addition to the operating pool cash account. Eight of the nine bank accounts were reconciled and documented review per the City's policies. The observation cited relates to the operating pool cash account and not documenting the date of review. Financial Services will ensure staff involved in the bank reconciliation process is properly trained on the City's accounting procedures to eliminate this oversight from recurring in the future.

MLC 2020-002 – Solid Waste net position/fund balance deficit

Management acknowledges the condition of the Solid Waste Fund. During FY2022, the City contracted with a consulting firm to conduct a Solid Waste Rate Sufficiency Study to cover the need to maintain and replace assets, servicing new growth, while achieving and maintain a strong financial position. It included a multi-year operating expense projection along with a Capital Improvement Program Funding Plan. The study was completed and presented to the City Commission. In December 2022, the City Commission took action to implement an overall funding strategy to improve the Fund's financial position over time.



IMPACT FEE AFFIDAVIT

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

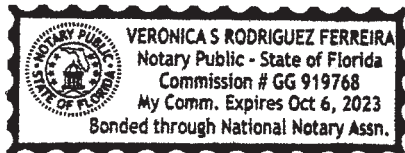
1. I am the Chief Financial Officer of the City of Deerfield Beach which is a local governmental entity of the State of Florida;
2. The governing body of the City of Deerfield Beach adopted Ordinance 2016/008 implementing an impact fee.
3. The City of Deerfield Beach has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.


FURTHER AFFIANT SAYETH NAUGHT.


 Chief Financial Officer, Stephanie Tinsley

STATE OF FLORIDA
COUNTY OF BROWARD

Sworn to (or affirmed) and subscribed before me **by means of** **physical presence** or **online notarization**, this 5 day of January, 2023 (year), by Stephanie Tinsley name of person making statement).




 NOTARY PUBLIC

Personally known or produced identification _____
 Type of identification produced: _____
 My Commission Expires: Oct 6, 2023