

CITY OF

DEERFIELD BEACH

FLORIDA



ANNUAL COMPREHENSIVE FINANCIAL REPORT



FISCAL YEAR ENDED
SEPTEMBER 30, 2021

CITY OF DEERFIELD BEACH, FLORIDA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

CITY OF DEERFIELD BEACH, FLORIDA

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INTRODUCTORY SECTION



June 24, 2022

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 of the City of Deerfield Beach, Florida for the fiscal year ended September 30, 2021.

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

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

Marcum LLP, a firm of licensed certified public accountants, audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Deerfield Beach for the fiscal year ended September 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions that the City of Deerfield Beach's financial statements for the fiscal year ended September 30, 2021, are fairly presented in conformity with GAAP. The independent auditors' report is included in the financial section of this report.

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

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

This letter of transmittal is designed to complement 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.

Profile of the City of Deerfield Beach

Incorporated in 1925, the City of Deerfield Beach operates under the commission/manager form of government. The City Commission 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 is responsible for implementing policies adopted by the City Commission and directing city operations through appointment of Department Directors. The Mayor, elected at-large to a four-year term, acts as the formal representative of the City and presides over Commission meetings. The public elects four City Commissioners who serve four-year terms. The Vice Mayor serves for a period of one year and is designated by the Commission as outlined in the City Charter.

The City of Deerfield Beach provides a broad range of municipal services. These services include:

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

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 of Deerfield Beach. As such, financial data for them or for any other government has not been included in the financial statements in this report.

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

The annual operating budget and Five-Year Capital Improvement Plan serves as the foundation for the City's financial planning and control. All departments are required to submit requests for appropriation to the City Manager. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents the proposed budget to the City Commission on or before August 15 of each year. The City Commission is required to hold public hearings on the proposed budget and to adopt a final budget by September 30 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. Budgetary control is internally administered at more restrictive levels, at a divisional or budget unit (i.e. Parking Authority). Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and the CRA Fund, this comparison is presented as part of the required

supplementary information. For governmental funds, other than the General and CRA funds, with appropriated annual budgets, this comparison is presented in the combining and individual fund statements and schedules.

Factors Affecting Economic Condition

Local Economy

Home to over 86,000 residents, Deerfield Beach is a medium-size coastal city located on the east coast of Florida in Broward County. The City is a diverse residential community with 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, 2021 reflected an increase of 6.96% over the prior year. The City continues to see increases in property values as well as sustained success in its redevelopment efforts, indicating a substantial recovery from the previous economic downturn. Current economic forecasts indicate property values are expected to increase moderately over the next few years or remain stable. Initially, it was projected that the COVID-19 pandemic would have a negative impact on property values, particularly commercial properties. However, as the world emerges from the throws of the pandemic, the outlook appears positive, particularly in Florida where new residents and business continue to relocate.

Since the inception of the global pandemic, the City had to reassess and adapt to a new business model to effectively provide services. Social distancing, facial coverings, business closures, and stay-at-home mandates meant to curb the virus spread, caused economic activity to nearly grinded to a halt. Operations were closed or severely modified and most special events and programs were postponed or canceled due to the pandemic. Police, Fire & Rescue, and most Public Works, Utilities, and Administrative operations continued throughout the shutdown. Following CDC guidelines, safety measures were implemented to protect the employees and citizens doing business with the City. Investments were made to provide personal protective equipment (PPE), expand sanitation protocols, implement remote working, modify the work environment, and provide essential programs and services virtually, or in a non-touch, socially distant environment.

Late into the 4th quarter of FY2020, the City was notified of eligibility to submit COVID-19 related expenses of up to \$4.8 million covering the period from March 2020 through December 2020 for reimbursement through the CARES Act. The CARES Act funding was designed to reimburse for pandemic related expenses such as medical, public health, facilitate compliance expenses, economic support, payroll expenses as it relates to public safety, public health, healthcare, and human services. The City's final allocation and reimbursement was approximately \$2.8M in COVID related expenses of which \$1.3M was recognized in FY2020 and the remainder recognized in FY2021. Approximately \$1 million was provided to local businesses and residents through the CARES Act, CDBG, and other funding sources.

With the ongoing negative outcomes from the COVID Economy - high unemployment rate, lack of travel and tourism, modified shutdowns, stay at home orders, and uncertainty regarding vaccine development and distribution – priorities were re-evaluated during FY2021 budget planning process. Revenue projection was challenging to say the least and therefore the most conservative approach was taken. Cost containment measures continued by deferring capital, maintenance, repair, and replacement projects, and a hiring slowdown along with no compensation increases. In addition, to further assist residents and local businesses, water utility turn-offs remained suspended and a utility rate increase recommendation was postponed.

During the 2nd quarter of FY2021, vaccinations were introduced to the general public. As the year progressed, and vaccination rates increased, hospitalization and death rates due to COVID-19 decreased and America slowly started to reopen.

The City was awarded additional 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. The City completed the planning phase, with the goal of maximizing public safety 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.

Long-Term Financial Planning

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

The City also maintains a General Fund unassigned fund balance of \$35.0 million, which is well above the current Fund Balance Policy limits. Excess can be used to fund capital projects or other one time needs. The City also maintains an Emergency Reserve fund balance of \$3.5 million. These measures are intended to buffer unforeseen economic changes.

During FY2022 budget development, the City has taken steps to prepare estimates of its future budgetary needs. Budget revenue and expenditure allocations continue to be more in alignment with functional areas to improve transparency and to better track full costs for the various functional services the City provides. A Utility Master Plan and Rate Sufficiency Study provided the Utility Enterprise a long-range plan of major capital needs and funding strategy. Additionally, in FY2022 the City budgeted for a rate sufficiency study for the Solid Waste Fund recognizing the negative net position of the Enterprise Fund. In addition, 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 2022 – 2026, the City Commission adopted a CIP budget of approximately \$97.2 million.

Major Initiatives

For Fiscal Year 2022, the City has been working diligently on an array of capital projects that encompass: 1) economic development, 2) infrastructure improvements/replacements, and 3) expansion of existing facilities. In addition, the focus is on several initiatives and staffing reorganizations that are in alignment with the strategic priority of providing the same or enhanced quality of services to our citizens and business owners. This included:

- American Rescue Plan programming and projects:
 - 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
- Enterprise Resource Planning (ERP) System implementation to manage business and administrative functions and to automate many back-office functions primarily related to finance, technology, customer services, and human resources.
- Design and construction of the new Center for Active Aging and the Johnny Tigner Center.
- Development of a five-year strategic plan (2022-2027) that will establish the major objective of the city for the next five years.

- Design and permitting of a regional beach re-nourishment project.

In addition, several organizational changes have taken effect to improve oversight and take advantage of various synergies. These changes include the establishment 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 restructure 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. We will continue to evaluate and revise our policies and organization to enhance transparency and efficiency, while maintaining compliancy with all Federal, State, and Local requirements.

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, 2020. This was the 41st 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 FY2021 annual, the 25th 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, 2021

Elected Officials

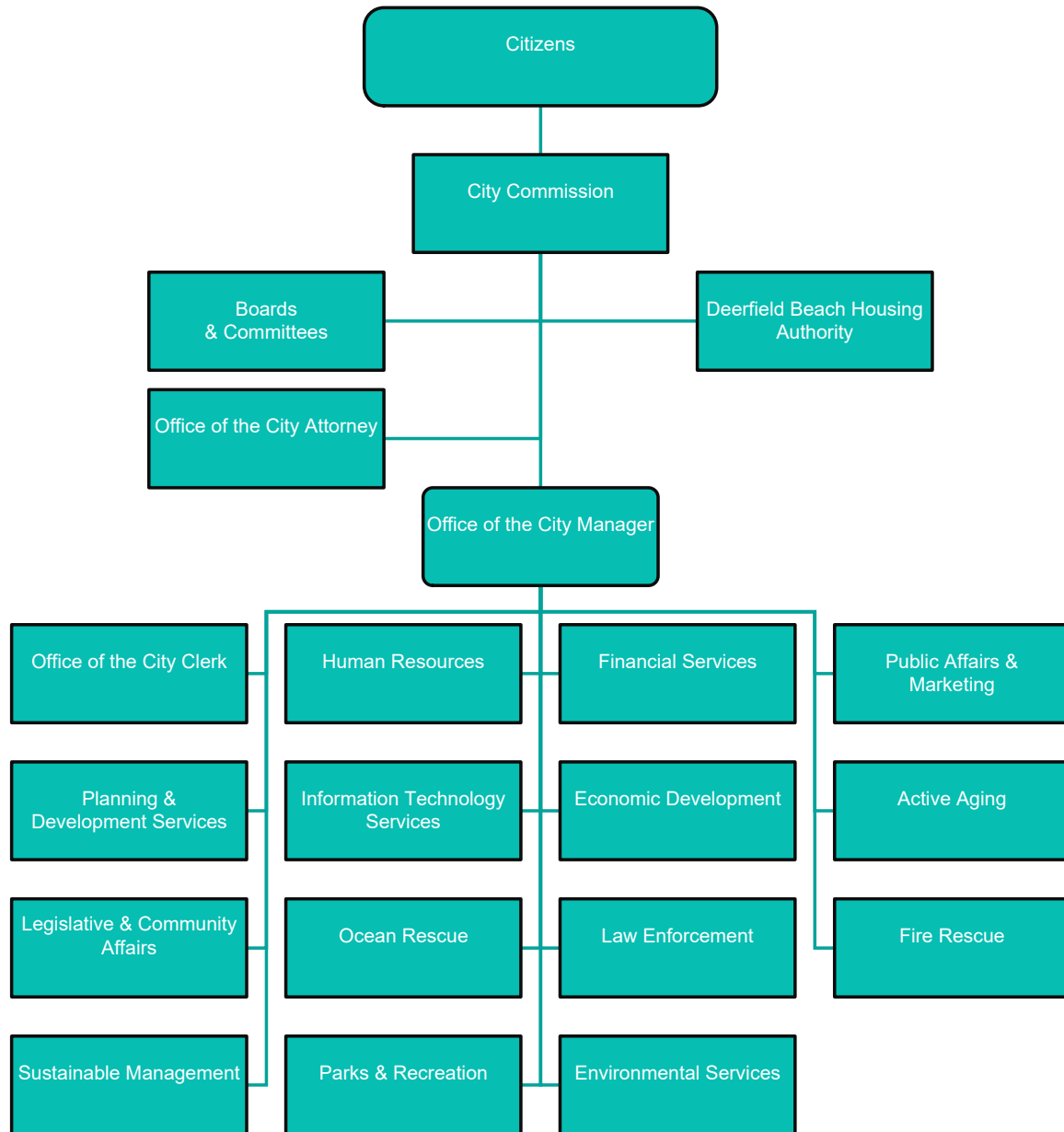
Mayor	Bill Ganz
Vice Mayor	Ben Preston
Commissioner	Todd Drosky
Commissioner	Michael Hudak
Commissioner	Bernie Parness

Appointed Officials

City Manager	David Santucci
Assistant City Manager	Tom Good
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
Chief Human Resources Officer	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 Active Aging	Donna DeFronzo
Director of Sustainable Management	Chad Grecsek
Director of Public Affairs & Marketing	Rebecca Medina-Stewart
Director Economic Development	Kristin Mory
Fire Chief	Matthew Pellitteri
Police Chief	Rodney Brimlow
Ocean Rescue Chief	Michael Brown

City of Deerfield Beach

Organization Chart





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, 2020

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 Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Deerfield Beach, Florida (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Pension Trust Funds, which represents 94%, 95% and 85%, respectively, of the assets, net position/fund balance and revenues/additions of the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pension Trust Funds is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14, 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 98 through 109 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our and other auditors inquiries, the basic financial statements, and other knowledge we obtained during our audit and the other auditors audit of the basic financial statements. We and the other auditors, do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Marcum LLP

Fort Lauderdale, FL
June 24, 2022

**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, 2021. 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 of Deerfield Beach at September 30, 2021 increased \$12.4 million from \$315.0 million to \$327.4 million, or 3.94% from the prior year.
- The City's total liabilities on a Government-wide basis decreased by \$1.7 million, from \$219.1 million to \$217.3 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 \$107.5 million (net position). Of this amount, \$37.9 million was from governmental activities and \$69.6 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 \$90.3 million, an increase of \$8.3 million, in comparison with the amount reported for the prior fiscal year. Of this amount, \$2.0 million was non-spendable, \$48.5 million was restricted, and \$39.2 million was unassigned and therefore available for spending at the government's discretion.
- At the end of the fiscal year, unassigned fund balance in the General Fund was \$35 million, or 35.7% 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 of Deerfield Beach's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

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

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

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

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

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

The government-wide financial statements can be found on pages 15-16 of this report.

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

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

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

The City of Deerfield Beach 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 110-119 of this report.

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

The basic governmental fund financial statements can be found on pages 15-20 of this report.

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

The basic proprietary fund financial statements can be found on pages 21-25 of this report.

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

The basic fiduciary fund financial statements can be found on pages 26-27 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 28-97 of this report and should be read in conjunction with the City's financial statements.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) concerning the City of Deerfield Beach's progress in funding its obligation to provide pension and other post-employment benefits to its employees, budgetary comparisons for the general fund and the CRA Special Revenue Fund. RSI can be found on pages 98-109 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 110-119 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 of Deerfield Beach, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$107.5 million at the close of fiscal year 2021.

The largest portion of the City of Deerfield Beach's net position of \$114.5 million, or 106.50% of total net position, reflects its investment in capital assets (e.g., land, buildings, equipment, improvements, utility plants and infrastructure), less any related debt and deferred inflows/outflows used to acquire those assets that are still outstanding. The City of Deerfield Beach uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Deerfield Beach's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following analysis summarizes the net position as September 30, 2021 and 2020:

City of Deerfield Beach, Florida						
Summary of Net Position						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and						
other assets	\$ 106,486,591	\$ 92,240,155	\$ 45,567,278	\$ 45,089,777	\$ 152,053,869	\$ 137,329,932
Capital assets, net	102,660,314	104,000,271	72,705,203	73,686,194	175,365,517	177,686,465
Total Assets	<u>209,146,905</u>	<u>196,240,426</u>	<u>118,272,481</u>	<u>118,775,971</u>	<u>327,419,386</u>	<u>315,016,397</u>
Deferred Outflows						
of Resources	<u>15,369,444</u>	<u>17,973,970</u>	<u>2,354,116</u>	<u>2,419,606</u>	--	<u>20,393,576</u>
Other liabilities	15,576,789	8,005,270	7,197,933	4,889,610	22,774,722	12,894,880
Noncurrent liabilities	<u>157,746,232</u>	<u>164,163,970</u>	<u>36,806,586</u>	<u>42,010,731</u>	<u>194,552,818</u>	<u>206,174,701</u>
Total Liabilities	<u>173,323,021</u>	<u>172,169,240</u>	<u>44,004,519</u>	<u>46,900,341</u>	<u>217,327,540</u>	<u>219,069,581</u>
Deferred Inflows						
of Resources	<u>13,255,241</u>	<u>13,700,383</u>	<u>7,065,816</u>	<u>7,414,440</u>	<u>20,321,057</u>	<u>21,114,823</u>
Net Position						
Net investment in						
capital assets	65,038,801	63,276,945	49,443,126	47,108,607	114,481,927	110,385,552
Restricted	22,837,174	21,768,711	1,193,510	1,178,354	24,030,684	22,947,065
Unrestricted	<u>(49,937,888)</u>	<u>(56,699,883)</u>	<u>18,919,626</u>	<u>18,593,835</u>	<u>(31,018,262)</u>	<u>(38,106,048)</u>
Total Net Position	<u>\$ 37,938,087</u>	<u>\$ 28,345,773</u>	<u>\$ 69,556,262</u>	<u>\$ 66,880,796</u>	<u>\$ 107,494,349</u>	<u>\$ 95,226,569</u>

An additional portion of the City of Deerfield Beach's net position, approximately 22.36%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, a deficit of \$31.0 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 \$2.7 million to \$69.5 million in 2021. This increase is primarily due to a lower operating expense in all three proprietary funds and a major decrease in Solid Waste personnel and other contractual services, coming from the discontinuance of the Solid Waste Recycling Service.

The City's current and other assets increased by \$14.7 million from \$137.3 million to \$152.0 million due mainly to an increase in cash and investments. The City received its first half of funds \$8 million dollars from the American Rescue Plan which remained unspent at the end of the fiscal year. In addition to this, infusion of cash reimbursements for expenditures made on capital assets and other projects was received. Overall this contributed to a substantial increase in available cash.

Current liabilities increased from \$12.9 million to \$22.7 million. Most of this is attributable to unearned revenue of grant funds paid in advance to the City from the American Rescue Plan.

The following analysis summarizes the changes in net position for the years ended September 30, 2021 and 2020:

City of Deerfield Beach, Florida						
Summary of Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues						
Charges for services	\$ 38,757,485	\$ 36,415,177	\$ 43,465,121	\$ 43,622,214	\$ 82,222,606	\$ 80,037,391
Operating grants and contributions	6,359,000	5,879,144	71,705	126,990	6,430,705	6,006,134
Capital grants and contributions	--	--	--	--	--	--
General Revenues						
Taxes	75,263,589	70,189,823	--	--	75,263,589	70,189,823
Miscellaneous revenues	492,195	2,128,836	2,325	77,650	494,520	2,206,486
Intergovernmental	2,483,335	1,715,329	--	--	2,483,335	1,715,329
Unrestricted investment earnings	<u>165,996</u>	<u>1,325,584</u>	<u>47,444</u>	<u>708,660</u>	<u>213,440</u>	<u>2,034,244</u>
Total Revenues	<u>123,521,600</u>	<u>117,653,893</u>	<u>43,586,595</u>	<u>44,535,514</u>	<u>167,108,195</u>	<u>162,189,407</u>

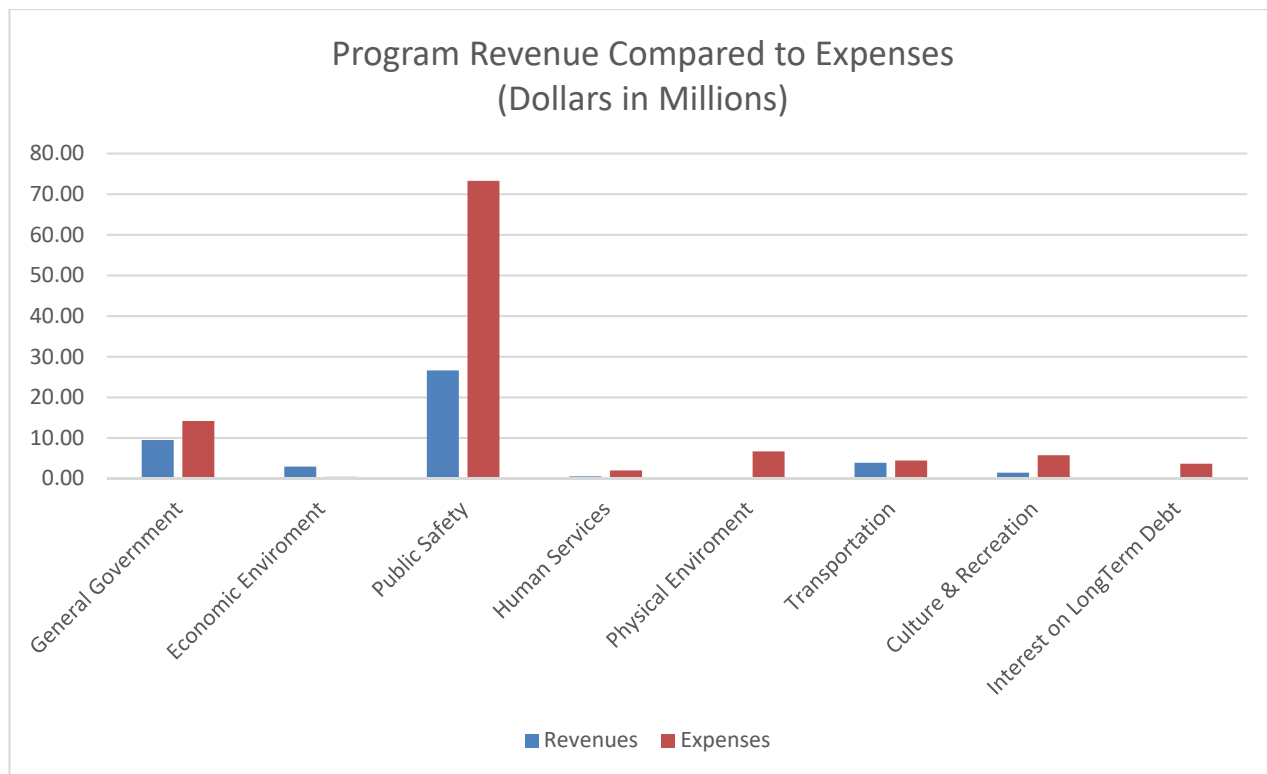
City of Deerfield Beach, Florida
Summary of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Expenses						
General government	14,174,978	13,200,897	--	--	14,174,978	13,200,897
Economic environment	4,293,606	3,006,189	--	--	4,293,606	3,006,189
Public safety	73,254,510	75,166,877	--	--	73,254,510	75,166,877
Human services	2,026,671	2,258,427	--	--	2,026,671	2,258,427
Physical environment	6,700,678	6,966,270	--	--	6,700,678	6,966,270
Transportation	4,464,749	5,683,850	--	--	4,464,749	5,683,850
Culture and recreation	5,740,552	5,717,348	--	--	5,740,552	5,717,348
Interest on long-term debt	3,683,713	3,369,738	--	--	3,683,713	3,369,738
Water and sewer	--	--	24,516,242	24,985,191	24,516,242	24,985,191
Solid waste	--	--	14,883,574	21,697,597	14,883,574	21,697,597
Stormwater Utility	--	--	1,100,143	926,581	1,100,143	926,581
Total Expenses	<u>114,339,457</u>	<u>115,369,596</u>	<u>40,499,959</u>	<u>47,609,369</u>	<u>154,839,416</u>	<u>162,978,965</u>
Increase (Decrease) in Net Position Before Transfers	<u>9,182,143</u>	<u>2,284,297</u>	<u>3,086,636</u>	<u>(3,073,855)</u>	<u>12,268,779</u>	<u>(789,558)</u>
Transfers	<u>411,171</u>	<u>155,211</u>	<u>(411,171)</u>	<u>(155,211)</u>	<u>--</u>	<u>--</u>
Change in Net Position	<u>9,593,314</u>	<u>2,439,508</u>	<u>2,675,465</u>	<u>(3,229,066)</u>	<u>12,268,779</u>	<u>(789,558)</u>
Net Position - Beginning of Year	<u>28,344,773</u>	<u>25,905,265</u>	<u>66,880,797</u>	<u>70,109,862</u>	<u>95,225,570</u>	<u>96,015,127</u>
Net Position - Ending of Year	<u>\$ 37,938,087</u>	<u>\$ 28,344,773</u>	<u>\$ 69,556,262</u>	<u>\$ 66,880,796</u>	<u>\$ 107,494,349</u>	<u>\$ 95,225,569</u>

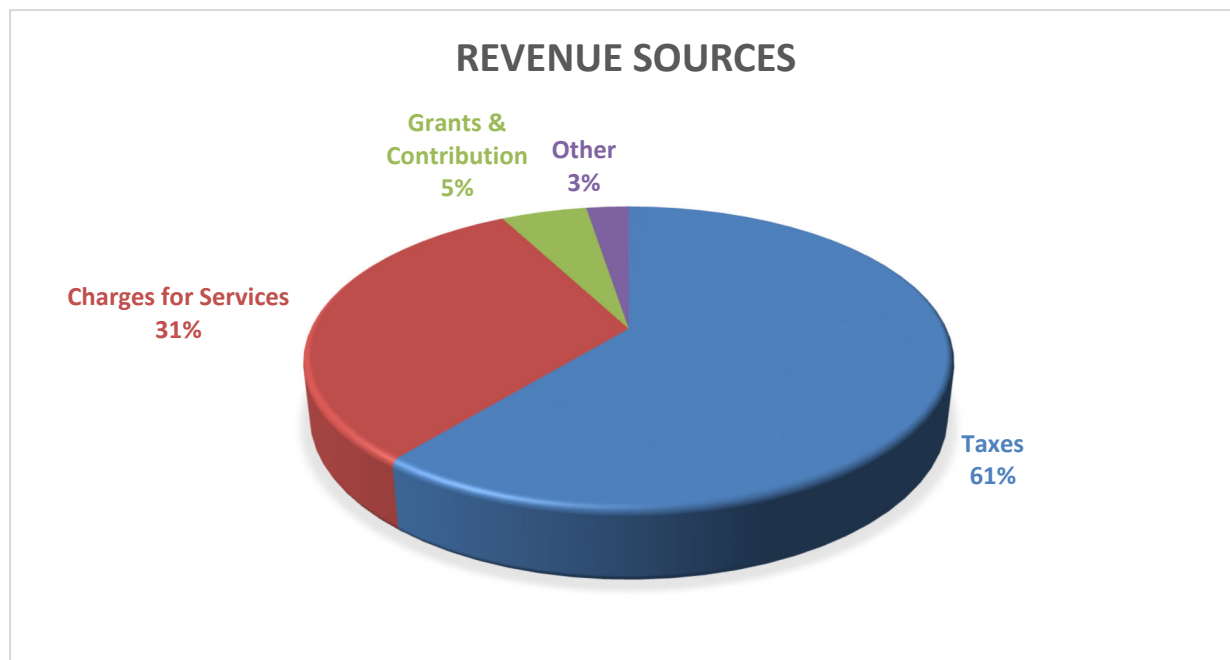
Governmental Activities: Governmental activities increased the City’s net position by \$9.6 million. The City’s total revenues amounted to \$123.5 million in governmental activities. Of these revenues, 60.9% is generated from taxes, 31.4% is from charges for services, operating grants/contributions comprise 5.1%, intergovernmental and miscellaneous revenues are 2.4%, and unrestricted investment earnings generates approximately 0.1% These significant contributors to the increase revenues were from increased receipts of tax revenues of \$4.8 million due to rising property values and charges for service \$2.3 million some of which can be attributed to the hiring of an additional collection agency.

The City’s expenses cover a broad range of services, with approximately 64.1% of governmental activity expenses related to public safety (fire/rescue and police protection). Public safety expenses constitute the largest component of total expenses due to the service level requirements. Public Safety consists of Broward Sheriff’s Office Law Enforcement, Fire Rescue, and Emergency Services, and Ocean Rescue. When compared with the previous year, expenses decreased in both the governmental and business type fund. A significant portion of these decreases were from personnel savings from vacancies in General Government and Public safety. Transportation also saw a decrease in cost of \$1.2 million a reduced schedule due to the pandemic.

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



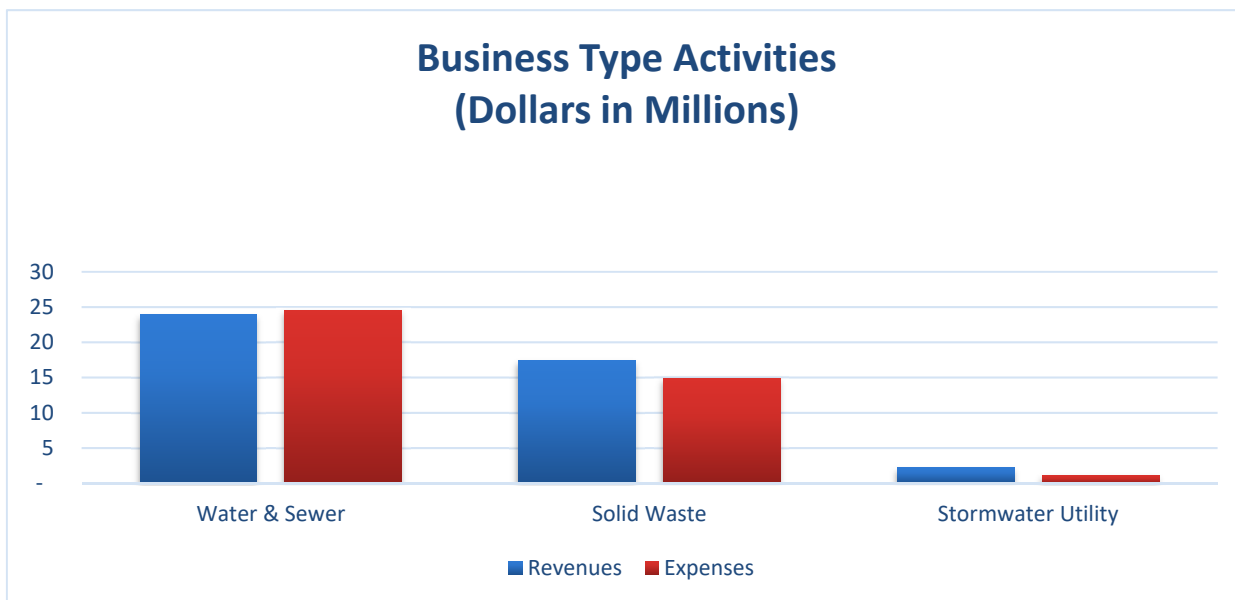
Program and General Revenues by Sources – Governmental Activities.



Business-type Activities. Business-type activities increased the City’s net position by \$2.7 million. This increase came primarily from the continued investment in the Energy Performance Siemens Industry Project slated for completion in fiscal year 2022.

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

Business-type Activities- Expenses and Program Revenues



Financial Analysis of the City’s Funds

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

Governmental Funds. The focus of the City of Deerfield Beach’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the City of Deerfield Beach’s governmental funds reported combined ending fund balances of \$90.3 million, an increase of \$8.3 million from the prior year’s ending balances of \$81.9 million. Approximately 38.8%, \$35 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 \$35 million, while total fund balance was \$40.1 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 35.7% of total general fund expenditures and transfers, while total fund balance represents approximately 40.9% of that same amount.

The total fund balance of the City of Deerfield Beach's General Fund increased by \$8.5 million during the fiscal year. Key factors in this increase were an overall increase in most revenue source for this year over fiscal 2020. The biggest increases were in Property taxes of \$2.9 million, Charges for service of \$1.2 million and Franchise Fees of \$0.9 million. There were also significant decreases in expenditures excluding debts service. Fiscal year 2021 expenditures for Economic environment decreased by \$344K and Human Services by \$585K. These decreases were enough to offset small increases in other areas such as public safety and transportation.

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 \$5.5 million.

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

Unrestricted net position of the water and sewer fund at the end of the year amounted to \$24.5 million. The Solid Waste Fund had an unrestricted net position deficit of \$7.9 million at the end of the fiscal year. Factors concerning the finances of these two funds have already been addressed in the discussion of the City of Deerfield Beach's business-type activities.

Capital Assets and Debt Administration

Capital Assets. The City of Deerfield Beach's capital assets for its governmental and business-type activities as of September 30, 2021, amounted to \$175.4 million (net of accumulated depreciation). These capital assets include land, buildings, improvements other than building (such as improvements to parks), equipment, utility plants in service and infrastructure (roads, highways, bridges, etc.). The total decrease in the City's capital assets for the current fiscal year was \$2.3 million (1.3%) for governmental activities and (1.3%) for business-type activities due to retirement and disposal of equipment in governmental activities.

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	
	2021	2020	2021	2020	2021	2020
Land	\$ 18,028,619	\$ 17,523,810	\$ 50,531	\$ 50,531	\$ 18,079,150	\$ 17,574,341
Buildings	22,022,585	22,108,186	491,981	555,538	22,514,566	22,663,724
Improvements other than buildings	11,398,393	9,809,444	43,036,569	43,684,143	54,434,962	53,493,587
Equipment	5,386,895	5,279,715	6,514,326	6,791,762	11,901,221	12,071,477
Utility plants in service	--	--	19,406,311	20,772,084	19,406,311	20,772,084
Infrastructure	28,485,544	30,955,164	--	--	28,485,544	30,955,164
Construction in progress	17,338,278	18,323,952	3,205,485	1,832,136	20,543,763	20,156,088
Total	<u>\$ 102,660,314</u>	<u>\$ 104,000,271</u>	<u>\$ 72,705,203</u>	<u>\$ 73,686,194</u>	<u>\$ 175,365,517</u>	<u>\$ 177,686,465</u>

Highlights of capital asset activity during the year ended September 30th 2021 included the following:

- \$1.5 added investment in equipment for the Energy Performance Siemens Industry Project.
- \$1.8 million placed in service from CIP
- \$1 million in equipment disposal and retirement across government funds.

Additional information on the City of Deerfield Beach’s capital assets can be found in Note III (C) on pages 60-61 of this report.

Long-term Debt. At year-end, the City of Deerfield Beach had \$11.8 million in general obligation bonds outstanding. The City also had \$47.5 million in outstanding covenant bonds (for which the City must “covenant” and appropriate funds necessary to pay the annual debt service), but which are primarily backed by sources other than ad valorem taxes. The business-type activities had \$8.7 million outstanding in revenue bonds and \$4.2 million in loans payable as well as \$9.9 million in capital leases outstanding at the end of the fiscal year.

The City’s long-term debt, including capital leases reflected a net decrease of 6.8 million or 7.00% during the twelve-month period. This decrease included \$1.6 million of capital leases and \$1.09 million of general obligation debt. The Water and Sewer Authority debt also decreased by just under \$1 million.

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-.”

**per
Outstanding Debt
(Bonds, Loans, and Leases Payable)**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds (backed by the City)	\$ 11,785,277	\$ 12,877,338	\$ --	\$ --	\$ 11,785,277	\$ 12,877,338
Revenue bonds	--	--	8,733,449	9,678,126	8,733,449	9,678,126
Covenant bonds	47,530,000	48,925,000	--	--	47,530,000	48,925,000
Add/(subtract) premium/ (discount)	6,132,414	6,228,304	--	--	6,132,414	6,228,304
Capital leases	2,222,334	3,458,318	9,902,313	10,309,198	12,124,647	13,767,516
Loan payable	--	--	4,165,504	5,882,575	4,165,504	5,882,575
Total	\$ 67,670,025	\$ 71,488,960	\$ 22,801,266	\$ 25,869,899	\$ 90,471,291	\$ 97,358,859

The City’s general obligation debt per capita, excluding enterprise fund debt, was \$136 at the end of fiscal year 2021. The City’s outstanding net general obligation debt was 0.62% of the City’s assessed property value. The City's debt policy requires that its net general obligation bonded debt not exceed two (2) percent of the assessed valuation of taxable property within the City, unless otherwise directed by the city commission. Net reduction is due to the pay down of principal debt service obligations.

Additional information on the City of Deerfield Beach’s long-term debt can be found in Note 3 on pages 65-69 of this report.

Economic Factors and Next Year’s Budget and Rates

In FY2021, the pandemic continued to have financial impacts and hardships on Deerfield residents and businesses. Supply chain and logistic issues also impacted projects and future cost projections. As a result, the FY2022 budget was developed to align resources to services and programs that focused on reviving the local economy and the City’s continued capacity to provide services and programs. The City Management in a good will gesture to residents who loss jobs caused by COVID-19 paused all disconnection of water service for non-payment during most of the twelve months of FY2021. The following are the major assumptions used in formulating the fiscal year 2022 budget.

Balanced the General Fund Budget while lowering the millage rate.

Streamline Capital Projects due to anticipated increases in cost of goods a supply.

Assist community organizations, businesses and residents in their recovery from the pandemic through enhance services and social programs

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, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 12,253,318	\$ 1,353,712	\$ 13,607,030
Investments	71,127,014	34,236,681	105,363,695
Receivables, net of allowances	4,154,695	5,451,980	9,606,675
Due from other funds	2,313,675	1,813,174	4,126,849
Due from other governments	2,084,526	--	2,084,526
Inventories	137,086	181,325	318,411
Prepaid items	218,786	44,192	262,978
Restricted assets:			
Cash and cash equivalents	8,205,619	2,486,214	10,691,833
Investments	5,991,872	--	5,991,872
Capital assets:			
Non-depreciable	35,366,897	3,256,016	38,622,913
Capital assets, being depreciations	67,293,417	69,449,187	136,742,604
Total Assets	209,146,905	118,272,481	327,419,386
Deferred Outflows of Resources			
Pensions	14,258,226	1,649,909	15,908,135
OPEB	1,111,218	704,207	1,815,425
Total Deferred Outflows of Resources	15,369,444	2,354,116	17,723,560
Liabilities			
Accounts payable	4,097,033	1,834,368	5,931,401
Accrued payroll	1,099,198	476,107	1,575,305
Accrued interest payable	1,495,216	178,101	1,673,317
Due to other funds	--	4,126,849	4,126,849
Due to other governments	146,340	--	146,340
Unearned revenue	8,658,013	--	8,658,013
Customer deposits	80,989	582,508	663,497
Non-current liabilities:			
Due within one year:			
Compensated absences	1,369,134	775,983	2,145,117
Insurance claims payable	1,047,759	--	1,047,759
Bonds, loans and leases payable	3,587,194	3,336,429	6,923,623
Due in more than one year:			
Compensated absences	18,059	436,246	454,305
Insurance claims payable	8,373,561	--	8,373,561
Bonds, loans and leases payable	64,082,831	19,464,837	83,547,668
Total OPEB liability	16,539,291	10,481,344	27,020,635
Net pension liability	62,728,403	2,311,747	65,040,150
Total Liabilities	173,323,021	44,004,519	217,327,540
Deferred Inflows of Resources			
Pensions	1,800,542	--	1,800,542
OPEB	11,149,676	7,065,816	18,215,492
Deferred amount on bond resources	305,023	--	305,023
Total Deferred Inflows of Resources	13,255,241	7,065,816	20,321,057
Net Position			
Net investment in capital assets	65,038,801	49,443,126	114,481,927
Restricted net position:			
Debt service	4,117,908	1,193,510	5,311,418
Perpetual care	1,684,603	--	1,684,603
Economic environment	5,468,832	--	5,468,832
Public safety	2,419,184	--	2,419,184
Human services	2,977,633	--	2,977,633
Physical environment	1,671,919	--	1,671,919
Transportation	2,075,663	--	2,075,663
Parks and recreation	2,421,432	--	2,421,432
Unrestricted	(49,937,888)	18,919,626	(31,018,262)
Total Net Position	\$ 37,938,087	\$ 69,556,262	\$ 107,494,349

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

CITY OF DEERFIELD BEACH, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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	\$ 14,174,978	\$ 9,476,546	\$ --	\$ --	\$ (4,698,432)	\$ --	\$ (4,698,432)
Economic environment	4,293,606	--	2,956,414	--	(1,337,192)	--	(1,337,192)
Public safety	73,254,510	25,092,920	1,520,426	--	(46,641,164)	--	(46,641,164)
Human services	2,026,671	77	557,214	--	(1,469,380)	--	(1,469,380)
Physical environment	6,700,678	172,293	--	--	(6,528,385)	--	(6,528,385)
Transportation	4,464,749	2,691,836	1,203,489	--	(569,424)	--	(569,424)
Culture and recreation	5,740,552	1,323,813	121,457	--	(4,295,282)	--	(4,295,282)
Interest on long-term debt	3,683,713	--	--	--	(3,683,713)	--	(3,683,713)
Total Governmental Activities	114,339,457	38,757,485	6,359,000	--	(69,222,972)	--	(69,222,972)
Business-type Activities							
Water and sewer	24,516,242	23,889,173	71,705	--	--	(555,364)	(555,364)
Solid waste	14,883,574	17,392,321	--	--	--	2,508,747	2,508,747
Stormwater utility	1,100,143	2,183,627	--	--	--	1,083,484	1,083,484
Total Business-type Activities	40,499,959	43,465,121	71,705	--	--	3,036,867	3,036,867
Total	\$ 154,839,416	\$ 82,222,606	\$ 6,430,705	\$ --	(69,222,972)	3,036,867	(66,186,105)
General Revenues							
General property taxes					46,864,226	--	46,864,226
Incremental property taxes					4,398,111	--	4,398,111
Utility taxes					8,694,445	--	8,694,445
Sales taxes					5,670,300	--	5,670,300
Franchise taxes					8,267,024	--	8,267,024
Motor fuel taxes					1,282,239	--	1,282,239
Alcoholic beverage/mobile home license taxes					87,244	--	87,244
Intergovernmental					2,483,335	--	2,483,335
Unrestricted investment earnings					165,996	47,444	213,440
Miscellaneous revenues					492,195	2,325	494,520
Transfers					411,171	(411,171)	--
Total General Revenues and Transfers					78,816,286	(361,402)	78,454,884
Change in Net Position					9,593,314	2,675,465	12,268,779
Net Position - Beginning					28,344,773	66,880,797	95,225,570
Net Position - Ending					\$ 37,938,087	\$ 69,556,262	\$ 107,494,349

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

CITY OF DEERFIELD BEACH, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	American Rescue Plan Fund	Community Redevelopment Agency	General Construction Fund	Nonmajor Governmental Funds	Total
Assets						
Cash and cash equivalents	\$ 747,939	\$ --	\$ 2,955,916	\$ --	\$ 8,549,463	\$ 12,253,318
Investments	36,181,099	--	2,614,207	32,085,700	246,008	71,127,014
Restricted cash and cash equivalents	--	8,144,179	--	--	61,440	8,205,619
Restricted investments	--	--	--	--	5,991,872	5,991,872
Receivables:						
Accounts	4,088,170	--	--	--	3,217	4,091,387
Assessments	842	--	--	--	--	842
Interest	48,439	--	4,144	298	9,585	62,466
Due from other funds	3,733,859	--	--	--	1,303,111	5,036,970
Due from other governments	1,173,543	--	--	--	910,983	2,084,526
Inventories	137,086	--	--	--	--	137,086
Prepaid items	218,786	--	--	--	--	218,786
Total Assets	\$ 46,329,763	\$ 8,144,179	\$ 5,574,267	\$ 32,085,998	\$ 17,075,679	\$ 109,209,886
Liabilities						
Accounts payable	\$ 2,942,631	\$ 4,580	\$ 93,030	\$ 27,211	\$ 1,029,581	\$ 4,097,033
Accrued payroll	1,054,901	--	14,152	--	30,145	1,099,198
Due to other funds	--	--	--	1,705,252	1,018,043	2,723,295
Unearned revenue	495,161	8,137,852	--	--	25,000	8,658,013
Due to other governments	127,055	--	--	--	19,285	146,340
Customer deposits	80,989	--	--	--	--	80,989
Total Liabilities	4,700,737	8,142,432	107,182	1,732,463	2,122,054	16,804,868
Deferred Inflows of Resources						
Unavailable revenues	1,525,293	--	--	--	602,125	2,127,418
Fund Balances						
Nonspendable	355,872	--	--	--	1,684,603	2,040,475
Restricted	--	1,747	5,467,085	25,094,637	12,706,106	43,269,575
Assigned	4,704,811	--	--	5,258,898	--	9,963,709
Unassigned	35,043,050	--	--	--	(39,209)	35,003,841
Total Fund Balances	40,103,733	1,747	5,467,085	30,353,535	14,351,500	90,277,600
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 46,329,763	\$ 8,144,179	\$ 5,574,267	\$ 32,085,998	\$ 17,075,679	\$ 109,209,886

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**

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Fund Balances, Total Governmental Funds		\$ 90,277,600
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	200,023,748	
Accumulated depreciation	<u>(97,363,434)</u>	102,660,314
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	(1,495,216)	
Bonds, loans and leases payable	(67,670,025)	
Insurance claims payable	(9,421,320)	
Compensated absences payable	(1,387,193)	
Total OPEB liabilities	(16,539,291)	
Net pension liabilities	<u>(62,728,403)</u>	(159,241,448)
Deferred outflows and inflows of resources related to pensions and OPEB are recorded in the statement of net position.		
Deferred outflows related to pensions	14,258,226	
Deferred inflows related to pensions	<u>(1,800,542)</u>	12,457,684
Deferred outflow from OPEB	1,111,218	
Deferred inflows related to OPEB	<u>(11,149,676)</u>	(10,038,458)
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.		2,127,418
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>(305,023)</u>
Net Position of Governmental Activities		<u><u>\$ 37,938,087</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 YEAR ENDED SEPTEMBER 30, 2021

	General Fund	American Rescue Plan Fund	Community Development Agency	General Construction Fund	Nonmajor Governmental Funds	Total
Revenues						
Property taxes	\$ 46,864,226	\$ --	\$ 4,398,111	\$ --	\$ --	\$ 51,262,337
Sales and use taxes	6,965,726	--	--	--	--	6,965,726
Fire assessment fees	13,534,043	--	--	--	--	13,534,043
Confiscated property	--	--	--	--	--	--
Franchise fees	8,267,025	--	--	--	--	8,267,025
Utility taxes	8,694,445	--	--	--	--	8,694,445
Local option gas tax	--	--	--	--	1,282,238	1,282,238
Alcoholic beverage/mobile home license taxes	87,244	--	--	--	--	87,244
Local business taxes/permits	289,054	--	--	--	4,715,302	5,004,356
Intergovernmental	2,877,527	--	--	708,085	2,185,391	5,771,003
Charges for services	10,081,736	--	--	--	145,735	10,227,471
Fines and forfeitures	1,153,149	--	--	--	338,656	1,491,805
Impact fees	--	--	--	--	244,801	244,801
Investment earnings	76,111	1,747	3,080	33,788	51,270	165,996
Miscellaneous:			--			
Cemetery plot sales	--	--	--	--	153,195	153,195
Donations/contributions	430,685	--	--	--	128,807	559,492
Administrative fees	7,827,662	--	--	--	430,139	8,257,801
Other	1,541,305	49,475	--	--	1,471,073	3,061,853
Total Revenues	108,689,938	51,222	4,401,191	741,873	11,146,607	125,030,831
Expenditures						
Current:						
General government	14,173,917	--	--	--	--	14,173,917
Economic environment	690,796	49,475	856,095	--	2,682,376	4,278,742
Public safety	66,663,964	--	54,874	--	4,522,177	71,241,015
Human services	1,916,399	--	--	--	31,780	1,948,179
Physical environment	5,979,430	--	--	--	4,575	5,984,005
Transportation	672,678	--	--	--	1,869,839	2,542,517
Culture and recreation	3,977,428	--	105,486	--	27,875	4,110,789
Capital outlay	2,767,421	--	730,058	1,774,266	147,225	5,418,970
Debt service:						
Principal retirement	1,235,984	--	860,000	--	1,627,061	3,723,045
Interest and fiscal charges	24,039	--	225,581	--	3,430,999	3,680,619
Total Expenditures	98,102,056	49,475	2,832,094	1,774,266	14,343,907	117,101,798
Excess (Deficiency) of Revenues Over Expenditures	10,587,882	1,747	1,569,097	(1,032,393)	(3,197,300)	7,929,033
Other Financing Sources (Uses)						
Transfers in	2,815,684	--	--	--	4,910,798	7,726,482
Transfers out	(4,910,800)	--	--	--	(2,404,511)	(7,315,311)
Total Other Financing Sources (Uses)	(2,095,116)	--	--	--	2,506,287	411,171
Net Change in Fund Balances	8,492,766	1,747	1,569,097	(1,032,393)	(691,013)	8,340,204
Fund Balances - Beginning	31,610,967	--	3,897,988	31,385,928	15,042,513	81,937,396
Fund Balances - Ending	\$ 40,103,733	\$ 1,747	\$ 5,467,085	\$ 30,353,535	\$ 14,351,500	\$ 90,277,600

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 YEAR ENDED SEPTEMBER 30, 2021

Net Change in Fund Balances - Total Governmental Funds		\$ 8,340,204
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported in depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital outlay	\$ 3,988,425	
Governmental depreciation	<u>(5,327,552)</u>	(1,339,127)
<p>The effect of various miscellaneous transactions increased (decreased) net position:</p>		
		199,170
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(1,508,401)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore are not reported in the funds.</p>		
Insurance claims and benefits expense	(2,043,918)	
Other postemployment benefit expense	2,622,528	
Pension expense	<u>(546,847)</u>	31,763
<p>In the statement of activities, certain operating expenses - compensated absences (sick and vacation pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amounts actually used (paid).</p>		
Compensated absences		149,754
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Long-term debt principal repayments	3,723,045	
Bond premium	<u>57,902</u>	3,780,947
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus, requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The interest expense reported in the statement of activities is the result of accrued interest on bonds, leases and loans payable.</p>		
		<u>(60,996)</u>
Change in Net Position of Governmental Activities		<u>\$ 9,593,314</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, 2021

	Water and Sewer Utility	Solid Waste Fund	Stormwater Utility Fund	
Assets				
Current Assets				
Cash and cash equivalents	\$ 5,000	\$ 169,863	\$ 1,178,849	\$ 1,353,712
Investments	31,520,657	2,716,024	--	34,236,681
Restricted cash and cash equivalents:				
Customer deposits	578,153	4,998	--	583,151
Revolving loan covenant accounts	1,193,510	--	--	1,193,510
Receivables, net of allowances:				
Accounts	2,699,227	2,140,151	129,429	4,968,807
Delinquent assessments	165,759	--	--	165,759
Interest	317,414	--	--	317,414
Due from other funds	131,174	--	1,682,000	1,813,174
Inventories	181,325	--	--	181,325
Prepaid items	44,192	--	--	44,192
Total Current Assets	36,836,411	5,031,036	2,990,278	44,857,725
Noncurrent Assets				
Restricted cash and cash equivalents:				
Bond construction accounts	709,553	--	--	709,553
Capital assets:				
Land	50,531	--	--	50,531
Construction in progress	--	3,205,485	--	3,205,485
Buildings	2,265,196	--	986,030	3,251,226
Utility plants in service	46,054,250	--	--	46,054,250
Improvements other than buildings	93,790,847	113,696	--	93,904,543
Equipment	9,372,400	16,336,880	29,120	25,738,400
Less: accumulated depreciation	(87,708,535)	(11,705,508)	(85,189)	(99,499,232)
Total Noncurrent Assets	64,534,242	7,950,553	929,961	73,414,756
Total Assets	101,370,653	12,981,589	3,920,239	118,272,481
Deferred Outflows of Resources				
Pension	1,191,600	458,309	--	1,649,909
OPEB	356,775	331,046	16,386	704,207
Total Deferred Outflows of Resources	1,548,375	789,355	16,386	2,354,116

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, 2021

	Water and Sewer Utility	Solid Waste Fund	Stormwater Utility Fund	Total Proprietary Funds
Liabilities				
Current Liabilities				
Accounts payable	\$ 331,032	\$ 1,470,373	\$ 32,963	\$ 1,834,368
Accrued payroll	257,971	205,457	12,679	476,107
Due to other funds	1,011,013	2,984,663	131,173	4,126,849
Customer deposits	578,153	4,355	--	582,508
Compensated absences	392,125	358,726	25,132	775,983
Accrued interest payable	158,023	20,078	--	178,101
Capital leases payable, current	288,117	305,061	--	593,178
Bonds payable, current	975,970	--	--	975,970
Loans payable, current	1,767,281	--	--	1,767,281
Total Current Liabilities	5,759,685	5,348,713	201,947	11,310,345
Noncurrent Liabilities				
Compensation absences	175,598	211,147	49,501	436,246
Total OPEB liability	5,310,203	4,927,259	243,882	10,481,344
Net pension liability	1,669,594	642,153	--	2,311,747
Capital leases payable	315,196	8,993,939	--	9,309,135
Bonds payable	7,757,478	--	--	7,757,478
Loans payable	2,398,224	--	--	2,398,224
Total Noncurrent Liabilities	17,626,293	14,774,498	293,383	32,694,174
Total Liabilities	23,385,978	20,123,211	495,330	44,004,519
Deferred Inflows of Resources				
OPEB	3,579,781	3,321,626	164,409	7,065,816
Total Deferred Inflows of Resources	3,579,781	3,321,626	164,409	7,065,816
Net Position				
Net investment in capital assets	50,242,927	(1,729,762)	929,961	49,443,126
Restricted for debt service	1,193,510	--	--	1,193,510
Unrestricted	24,516,832	(7,944,131)	2,346,925	18,919,626
Total Net Position	\$ 75,953,269	\$ (9,673,893)	\$ 3,276,886	\$ 69,556,262

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 YEAR ENDED SEPTEMBER 30, 2021

	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	\$ 15,058,960	\$ --	\$ --	\$ 15,058,960
Sewer charges pledged as security for revolving loans	8,063,110	--	--	8,063,110
Solid waste charges	--	17,340,553	--	17,340,553
Stormwater fees	--	--	2,183,627	2,183,627
Engineering fees	248,757	--	--	248,757
Miscellaneous	518,346	51,768	--	570,114
Total Operating Revenues	<u>23,889,173</u>	<u>17,392,321</u>	<u>2,183,627</u>	<u>43,465,121</u>
Operating Expenses				
Personal services	4,165,260	3,869,441	310,604	8,345,305
Contractual services	745,248	48,820	304,212	1,098,280
Electricity	745,670	--	--	745,670
Insurance	2,818,502	1,182,415	5,518	4,006,435
Fixed charges	47,046	18,242	26,852	92,140
County wastewater charge	4,814,052	--	--	4,814,052
County raw water charge	51,798	--	--	51,798
Disposal fees	--	4,308,708	--	4,308,708
General administrative charge	4,738,398	2,988,912	282,067	8,009,377
Commodities	1,924,623	1,567,550	108,993	3,601,166
Depreciation	4,060,296	636,073	55,551	4,751,920
Total Operating Expenses	<u>24,110,893</u>	<u>14,620,161</u>	<u>1,093,797</u>	<u>39,824,851</u>
Operating Income (Loss)	<u>(221,720)</u>	<u>2,772,160</u>	<u>1,089,830</u>	<u>3,640,270</u>
Nonoperating Revenues (Expenses)				
Investment earnings	41,349	6,095	--	47,444
Interest charges	(405,349)	(263,413)	(6,346)	(675,108)
Tap fees	71,705	--	--	71,705
Gain from sale of assets	--	2,325	--	2,325
Total Nonoperating Income (Expenses)	<u>(292,295)</u>	<u>(254,993)</u>	<u>(6,346)</u>	<u>(553,634)</u>
Income Before Contributions and Transfers	(514,015)	2,517,167	1,083,484	3,086,636
Transfers in	--	--	--	--
Transfers out	(20,800)	(390,371)	--	(411,171)
Change in Net Position	(534,815)	2,126,796	1,083,484	2,675,465
Net Position - Beginning	76,488,084	(11,800,689)	2,193,402	66,880,797
Net Position - Ending	<u>\$ 75,953,269</u>	<u>\$ (9,673,893)</u>	<u>\$ 3,276,886</u>	<u>\$ 69,556,262</u>

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

CITY OF DEERFIELD BEACH, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

YEAR ENDED SEPTEMBER 30, 2021

	Water and Sewer Utility	Solid Waste Fund	Stormwater Utility Fund	Total Proprietary Funds
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 24,820,271	\$ 17,450,503	\$ 2,208,153	\$ 44,478,927
Payments from (to) other funds	123,746	1,997,316	(123,747)	1,997,315
Receipts from other governments	--	140,577	--	140,577
Payments to suppliers	(16,091,406)	(11,236,743)	(717,462)	(28,045,611)
Payments to employees	(5,437,719)	(4,929,672)	(364,125)	(10,731,516)
Net Cash Provided by Operating Activities	3,414,892	3,421,981	1,002,819	7,839,692
Cash Flows from Noncapital Financing Activity				
Transfers to other funds	(20,800)	(390,371)	--	(411,171)
Tap fees	71,705	--	--	71,705
Net Cash Provided by (Used in) Noncapital Financing Activity	50,905	(390,371)	--	(339,466)
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(2,427,307)	(2,053,177)	--	(4,480,484)
Repayment of capital lease	(227,533)	(179,352)	--	(406,885)
Repayment on loans	(2,661,748)	--	--	(2,661,748)
Interest expense	(429,985)	(471,002)	(6,346)	(907,333)
Proceeds from retirement of assets	--	2,325	--	2,325
Net Cash Used in Capital and Related Financing Activities	(5,746,573)	(2,701,206)	(6,346)	(8,454,125)
Cash Flows from Investing Activity				
Investment income	41,349	6,095	--	47,444
Purchase of investments	(14,714)	(167,152)	--	(181,866)
Net Cash Provided by (Used In) Investing Activities	26,635	(161,057)	--	(134,422)
Net Increase (Decrease) in Cash and Cash Equivalents	(2,254,141)	169,347	996,473	(1,088,321)
Cash, Restricted Cash and Cash Equivalents - Beginning	4,030,804	5,514	182,376	4,218,694
Cash, Restricted Cash and Cash Equivalents - Ending	\$ 1,776,663	\$ 174,861	\$ 1,178,849	\$ 3,130,373

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

CITY OF DEERFIELD BEACH, FLORIDA

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

YEAR ENDED SEPTEMBER 30, 2021

	Water and Sewer Utility	Solid Waste Fund	Stormwater Utility Fund	Total Proprietary Funds
Cash and Cash Equivalents	\$ 5,000	\$ 169,863	\$ 1,178,849	\$ 1,353,712
Cash and Cash Equivalents - Restricted	<u>1,771,663</u>	<u>4,998</u>	<u>--</u>	<u>1,776,661</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,776,663</u>	<u>\$ 174,861</u>	<u>\$ 1,178,849</u>	<u>\$ 3,130,373</u>
Reconciliation Data of Changes in Net Position to Operating Activities Operating Income (Loss)	\$ (221,720)	\$ 2,772,160	\$ 1,089,830	\$ 3,640,270
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities				
Depreciation expense	4,060,296	636,073	55,551	4,751,920
Changes in assets, liabilities and deferred inflows/ outflows:				
(Increase) decrease in:				
Accounts receivable, net of allowance	919,870	58,825	24,526	1,003,221
Inventories	(5,026)	--	--	(5,026)
Due from other funds	123,746	694,653	--	818,399
Prepays	1	--	--	1
Due from other governments	--	140,577	--	140,577
Deferred outflows pension	(272,086)	(41,576)	23,191	(290,471)
Deferred outflows OPEB	180,342	167,337	8,282	355,961
Increase (Decrease) in:				
Accounts payable	(517,404)	(1,122,096)	10,180	(1,629,320)
Deposits payable	11,228	(643)	--	10,585
Salaries and benefits available	44,409	(14,570)	2,596	32,435
Compensated absences payable	(24,927)	(60,892)	4,387	(81,432)
Due to other funds	316,360	1,302,663	(123,747)	1,495,276
Net pension liability	(35,545)	(29,867)	(38,488)	(103,900)
Deferred inflows pension	(142,304)	(132,042)	(6,536)	(280,882)
Total OPEB liability	(988,027)	(916,776)	(45,377)	(1,950,180)
Deferred inflows OPEB	(34,321)	(31,845)	(1,576)	(67,742)
Total Adjustments	<u>3,636,612</u>	<u>649,821</u>	<u>(87,011)</u>	<u>4,199,422</u>
Net Cash Provided by Operating Activities	<u>\$ 3,414,892</u>	<u>\$ 3,421,981</u>	<u>\$ 1,002,819</u>	<u>\$ 7,839,692</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

YEAR ENDED SEPTEMBER 30, 2021

	Pension Trust Funds
Assets	
Investments:	
Money market funds	\$ 6,091,146
Fixed income	31,874,111
U.S. government and agency securities	26,176,721
Equity securities	145,861,370
Corporate bonds	12,964,769
Real estate funds	33,715,542
Self directed DROP accounts	2,403,070
Hedge fund	3,886,727
Total investments	<u>262,973,456</u>
Receivables:	
Interest and dividends	216,524
Due from participants	7,552
Contributions receivable (employer)	61,331
Pending trades	212,014
Total receivables	<u>497,421</u>
Total Assets	<u>263,470,877</u>
Liabilities	
Accounts payable	210,366
Accounts payable - purchase of investments	715,833
Total Liabilities	<u>926,199</u>
Deferred Inflow	<u>50,804</u>
Net Position Restricted for Pension Benefits	
Total Net Position Restricted for Pension Benefits	<u>\$ 262,493,874</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

YEAR ENDED SEPTEMBER 30, 2021

	Pension Trust Funds
Additions	
Contributions:	
Employer	\$ 10,007,974
Plan members	764,950
Chapter	1,295,426
Total contributions	<u>12,068,350</u>
Investment Earnings	
Interest and dividend revenue	6,701,443
Net appreciation in the fair value of investments	<u>45,768,294</u>
Total investment earnings	52,469,737
Less: investment expense	<u>(950,225)</u>
Net investment earnings	<u>51,519,512</u>
Miscellaneous	<u>28,899</u>
Total Additions	<u>63,616,761</u>
Deductions	
Benefit payments	18,675,901
DROP distributions	3,336,186
Share account distributions	668,774
Administrative expenses	<u>384,070</u>
Total Deductions	<u>23,064,931</u>
Change in Net Position	40,551,830
Net Position Restricted for Pension Benefits -	
Beginning of Year	<u>221,942,044</u>
End of Year	<u>\$ 262,493,874</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 YEAR ENDED SEPTEMBER 30, 2021

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 YEAR ENDED SEPTEMBER 30, 2021

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 YEAR ENDED SEPTEMBER 30, 2021

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 YEAR ENDED SEPTEMBER 30, 2021

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 ***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 YEAR ENDED SEPTEMBER 30, 2021

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

During fiscal year 2021, the City implemented GASB Statement No. 84, *Fiduciary Activities*, Statement No. 90, *Majority Equity Interests*, Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance* and GASB Statement No. 98, *The Annual Comprehensive Financial Report*. The implementation of these statements did not have a significant impact on the City's Annual Comprehensive Financial Report ("ACFR").

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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 YEAR ENDED SEPTEMBER 30, 2021

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

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.

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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)

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 the usage of net position that is applicable to future periods.

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

The City reports within its government-wide statement of net position as deferred outflows amounts that were related to pensions and OPEB during fiscal year 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, 2020. The amounts paid during fiscal year 2021 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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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)

beginning in the year in which the difference occurred or over the remaining service lives of all employees, as applicable, and deferred amount on a bond refunding which is being amortized over the remaining life of the debt.

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

7. Compensated Absences

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

8. Long-term Obligations

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

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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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

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.

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.

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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

The following table shows the City's fund balance classification for the governmental funds as of September 30, 2021.

	Governmental Funds					Total Governmental Funds
	General	American	Community	General	Nonmajor	
	Fund	Rescue Plan Fund	Redevelopment Agency	Construction Fund	Governmental Funds	
Nonspendable						
Inventory	\$ 137,086	\$ --	\$ --	\$ --	\$ --	\$ 137,086
Prepays	218,786	--	--	--	--	218,786
Perpetual care and cemetery operation	--	--	--	--	1,684,603	1,684,603
Restricted						
Community Redevelopment programs	--	--	5,467,085	--	--	5,467,085
Debt service	--	--	--	--	4,117,908	4,117,908
General construction projects	--	1,747	--	25,094,637	--	25,096,384
Road improvement projects	--	--	--	--	1,992,895	1,992,895
Grants and special programs	--	--	--	--	509,159	509,159
Beautification and landscape projects	--	--	--	--	643,201	643,201
Public safety programs	--	--	--	--	2,419,184	2,419,184
Parking improvements	--	--	--	--	82,768	82,768
Recreational programs	--	--	--	--	2,421,432	2,421,432
Restricted for building permits	--	--	--	--	519,559	519,559
Assigned to						
Assigned emergency reserve	3,474,379	--	--	--	--	3,474,379
Subsequent year's budget	897,064	--	--	5,258,898	--	6,155,962
Endowment	99,108	--	--	--	--	99,108
Tam O-Shanter project	234,260	--	--	--	--	234,260
Unassigned						
General fund operations	35,043,050	--	--	--	--	35,043,050
Miscellaneous grant and special programs	--	--	--	--	(39,209)	(39,209)
	<u>\$ 40,103,733</u>	<u>\$ 1,747</u>	<u>\$ 5,467,085</u>	<u>\$ 30,353,535</u>	<u>\$ 14,351,500</u>	<u>\$ 90,277,600</u>

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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 \$24,030,684 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 YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

DEFICIT FUND EQUITY

At September 30, 2021, the Community Development Block Grant Fund and Capital Grants Projects Funds had deficit fund balances of \$35,733 and \$3,476 respectively. This deficit is expected to be funded by future grant reimbursements, which were not susceptible to accrual at September 30, 2021.

The Solid Waste Fund also experience a deficit in net position of \$9,673,893 as of September 30, 2021 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, 2021, the carrying amount of the City's deposits totaled \$24,253,966.

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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, 2021 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, 2021, the City's investment in the SBA was \$28,794,934.

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, 2021, 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, \$4,665,916.

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

Authorized Investments (continued)

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

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

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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

Authorized Investments (continued)

As of September 30, 2021, 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
U.S. Government and agency securities	26,176,721	36,137,512	62,314,233
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	145,861,370	--	145,861,370
Total	<u>\$ 262,973,456</u>	<u>\$ 111,355,567</u>	<u>\$ 374,329,023</u>

Interest Rate Risk

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

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

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

Interest Rate Risk (continued)

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	\$ 28,794,934	\$28,794,934	\$ --
FL Municipal Investment Trust	4,665,916	--	4,665,916
Money market funds	41,757,205	41,757,205	--
U.S. Government and agency securities	<u>36,137,512</u>	<u>26,523,514</u>	<u>9,613,998</u>
Total	<u>\$ 111,355,567</u>	<u>\$97,075,653</u>	<u>\$14,279,914</u>

Investment Type	Value	Maturities (in Years)			
		Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 years
Pension Trust Funds					
Bond funds	\$ 1,358,698	\$ --	\$ 349,856	\$ 660,544	\$ 348,298
Mutual funds	31,874,111	2,080,537	16,412,222	11,615,167	1,766,185
U.S. Treasuries	16,080,328	1,552,262	4,484,166	7,754,270	2,289,630
U.S. Agencies	8,737,695	10,063	355,680	688,034	7,683,918
Corporate bonds and notes	<u>12,964,769</u>	<u>1,272,118</u>	<u>3,325,768</u>	<u>6,297,373</u>	<u>2,069,510</u>
Total	<u>\$ 71,015,601</u>	<u>\$ 4,914,980</u>	<u>\$ 24,927,692</u>	<u>\$27,015,388</u>	<u>\$14,157,541</u>

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

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 YEAR ENDED SEPTEMBER 30, 2021

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, 2021, as applicable:

	Quality Credit Rating Moody's	Fair Value
	Aaa	\$ 54,614,460
	Aa1	802,044
	Aa2	295,537
	As3	340,932
	A	2,106,455
	A-	921,413
	A1	1,343,670
	A2	3,526,131
	A3	1,092,093
	AA	842,375
	AA+	2,702,211
	Baa1	2,120,516
	Baa2	636,130
	Ba1	63,941
	BBB+	813,637
	BBB	3,713,018
	BB	1,685,887
	B	1,608,896
	Caa1	1,064,986
	Not rated	<u>65,939,324</u>
Total Credit Risk Securities		146,233,656
U.S. Treasuries and Agency Securities Explicitly Guaranteed		<u>36,137,512</u>
Total Fixed Income/Credit Risk Securities		<u>\$ 182,371,168</u>
Total Fixed Income/Credit Risk Securities - City		\$ 111,355,567
Total Fixed Income Securities - Pension Trust Funds		<u>71,015,601</u>
Trust		<u>\$ 182,371,168</u>

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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, 2021. 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 YEAR ENDED SEPTEMBER 30, 2021

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 YEAR ENDED SEPTEMBER 30, 2021

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	\$ 40,823,464	\$ 40,823,464	\$ --	\$ --
Mutual funds	<u>43,061,342</u>	<u>43,061,342</u>	--	--
Total debt securities	<u>83,884,806</u>	<u>83,884,806</u>	--	--
Debt securities:				
Corporate bonds	4,111,195	--	4,111,195	--
U.S. treasury securities	9,120,169	9,120,169	--	--
U.S. agency securities	4,424,798	--	4,424,798	--
Fixed income mutual funds	<u>26,882,077</u>	<u>26,882,077</u>	--	--
Total debt securities	<u>44,538,239</u>	<u>36,002,246</u>	--	--
Self directed DROP accounts	<u>2,403,070</u>	--	<u>2,403,070</u>	--
Total Investments by Fair Value Level	<u>130,826,115</u>	<u>\$ 119,887,052</u>	<u>\$ 10,939,063</u>	<u>\$ --</u>
Investments Measured at Net Asset Value (NAV) (a)				
Real estate funds	21,712,082			
Hedge fund	<u>879,011</u>			
Total investments measured at NAV	<u>22,591,093</u>			
Money market funds (exempt)	<u>3,095,579</u>			
Total Investments	<u>\$ 156,512,787</u>			

* Investment type descriptions mirror audited pension plan financial statements.

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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⁾	\$ 11,885,547	\$ --	Quarterly	90 Days
Real Estate Fund ⁽²⁾	4,297,980	--	Quarterly	10 Days
Real Estate Fund ⁽³⁾	5,528,555	--	N/A	N/A
Hedge Fund ⁽⁴⁾	<u>879,011</u>	<u>--</u>	Quarterly	90 Days
Total Investments Measured at the NAV	<u>\$ 22,591,093</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 YEAR ENDED SEPTEMBER 30, 2021

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 YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

Fair Value Hierarchy (continued)

Police Pension (continued)

	<u>*Fair Value Measurements Using</u>			
	<u>Quoted Prices</u>			
	<u>in Active</u>	<u>Significant</u>		
	<u>Markets for</u>	<u>Other</u>	<u>Significant</u>	
	<u>Identical</u>	<u>Observable</u>	<u>Unobservable</u>	
	<u>Assets</u>	<u>Inputs</u>	<u>Inputs</u>	
	<u>Total</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Investments by Fair Value Level				
Equity securities:				
Equity mutual funds	\$ 29,526,391	\$ 29,526,391	\$ --	\$ --
Debt securities:				
U.S. treasury securities	2,702,211	2,340,555	361,656	--
U.S. agency securities	2,025,120	--	2,025,120	--
Fixed income mutual funds	4,992,034	4,992,034	--	--
Corporate bonds	<u>1,735,051</u>	--	<u>1,735,051</u>	--
Total debt securities	<u>11,454,416</u>	<u>7,332,589</u>	<u>4,121,827</u>	--
Total Investments by Fair Value Level	<u>40,980,807</u>	<u>\$ 36,858,980</u>	<u>\$ 4,121,827</u>	<u>\$ --</u>
Investments Measured at Net Asset Value (NAV) (a)				
Real estate funds	<u>6,989,820</u>			
Total Investments Measured at NAV	<u>6,989,820</u>			
Money market funds (exempt)	<u>1,700,561</u>			
Total Investments	<u>\$ 49,671,188</u>			

* Investment type descriptions mirror audited pension plan financial statements.

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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⁾	\$ 1,527,589	\$ --	Quarterly	10 Days
Real Estate Fund ⁽²⁾	5,462,231	--	Quarterly	90 Days
Total Investments Measured at the NAV	\$ 6,989,820	\$ --		

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

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 YEAR ENDED SEPTEMBER 30, 2021

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 YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

Fair Value Hierarchy (continued)

Non-Uniformed Pension (continued)

	<u>*Fair Value Measurements Using</u>			
	Quoted Prices in Active Markets for Identical Assets Total	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments by Fair Value Level				
Equity securities:				
Common stocks	\$ 32,450,173	\$ 32,450,173	\$ --	\$ --
Debt securities:				
U.S. treasury securities	4,257,948	3,519,370	738,578	--
U.S. agency securities	2,287,777	--	2,287,777	--
Municipal bonds	1,358,698	--	1,358,698	--
Corporate bonds	7,118,523	--	7,118,523	--
Total debt securities	<u>15,022,946</u>	<u>3,519,370</u>	<u>11,503,576</u>	--
Total Investments by Fair Value Level	<u>47,473,119</u>	<u>\$ 35,969,543</u>	<u>\$ 11,503,576</u>	<u>\$ --</u>
Investments Measured at Net Asset Value (NAV)				
Real estate funds	5,013,640			
Hedge fund	<u>3,007,716</u>			
Total Investments Measured at NAV	<u>8,021,356</u>			
Money market funds (exempt)	<u>1,295,006</u>			
Total Investments	<u>\$ 56,789,481</u>			

* Investment type descriptions mirror audited pension plan financial statements.

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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⁾	\$ 5,013,640	\$ --	Quarterly	45 Days
Hedge Fund ⁽²⁾	1,495,311	--	Daily	1-2 Days
Hedge Fund ⁽³⁾	<u>1,512,405</u>	<u>--</u>	Daily	1-2 Days
Total Investments Measured at the NAV	<u><u>\$ 8,021,356</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 YEAR ENDED SEPTEMBER 30, 2021

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, 2021 were as follows:

	General	CRA	General Construction Fund	Nonmajor Governmental Funds	Total
Receivables					
Accounts receivable	\$ 4,088,170	\$ --	\$ --	\$ 3,217	\$ 4,091,387
Assessments	842	--	--	--	842
Interest	<u>48,439</u>	<u>4,144</u>	<u>298</u>	<u>9,585</u>	<u>62,466</u>
Total Receivables	<u>\$ 4,137,451</u>	<u>\$ 4,144</u>	<u>\$ 298</u>	<u>\$ 12,802</u>	<u>\$ 4,154,695</u>

Business-type Activities	Water and Sewer	Solid Waste	Stormwater	Total
Receivables				
Accounts	\$ 3,511,869	\$ 2,326,391	\$ 129,429	\$ 5,967,689
Delinquent assessments	165,759	--	--	165,759
Interest	<u>317,414</u>	<u>--</u>	<u>--</u>	<u>317,414</u>
Gross Receivables	3,995,042	2,326,391	129,429	6,450,862
Less: allowance for uncollectibles	<u>(812,642)</u>	<u>(186,240)</u>	<u>--</u>	<u>(998,882)</u>
Total	<u>\$ 3,182,400</u>	<u>\$ 2,140,151</u>	<u>\$ 129,429</u>	<u>\$ 5,451,980</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	\$ 543,057
Uncollectible related to sewer charges	269,585
Uncollectible related to solid waste charges	<u>186,240</u>
Total Uncollectible for the Current Fiscal Year	<u>\$ 998,882</u>

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

RECEIVABLES AND PAYABLES (CONTINUED)

Accounts payables at September 30, 2021 are as follows:

	Vendors	Retainage	Total Payables
Governmental Activities			
General Fund	\$ 2,942,631	\$ --	\$ 2,942,631
Community Redevelopment Agency	93,030	--	93,030
American Rescue Plan	4,580	--	4,580
General Construction Fund	27,211	--	27,211
Nonmajor Governmental Funds	<u>1,029,581</u>	<u>--</u>	<u>1,029,581</u>
Total Governmental Activities	<u>\$ 4,097,033</u>	<u>\$ --</u>	<u>\$ 4,097,033</u>
Business-type Activities			
Water and Sewer Fund	\$ 251,536	\$ 79,496	\$ 331,032
Solid Waste Fund	1,089,058	381,315	1,470,373
Stormwater Utility Fund	<u>32,963</u>	<u>--</u>	<u>32,963</u>
Total Business-type Activities	<u>\$ 1,373,557</u>	<u>\$ 460,811</u>	<u>\$ 1,834,368</u>

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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, 2021:

	Beginning Balances	Increase	Decrease	Ending Balances
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 17,523,810	\$ 504,809	\$ --	\$ 18,028,619
Construction in progress	<u>18,323,952</u>	<u>815,263</u>	<u>1,800,937</u>	<u>17,338,278</u>
Total Capital Assets Not Being Depreciated	<u>35,847,762</u>	<u>1,320,072</u>	<u>1,800,937</u>	<u>35,366,897</u>
Capital Assets Being Depreciated				
Buildings	39,490,294	881,019	--	40,371,313
Improvements other than buildings	13,993,379	2,233,725	--	16,227,104
Equipment	23,320,045	1,354,546	1,041,670	23,632,921
Infrastructure	<u>84,425,513</u>	<u>--</u>	<u>--</u>	<u>84,425,513</u>
Total Capital Assets Being Depreciated	<u>161,229,231</u>	<u>4,469,290</u>	<u>1,041,670</u>	<u>164,656,851</u>
Less: Accumulated Depreciation for				
Buildings	17,382,107	966,621	--	18,348,728
Improvements other than buildings	4,183,935	644,776	--	4,828,711
Equipment	18,040,331	1,246,535	1,040,840	18,246,026
Infrastructure	<u>53,470,349</u>	<u>2,469,620</u>	<u>--</u>	<u>55,939,969</u>
Total Accumulated Depreciation	<u>93,076,722</u>	<u>5,327,552</u>	<u>1,040,840</u>	<u>97,363,434</u>
Total Capital Assets Being Depreciated, Net	<u>68,152,509</u>	<u>(858,262)</u>	<u>830</u>	<u>67,293,417</u>
Governmental Activities Capital Assets, Net	<u>\$ 104,000,271</u>	<u>\$ 461,810</u>	<u>\$ 1,801,767</u>	<u>\$ 102,660,314</u>

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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	1,832,136	1,373,349	--	3,205,485
Total Capital Assets Not Being Depreciated	1,882,667	1,373,349	--	3,256,016
Capital Assets Being Depreciated				
Buildings	2,254,294	10,902	--	2,265,196
Utility plants in service	46,054,250	--	--	46,054,250
Improvements other than buildings	93,314,350	1,576,223	--	94,890,573
Equipment	24,947,369	810,455	19,425	25,738,399
Total Capital Assets Being Depreciated	166,570,263	2,397,580	19,425	168,948,418
Less: Accumulated Depreciation for				
Buildings	1,698,756	74,459	--	1,773,215
Utility plants in service	25,282,167	1,365,772	--	26,647,939
Improvements other than buildings	49,630,208	2,223,796	--	51,854,004
Equipment	18,155,605	1,087,893	19,425	19,224,073
Total Accumulated Depreciation	94,766,736	4,751,920	19,425	99,499,231
Total Capital Assets Being Depreciated, Net	71,803,527	(2,354,340)	--	69,449,187
Governmental Activities Capital Assets, Net	\$ 73,686,194	\$ (980,991)	\$ --	\$ 72,705,203

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	\$ 155,347
Public safety	810,181
Human services	78,492
Physical environment	716,673
Transportation	1,922,232
Culture and recreation	1,629,763
Economic environment	14,864
Total Depreciation Expense - Governmental Activities	\$ 5,327,552

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

CAPITAL ASSETS (CONTINUED)

Business-type Activities

Water and sewer	\$ 4,060,296
Solid waste	636,073
Stormwater	<u>55,551</u>

Total Depreciation Expense -

Business-type Activities	<u>\$ 4,751,920</u>
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ENCUMBRANCES

Purchase orders are issued throughout the fiscal year to encumber budgets in the governmental funds. Significant encumbrances as of September 30, 2021, are as follows:

Major Funds

General Fund	\$ 736,939
General Construction Fund	<u>5,258,898</u>

Total Major Funds	5,995,837
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Nonmajor Governmental Funds	<u>1,543,349</u>
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Total Encumbrances	<u>\$ 7,539,186</u>
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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, 2021:

<u>Project</u>	<u>Outstanding</u>
Kirk Cottrell Pavilion	\$ 653,832
Energy Performance Contracting Services	540,726
Citywide Street Resurfacing	10,737,103
Other Projects	<u>534,611</u>
Total Commitments	<u>\$ 12,466,272</u>

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

UNEARNED/UNAVAILABLE REVENUE

Unearned revenue in the General Fund includes \$495,161 for local business taxes (formerly referred to as occupational licenses) relating to fiscal year 2021.

The American Rescue Plan Fund had unearned revenue of \$8,137,852 related to the fund received that had not been spent for their specified purpose.

The Miscellaneous Grants nonmajor special revenue fund had unavailable revenue of \$25,000.

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, 2021 is as follows:

Due To/Due From

	Due to							Total
	General Fund	General Construction Fund	Nonmajor Governmental Funds	Water/Sewer Fund	Solid Waste Fund	Stormwater Utility Fund		
Due From								
General Fund	\$ --	\$ 402,140	\$ 1,018,043	\$ 1,011,013	\$ 1,302,663	\$ --	\$ 3,733,859	
Nonmajor Governmental Funds	--	1,303,111	--	--	--	--	1,303,111	
Stormwater Utility Fund	--	--	--	--	1,682,000	--	1,682,000	
Water and Sewer Fund	--	--	--	--	--	131,173	131,173	
Total	<u>\$ --</u>	<u>\$ 1,705,251</u>	<u>\$ 1,018,043</u>	<u>\$ 1,011,013</u>	<u>\$ 2,984,663</u>	<u>\$ 131,173</u>	<u>\$ 6,850,143</u>	

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Interfund Transfers

	Transfers Out				Total
	General Fund	Nonmajor Governmental	Water & Sewer Fund	Solid Waste Fund	
Transfers In					
General Fund	\$ --	\$ 2,404,513	\$ 20,800	\$ 390,371	\$ 2,815,684
Community Redevelopment Agency	--	--	--	--	--
Nonmajor Governmental Funds	4,910,800	--	--	--	4,910,800
Total	<u>\$ 4,910,800</u>	<u>\$ 2,404,513</u>	<u>\$ 20,800</u>	<u>\$ 390,371</u>	<u>\$ 7,726,484</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 YEAR ENDED SEPTEMBER 30, 2021

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, 2021, were as follows:

	Governmental Activities	Business- type Activities	Total
Fiscal Year Ending September 30			
2022	\$ 1,077,618	\$ 835,513	\$ 1,913,131
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
2027-2031	--	4,500,225	4,500,225
2032-2035	--	3,419,304	3,419,304
Total minimum lease payments	2,245,037	11,845,256	14,090,293
Less: amount representing interest	(22,703)	(1,942,943)	(1,965,646)
Present Value of Future Minimum Lease Payments	\$ 2,222,334	\$ 9,902,313	\$ 12,124,647

As of September 30, 2021, 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 \$502,381 and \$280,799 for governmental and business type activities, respectively, as of September 30, 2021.

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 YEAR ENDED SEPTEMBER 30, 2021

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 \$973,150 was paid. Ad valorem taxes amounted to \$44,281,635. The outstanding balance for this issue at year end amounted to \$9,615,000.

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 \$11,680,000 with total interest payable of \$1,759,492 over the remainder of the term of the bonds. For the current year, principal and interest of \$1,558,919 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 \$35,850,000 with total interest payable of \$26,564,837 over the remainder of the term of the bonds. For the current year, principal and interest of \$2,043,075 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 YEAR ENDED SEPTEMBER 30, 2021

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, 2021, the unpaid principal balances of Water Pollution Control Loan No. WW69302L and Loan No. WW693030 were \$465,121, and \$2,400,385, 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, 2021, the principal balance outstanding was \$1,300,000. The principal and interest paid during the current year totaled \$1,291,459.

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 YEAR ENDED SEPTEMBER 30, 2021

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, 2021, the principal balance outstanding was \$8,733,448. The principal and interest paid during the current year totaled \$1,227,296.

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, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 12,877,338	\$ --	\$ 1,092,061	\$ 11,785,277	\$ 1,085,902
Covenant bonds	48,925,000	--	1,395,000	47,530,000	1,440,000
Plus: Deferred amounts for premiums/discounts	6,228,304	--	95,890	6,132,414	--
Total bonds payable	68,030,642	--	2,582,951	65,447,691	2,525,902
Capital leases	3,458,318	--	1,235,984	2,222,334	1,061,292
Compensated absences	1,536,947	189,054	338,808	1,387,193	1,369,134
Claims and judgments	7,377,402	6,216,397	4,172,479	9,421,320	1,047,759
Total Governmental Activities					
Long-Term Liability	<u>\$ 80,403,309</u>	<u>\$ 6,405,451</u>	<u>\$ 8,330,222</u>	<u>\$ 78,478,538</u>	<u>\$ 6,004,087</u>
Business-type Activities					
Bonds payable	\$ 9,678,126	\$ --	\$ 944,677	8,733,449	975,970
Loans payable	5,882,575	--	1,717,071	4,165,504	1,767,281
Capital leases	10,309,198	--	406,885	9,902,313	593,178
Compensated absences	1,293,661	654,653	736,084	1,212,230	775,983
Total Governmental Activities	<u>\$ 27,163,560</u>	<u>\$ 654,653</u>	<u>\$ 3,804,717</u>	<u>\$ 24,013,496</u>	<u>\$ 4,112,412</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 YEAR ENDED SEPTEMBER 30, 2021

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, 2021 are as follows:

Fiscal Year Ending September 30,	Governmental Activities Debt					
	General Obligation Bonds			Covenant Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 1,085,902	\$ 1,407,398	\$ 2,493,300	\$ 1,440,000	\$ 2,160,756	\$ 3,600,756
2023	1,076,232	1,417,556	2,493,788	1,500,000	2,103,769	3,603,769
2024	1,067,961	1,424,252	2,492,213	1,560,000	2,051,394	3,611,394
2025	935,182	1,034,518	1,969,700	1,615,000	2,000,044	3,615,044
2026	1,616,717	1,432,784	3,049,501	1,670,000	1,945,169	3,615,169
2027-2031	6,003,283	1,536,584	7,539,867	9,345,000	8,720,013	18,065,013
2032-2036	--	--	--	11,770,000	6,295,972	18,065,972
2037-2041	--	--	--	15,110,000	2,954,812	18,064,812
2042	--	--	--	3,520,000	92,400	3,612,400
Total	<u>\$ 11,785,277</u>	<u>\$ 8,253,091</u>	<u>\$ 20,038,368</u>	<u>\$ 47,530,000</u>	<u>\$ 28,324,329</u>	<u>\$ 75,854,329</u>

Fiscal Year Ending September 30,	Business-Type Activities Debt					
	Revolving Loans			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 1,767,281	\$ 71,620	\$ 1,838,901	\$ 975,970	\$ 253,135	\$ 1,229,105
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
2027-2030	422,362	7,012	429,374	3,534,151	165,011	3,699,162
Total	<u>\$ 4,165,504</u>	<u>\$ 215,995</u>	<u>\$ 4,381,499</u>	<u>\$ 8,733,449</u>	<u>\$ 1,116,512</u>	<u>\$ 9,849,961</u>

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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, 2021. 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, 2021:

Governmental Activities	
American Rescue Plan proceeds	\$ 8,144,179
Cemetery Trust Fund	1,236,100
Forfeiture	61,440
General Obligation Debt Service	<u>4,755,772</u>
Total Governmental Activities Restricted Assets	<u>\$ 14,197,491</u>

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 4 – OTHER INFORMATION (CONTINUED)

RESTRICTED ASSETS (continued)

	Water and Sewer Fund	Solid Waste Fund	Total
Business-type Activities			
Customer deposits	\$ 578,153	\$ 4,998	\$ 583,151
Bond construction accounts	709,553	--	709,553
Revolving loan covenant accounts	1,193,510	--	1,193,510
Total Business-type Activities			
Restricted Assets	\$ 2,481,216	\$ 4,998	\$ 2,486,214

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 YEAR ENDED SEPTEMBER 30, 2021

NOTE 4 – OTHER INFORMATION (CONTINUED)

RISK MANAGEMENT (CONTINUED)

At September 30, 2021, the amount of these liabilities was \$9,421,320. Changes in the reported liability since October 1, 2020 resulted from the following:

Fiscal Year Ended September 30,	Claims Payable October 1	Current Year's Claims and Changes in Estimates	Claims Payments	Liability September 30
2021	\$ 7,377,402	\$ 6,216,397	\$ (4,172,479)	\$ 9,421,320
2020	7,829,171	2,832,319	(3,284,008)	7,377,402

CONTINGENT LIABILITIES

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

At September 30, 2021, portions of some Federal Emergency Management Agency (“FEMA”) claims for approximately \$1.9 million were determined, through a review by the Office of the Inspector General, to be overfunded. The City’s position is, the expenditures were proper, had been fully reviewed and approved by FEMA representatives at the State and Federal levels, and will be ultimately approved by FEMA. The City and FEMA came to an agreement to offset the over expenditures against current claims. As of September 30, 2021, the City has an outstanding amount of \$883,000 to be utilized against future claims.

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 YEAR ENDED SEPTEMBER 30, 2021

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 YEAR ENDED SEPTEMBER 30, 2021

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 2021, the state contributed \$557,148 and \$738,278 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 2021 participant data for the three pension plans is as follows:

	Fire	Police	Non-Uniformed	Total
Plan membership as of actuarial valuation date	10/1/2020	10/1/2020	10/1/2019	
Inactive plan members and beneficiaries currently receiving benefits	138	74	125	337
Inactive plan members entitled but not yet receiving benefits	--	--	--	--
Active plan members	<u>60</u>	<u>--</u>	<u>1</u>	<u>61</u>
Total Members	<u><u>198</u></u>	<u><u>74</u></u>	<u><u>126</u></u>	<u><u>398</u></u>

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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, 2020 (measurement date) were as follows:

	Fire	Police	Non-Uniformed	Total
Total pension liability	\$ 166,196,697	\$ 64,784,629	\$ 55,787,619	\$ 286,768,945
Plan fiduciary net position	<u>(129,626,638)</u>	<u>(40,637,559)</u>	<u>(51,677,847)</u>	<u>(221,942,044)</u>
City's Net Pension Liability	<u>\$ 36,570,059</u>	<u>\$ 24,147,070</u>	<u>\$ 4,109,772</u>	<u>\$ 64,826,901</u>
Plan fiduciary net position as a percentage of the total pension liability	78.00%	62.73%	92.63%	

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 4 – OTHER INFORMATION (CONTINUED)

DEFINED BENEFIT PENSION PLANS (CONTINUED)

Net Pension Liability

	Fire	Police	Non-Uniformed
Total pension liability - beginning	\$ 160,290,545	\$ 63,255,619	\$ 57,953,296
Changes for the year:			
Service cost	2,724,692	--	27,504
Interest	11,824,774	4,019,827	3,753,624
Difference between expected and actual experience	3,374,966	(667,007)	(385,909)
Change in benefit terms	54,450	1,146,116	--
Change of assumptions	(1,991,954)	1,608,577	--
Share plan allocation	--	537,969	--
Benefit payments	(10,080,776)	(5,116,472)	(5,560,896)
Net change in total pension liability	5,906,152	1,529,010	(2,165,677)
Total pension liability - ending (a)	166,196,697	64,784,629	55,787,619
Plan fiduciary net position - beginning	121,106,804	41,388,895	53,689,057
Contributions - employer	6,047,459	2,218,557	1,412,726
Contributions - State of Florida	632,681	743,420	--
Contributions - employee	792,533	--	7,415
Net investment income	11,298,087	1,478,014	2,224,559
Benefit payments	(10,080,776)	(5,116,472)	(5,560,896)
Administrative expenses	(170,150)	(74,855)	(95,014)
Net change in plan fiduciary position - ending (b)	8,519,834	(751,336)	(2,011,210)
Plan fiduciary net position - ending (b)	129,626,638	40,637,559	51,677,847
Net Pension Liability (a-b)	\$ 36,570,059	\$ 24,147,070	\$ 4,109,772
Plan fiduciary net position as a percentage of total pension liability	78.00%	62.73%	92.63%

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 4 – OTHER INFORMATION (CONTINUED)

SIGNIFICANT ACTUARIAL ASSUMPTIONS

The total pension liability was determined by an actuarial valuation as of October 1, 2019.

	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 7.50%, 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 YEAR ENDED SEPTEMBER 30, 2021

NOTE 4 – OTHER INFORMATION (CONTINUED)

PENSION DISCOUNT RATE

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

	Fire Pension Plan		
	1% Decrease	Current Discount Rate	1% Increase
Net Pension Liability			
Percent	6.50%	7.50%	8.50%
Net pension liability	\$ 53,727,924	\$ 36,570,059	\$ 22,251,958

	Police Pension Plan		
	1% Decrease	Current Discount Rate	1% Increase
Net Pension Liability			
Percent	5.50%	6.50%	7.50%
Net pension liability	\$ 31,545,842	\$ 24,147,070	\$ 17,986,753

	Non-Uniformed Pension Plan		
	1% Decrease	Current Discount Rate	1% Increase
Net Pension Liability			
Percent	5.80%	6.80%	7.80%
Net pension liability	\$ 8,709,806	\$ 4,109,772	\$ 128,451

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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	8.47%
International equity	4.07%
Bonds	3.74%
Convertibles	7.91%
Private real estate	4.95%
Infrastructure	6.39%
Cash	0.47%

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	6.97%
Large cap growth equity	7.16%
Small cap core equity	7.48%
International equity	6.20%
Hedge fund	3.95%
Core private real estate	6.57%
Core fixed income	1.83%

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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, 2021:

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	15.6%
International equity	19.7%
Large-cap core	11.2%
Large-cap value	0.0%
Large-cap growth	13.0%
Mid cap core	7.4%
Small cap value	3.9%
Convertibles	11.3%
Infrastructure	1.0%
Real estate	14.9%
Cash and cash equivalents	2.00%

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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	46.00%
International equity	15.00%
Fixed income	20.00%
Real estate fund	18.00%
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	44.30%
International equity	9.40%
Fixed income	29.40%
Hedge funds	5.30%
Real estate fund	10.00%
Cash and cash equivalents	1.60%

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2019. 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	\$ 3,074,175	\$ 6,856,235	\$ 1,372,990
Difference between expected and actual experience	--	1,451,226	--
Change in assumptions	--	(877,138)	--
Difference between expected and actual earnings on investments	(89,498)	1,203,641	1,560,182
Total Deferred Outflows (Inflows)	<u>\$ 2,984,677</u>	<u>\$ 8,633,964</u>	<u>\$ 2,933,172</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
2022	\$ (464,567)	\$ 864,816	\$ 245,103
2023	(269,691)	710,755	512,984
2024	189,200	663,983	545,638
2025	<u>455,560</u>	<u>(461,825)</u>	<u>256,457</u>
Total	<u>\$ (89,498)</u>	<u>\$ 1,777,729</u>	<u>\$ 1,560,182</u>

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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, 2021 of \$1,306,904. 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 \$641,915.

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 YEAR ENDED SEPTEMBER 30, 2021

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, 2021:

	<u>Deposits</u>	<u>Withdrawals</u>
Source of Deposits		
Tax incremental revenues	\$ 4,398,111	\$ --
Investment income	3,080	--
Purpose of Withdrawals		
Debt service - principal & interest	--	1,085,581
Other contractual	--	250,925
Administrative and overhead	--	660,044
Economic development	--	835,544
Total	<u>\$ 4,401,191</u>	<u>\$ 2,832,094</u>

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 YEAR ENDED SEPTEMBER 30, 2021

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 YEAR ENDED SEPTEMBER 30, 2021

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 YEAR ENDED SEPTEMBER 30, 2021

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, 2021, the contribution rate for Elected Officers' Class for the period July 1, 2020 through June 30, 2021 and from July 1, 2021 through September 30, 2021 was 48.82% and 49.59% percent, respectively.

The City's contributions for FRS totaled \$93,373 and employee contributions totaled \$5,148 for the fiscal year ended September 30, 2021.

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, 2021, 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 YEAR ENDED SEPTEMBER 30, 2021

NOTE 5 – COST SHARING DEFINED BENEFIT PLANS (CONTINUED)

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

At September 30, 2021, the City reported liabilities of \$152,858 for its proportionate share of the FRS net pension liability and \$60,391 for the HIS net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The City’s proportionate share of the net pension liability was based on the City’s fiscal year 2021 contributions relative to the fiscal year 2021 contributions of all participating members.

For the fiscal year ended September 30, 2021, the City recognized a reduction in pension expense of \$89,434. 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	\$ 26,200	\$ 2,021	\$ 28,221
Change of assumptions	104,593	4,745	109,338
Net difference between projected and actual earnings on plan investments	--	63	63
Changes in proportion and differences between City contributions and proportionate share of contributions	16,377	1,515	17,892
City contributions subsequent to measurement date	19,652	659	20,311
Total Deferred Outflows of Resources	\$ 166,822	\$ 9,003	\$ 175,825

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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	\$ --	\$ 25	\$ 25
Change of assumptions	--	2,488	2,488
Net difference between projected and actual earnings on plan investments	533,283	--	533,283
Changes in proportion and differences between City contributions and proportionate share of contributions	81,880	2,369	84,249
Total Deferred Inflows of Resources	\$ 615,163	\$ 4,882	\$ 620,045

The deferred outflows of resources related to pensions, totaling \$20,311, 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			
2022	\$ (83,477)	\$ 1,074	\$ (82,403)
2023	(95,197)	556	(94,641)
2024	(124,069)	599	(123,470)
2025	(156,602)	735	(155,867)
2026	(8,648)	427	(8,221)
Thereafter	--	71	71
Total	\$ (467,993)	\$ 3,462	\$ (464,531)

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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	6.80%	2.16%
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%	2.1%	2.1%	1.1%
Fixed income	20.0%	3.8%	3.7%	3.3%
Global equity	54.2%	8.2%	6.7%	17.8%
Real estate (property)	10.3%	7.1%	6.2%	13.8%
Private equity	10.8%	11.7%	8.5%	26.4%
Strategic investments	3.7%	5.7%	5.4%	8.4%
Total	<u>100.0%</u>			
Assumed Inflation-Mean			2.4%	1.2%

Note: As outlined in the Plan's investment policy

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 5 – COST SHARING DEFINED BENEFIT PLANS (CONTINUED)

DISCOUNT RATE OF RETURN

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

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

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, 2021.

Pension Plan	City's Proportionate Share of the Net Pension Liability (Asset)		
	1% Decrease	Current Discount Rate	1% Increase
FRS	\$ 683,592	\$ 152,858	\$ (290,776)

Pension Plan	City's Proportionate Share of the Net Pension Liability (Asset)		
	1% Decrease	Current Discount Rate	1% Increase
HIS	\$ 69,818	\$ 60,391	\$ 52,668

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 YEAR ENDED SEPTEMBER 30, 2021

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, 2021, the City recognized pension expense of \$546,847 as the result of GASB Statement No. 68. Deferred outflows and inflows of resources and Net Pension Liability related to pensions are as follows:

	Non-- Uniformed Pension	Police Pension	Fire Pension	FRS/HIS Pension	Total
Deferred outflows	\$ 2,933,172	\$3,074,175	\$9,724,963	\$ 175,825	\$15,908,135
Deferred inflows	--	89,498	1,090,999	620,045	1,800,542
Net pension liability	4,109,772	24,147,070	36,570,059	213,249	65,040,150
Pension expense (income)	(567,033)	2,168,148	(964,834)	(89,434)	546,847

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.

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.

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

Benefit Description and Funding Policy (continued)

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

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

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

Employees Covered by benefit terms. As of September 30, 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 YEAR ENDED SEPTEMBER 30, 2021

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, 2020, and was determined by an actuarial valuation as of September 30, 2020. As of September 30, 2021, the reported TOL of \$27,020,635, represents 130% of the covered payroll. The components of TOL are as follows:

Balance at September 30, 2020	<u>\$ 32,048,147</u>
Changes for the Year	
Services cost	1,605,611
Interest	1,178,083
Differences between expected and actual experience	(3,348,371)
Changes in assumptions or other inputs	(2,956,680)
Benefit Payments	<u>(1,506,155)</u>
Net Changes	<u>(5,027,512)</u>
Balance at September 30, 2021	<u>\$ 27,020,635</u>
Covered Employee Payroll	<u>\$ 20,782,600</u>
City's Total OPEB liability as a % of Covered Payroll	130.02%

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 2.14% was used to measure the September 30, 2020 Total OPEB Liability. A discount rate of 2.14% 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 YEAR ENDED SEPTEMBER 30, 2021

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 2.14% 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 (1.14%) or 1-percentage point higher (3.14%) than the current rate.

<u>Pension Plan</u>	<u>Measurement Date: September 30, 2020</u>		
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Discount rate	1.14%	2.14%	3.14%
Total OPEB Liability	\$ 33,422,912	\$ 27,020,635	\$ 22,358,547

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.

<u>Pension Plan</u>	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Discount rate	3.0% to 6.5%	4.0% to 7.5%	5.0% to 8.5%
Total OPEB Liability	\$ 23,325,494	\$ 27,020,635	\$ 32,226,544

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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, 2020, using the following assumptions, applied to all prior periods included in the measurement:

Measurement date	September 30, 2020
Actuarial valuation date	September 30, 2020
Inflation	2.50%
Salary increases	6.00%
Discount rate	2.14%
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, 2021, 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	\$ --	\$ 15,093,969
Changes of assumptions	932,221	3,121,523
Employer contributions subsequent to measurement date	883,204	--
Total	\$ 1,815,425	\$ 18,215,492

CITY OF DEERFIELD BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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, 2021, the City reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources:

Fiscal Year Ending September 30	<u>Amount</u>
2022	\$ (5,863,406)
2023	(5,107,227)
2024	(5,107,228)
2025	<u>(1,205,410)</u>
Total	<u>\$ (17,283,271)</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DEERFIELD BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		(Budgetary Basis) Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 46,096,554	\$ 46,096,554	\$ 46,864,226	\$ 767,672
Sales taxes	5,949,562	5,949,562	6,965,726	1,016,164
Fire assessment fees	13,014,824	13,014,824	13,534,043	519,219
Franchise fees	7,627,821	7,627,821	8,267,025	639,204
Utility tax	8,102,223	8,102,223	8,694,445	592,222
Licenses and permits	780,742	780,742	376,298	(404,444)
Intergovernmental	3,323,344	3,323,344	2,877,527	(445,817)
Charges for services	8,244,735	8,244,735	10,081,736	1,837,001
Fines and forfeitures	936,500	936,500	1,153,149	216,649
Investment earnings	479,602	479,602	76,111	(403,491)
Miscellaneous:				
Donations/contributions	280,000	280,000	430,685	150,685
Administrative fees	7,840,662	7,840,662	7,827,662	(13,000)
Other	10,046,781	10,046,781	1,541,305	(8,505,476)
Total Revenues	<u>112,723,350</u>	<u>112,723,350</u>	<u>108,689,938</u>	<u>(4,033,412)</u>
Expenditures				
Departmental:				
City commission	401,744	401,744	342,017	(59,727)
City manager	777,447	777,447	713,996	(63,451)
City clerk	676,774	676,774	513,517	(163,257)
City attorney	621,000	623,472	463,809	(159,663)
Central services	7,351,319	7,351,319	2,674,176	(4,677,143)
Parks and recreation	10,822,087	10,826,587	9,750,881	(1,075,706)
Office of Public Safety	66,876,444	68,118,255	66,257,560	(1,860,695)
Human resources	723,733	723,733	642,911	(80,822)
Environmental services	2,543,713	2,900,587	2,460,399	(440,188)
Financial services	2,558,739	2,571,921	2,445,526	(126,395)
Planning and development services	2,279,642	2,351,141	2,235,176	(115,965)
Information technology services	2,074,681	2,074,681	2,013,256	(61,425)
Sustainable management	1,054,684	1,054,684	815,220	(239,464)
Senior services	2,380,473	2,380,473	1,838,450	(542,023)
Community development	465,503	465,503	372,009	(93,494)
Economic development	342,081	342,081	318,788	(23,293)
Public affairs and marketing	492,930	492,930	434,107	(58,823)
Community participation	50,000	50,000	50,000	--
Other - unclassified	3,887,593	4,117,520	2,500,235	(1,617,285)
Debt service	1,165,694	1,165,694	1,260,023	94,329
Total Expenditures	<u>107,546,281</u>	<u>109,466,546</u>	<u>98,102,056</u>	<u>(11,364,490)</u>
Other Financing Sources (Uses)				
Transfers in	2,526,551	4,446,816	2,815,684	(1,631,132)
Transfers out	(8,778,207)	(8,778,207)	(4,910,800)	3,867,407
Total Other Financing Sources (Uses)	<u>(6,251,656)</u>	<u>(4,331,391)</u>	<u>(2,095,116)</u>	<u>2,236,275</u>
Net Change in Budgetary Fund Balances	<u>\$ (1,074,587)</u>	<u>\$ (1,074,587)</u>	<u>\$ 8,492,766</u>	<u>\$ 9,567,353</u>

CITY OF DEERFIELD BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

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

YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		(Budgetary Basis) Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 4,272,215	\$ 4,272,215	\$ 4,398,111	\$ 125,896
Investment earnings	--	--	3,080	3,080
Total Revenues	<u>4,272,215</u>	<u>4,272,215</u>	<u>4,401,191</u>	<u>128,976</u>
Expenditures				
Current:				
Economic environment	1,440,396	1,440,396	856,095	(584,301)
Public safety	55,000	55,000	54,874	(126)
Culture and recreation	175,000	175,000	105,486	(69,514)
Capital outlay	4,493,543	4,493,543	730,058	(3,763,485)
Debt Service:				
Principal retirement	860,000	860,000	860,000	--
Interest and fiscal charges	225,581	225,581	225,581	--
Total Expenditures	<u>7,249,520</u>	<u>7,249,520</u>	<u>2,832,094</u>	<u>(4,417,426)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,977,305)</u>	<u>(2,977,305)</u>	<u>1,569,097</u>	<u>4,546,402</u>
Other Financing Sources				
Appropriation of prior year's fund balance	<u>2,977,305</u>	<u>2,977,305</u>	--	<u>(2,977,305)</u>
Total Other Financing Sources	<u>2,977,305</u>	<u>2,977,305</u>	--	<u>(2,977,305)</u>
Change in Fund Balance	<u>\$ --</u>	<u>\$ --</u>	1,569,097	<u>\$ 7,523,707</u>
Fund Balance - Beginning			<u>3,897,988</u>	
Fund Balance - Ending			<u>\$ 5,467,085</u>	

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED SEPTEMBER 30, 2021

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	\$ 94,074,612	\$ 96,842,033
Debt Service	1,260,023	1,260,023
Capital Outlay	<u>2,767,421</u>	<u>--</u>
Total Expenditures	<u>\$ 98,102,056</u>	<u>\$ 98,102,056</u>

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

Measurement Date, September 30,	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 2,724,692	\$ 3,114,673	\$ 2,845,745	\$ 2,786,085	\$ 2,793,233	\$ 2,745,537	\$ 2,859,229
Interest	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	3,374,966	(1,130,384)	1,865,722	1,046,101	(82,819)	(1,414,007)	846,838
Changes in assumption	(1,991,954)	509,219	509,219	104,413	140,613	--	1,795,582
Benefit payments, including refunds of employee contributions	(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	<u>5,906,152</u>	<u>5,397,366</u>	<u>6,936,913</u>	<u>4,516,700</u>	<u>6,476,001</u>	<u>4,010,848</u>	<u>7,802,279</u>
Total Pension Liability, Beginning	<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>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	\$ 6,047,459	\$ 5,988,490	\$ 5,307,928	\$ 5,058,562	\$ 5,060,592	\$ 5,064,382	\$ 5,051,768
State of Florida	632,681	649,209	628,008	603,646	667,147	725,199	791,013
Plan member	792,533	853,718	901,704	898,299	883,740	868,805	882,792
Net investment income (loss)	11,298,087	3,253,915	8,197,285	10,012,955	7,926,978	(3,188,136)	8,931,143
Benefit payments	(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	(170,150)	(251,339)	(198,994)	(177,535)	(214,739)	(237,672)	(232,032)
Net Change in Plan Fiduciary Net Position	<u>8,519,834</u>	<u>1,892,410</u>	<u>5,614,174</u>	<u>6,410,584</u>	<u>7,528,272</u>	<u>(4,233,220)</u>	<u>8,096,229</u>
Plan Fiduciary Net Position, Beginning	<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>\$ 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>\$ 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>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>\$ 8,806,379</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>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 EIGHT 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%

Methods and assumptions used to determine rates:

Actuarial valuation date	10/1/2020
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	7.50%
Mortality	From July 1, 2019 and 2020 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.

CITY OF DEERFIELD BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
POLICE PENSION PLAN
LAST SEVEN FISCAL YEARS**

Measurement Date, September 30,	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Interest	\$ 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	1,146,116	3,072,186	--	--	--	2,326,603	--
Share plan allocation	537,969	539,589	469,049	451,648	421,602	359,314	338,294
Differences between expected and actual experience	(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	<u>(5,116,472)</u>	<u>(5,069,748)</u>	<u>(4,860,289)</u>	<u>(4,826,660)</u>	<u>(4,838,890)</u>	<u>(4,749,759)</u>	<u>(4,585,732)</u>
Net Change in Total Pension Liability	1,529,010	1,581,664	216,959	6,569,667	2,700,840	880,720	(879,688)
Total Pension Liability, Beginning	<u>63,255,619</u>	<u>61,673,955</u>	<u>61,456,996</u>	<u>54,887,329</u>	<u>52,186,489</u>	<u>51,305,769</u>	<u>52,185,457</u>
Total Pension Liability, Ending (a)	<u>64,784,629</u>	<u>63,255,619</u>	<u>61,673,955</u>	<u>61,456,996</u>	<u>54,887,329</u>	<u>52,186,489</u>	<u>51,305,769</u>
Plan Fiduciary Net Position							
Contributions							
Employer	\$ 2,218,557	\$ 2,160,331	\$ 2,149,466	\$ 2,166,053	\$ 1,908,777	\$ 1,944,572	\$ 1,779,355
State	743,420	745,040	674,500	657,100	627,053	564,765	543,745
Net investment income (loss)	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	(5,116,472)	(5,069,748)	(4,860,289)	(4,826,660)	(4,838,890)	(4,749,759)	(4,585,732)
Administrative expense	<u>(74,855)</u>	<u>(85,121)</u>	<u>(85,887)</u>	<u>(92,815)</u>	<u>(96,419)</u>	<u>(97,436)</u>	<u>(71,170)</u>
Net Change in Plan Fiduciary Net Position	(751,336)	(1,793,547)	1,828,617	2,646,009	1,036,716	(1,385,779)	991,042
Plan Fiduciary Net Position, Beginning	<u>41,388,895</u>	<u>43,182,442</u>	<u>41,353,825</u>	<u>38,707,816</u>	<u>37,671,100</u>	<u>39,056,879</u>	<u>38,065,837</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 40,637,559</u>	<u>\$ 41,388,895</u>	<u>\$ 43,182,442</u>	<u>\$ 41,353,825</u>	<u>\$ 38,707,816</u>	<u>\$ 37,671,100</u>	<u>\$ 39,056,879</u>
City's Net Pension Liability - Ending [(a)-(b)]	<u>\$ 24,147,070</u>	<u>\$ 21,866,724</u>	<u>\$ 18,491,513</u>	<u>\$ 20,103,171</u>	<u>\$ 16,179,513</u>	<u>\$ 14,515,389</u>	<u>\$ 12,248,890</u>
Net Position as a Percentage of the Total Pension Liability	<u>62.70%</u>	<u>65.40%</u>	<u>70.00%</u>	<u>67.30%</u>	<u>70.50%</u>	<u>72.20%</u>	<u>76.10%</u>
Covered Payroll	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 EIGHT 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	--	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

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

Methods and assumptions used to determine rates:

Actuarial valuation date	10/1/2020
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.

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CITY OF DEERFIELD BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

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

Measurement Date, September 30,	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 27,504	\$ 70,591	\$ 75,770	\$ 70,710	\$ 66,123	\$ 77,233	\$ 78,741
Interest	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	(385,909)	(2,011,107)	26,603	348,056	612,743	528,068	--
Changes in assumption	--	882,797	--	2,822	3,377,835	1,187,719	--
Benefit payments, including refunds of employee contributions	(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	(2,165,677)	(2,582,263)	(1,426,050)	(1,199,050)	2,464,675	128,304	(1,417,554)
Total Pension Liability, Beginning	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)	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	\$ 1,412,726	\$ 1,546,408	\$ 1,645,642	\$ 1,595,214	\$ 1,543,620	\$ 1,713,421	\$ 1,721,000
Member	7,415	20,200	27,199	28,361	27,643	26,457	33,417
Net investment income (loss)	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	(5,560,896)	(5,571,956)	(5,672,502)	(5,842,352)	(5,917,598)	(5,826,053)	(5,786,184)
Administrative expense	(95,014)	(103,212)	(96,927)	(96,331)	(102,723)	(101,412)	(93,157)
Net Change in Plan Fiduciary Net Position	(2,011,210)	(1,913,211)	(172,462)	726,639	(279,937)	(4,518,511)	1,394,494
Plan Fiduciary Net Position, Beginning	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)	\$ 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 - Ending [(a)-(b)]	\$ 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	92.60%	92.60%	91.90%	90.00%	87.20%	91.20%	98.80%
Covered Payroll	\$ 82,388	\$ 321,771	\$ 302,211	\$ 315,122	\$ 307,142	\$ 412,795	\$ 371,300
Net Pension Liability (Asset) as a Percentage of Covered Payroll	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 EIGHT 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%

Methods and assumptions used to determine rates:

Actuarial valuation date	10/1/2020
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	70 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 SIX YEARS**

	Measurement Date June 30,					
	2021	2020	2019	2018	2017	2016
City's proportion of the net pension liability	<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>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>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>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>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 SIX YEARS**

	Measurement Date September 30,					
	2021	2020	2019	2018	2017	2016
Contractually required FRS contribution	\$ <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>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>
City's covered payroll	\$ <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>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,					
	2021	2020	2019	2018	2017	2016
City's proportion of the net pension liability	<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>\$ 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>\$ 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>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>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,					
	2021	2020	2019	2018	2017	2016
Contractually required HIS contribution	<u>\$ 2,894</u>	<u>\$ 2,854</u>	<u>\$ 2,866</u>	<u>\$ 1,491</u>	<u>\$ 1,186</u>	<u>\$ 1,041</u>
HIS contribution in relation to the contractually required contribution	<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>
City's covered payroll*	<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>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 FOUR YEARS**

	Measurement Date, September 30			
	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 1,605,611	\$ 1,487,838	\$ 3,203,104	\$ 3,021,796
Interest	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	(2,956,680)	333,616	1,419,623	(5,077,191)
Benefit payments, including refunds of employee contributions	<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	(5,027,513)	1,565,439	(46,237,363)	(1,616,058)
Total OPEB Liability, Beginning	<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>\$ 27,020,635</u>	<u>\$ 32,048,148</u>	<u>\$ 30,482,709</u>	<u>\$ 76,720,072</u>
Covered Employee Payroll	<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>130.00%</u>	<u>142.00%</u>	<u>143.20%</u>	<u>321.60%</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.

**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, 2021

	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	\$ 8,217,087	\$ --	\$ --	\$ 332,376	\$ 8,549,463
Investments	132,956	--	--	113,052	246,008
Restricted cash and cash equivalents	61,440	--	--	--	61,440
Restricted investments	--	4,755,772	--	1,236,100	5,991,872
Receivables, net of allowances:					
Accounts	2,962	--	--	255	3,217
Interest	230	6,535	--	2,820	9,585
Due from other funds	1,303,111	--	--	--	1,303,111
Due from other governments	910,983	--	--	--	910,983
Total Assets	<u>\$ 10,628,769</u>	<u>\$ 4,762,307</u>	<u>\$ --</u>	<u>\$ 1,684,603</u>	<u>\$ 17,075,679</u>
Liabilities					
Accounts payable	\$ 1,029,581	\$ --	\$ --	\$ --	\$ 1,029,581
Accrued payroll	30,145	--	--	--	30,145
Due to other funds	370,168	644,399	3,476	--	1,018,043
Due to other Government	19,285	--	--	--	19,285
Unearned revenue	25,000	--	--	--	25,000
Total Liabilities	<u>1,474,179</u>	<u>644,399</u>	<u>3,476</u>	<u>--</u>	<u>2,122,054</u>
Deferred Inflows of Resources					
Unavailable revenue	602,125	--	--	--	602,125
Fund Balances					
Nonspendable		--	--	1,684,603	1,684,603
Restricted	8,588,198	4,117,908	--	--	12,706,106
Assigned	--	--	--	--	--
Unassigned	(35,733)	--	(3,476)	--	(39,209)
Total Fund Balances	<u>8,552,465</u>	<u>4,117,908</u>	<u>(3,476)</u>	<u>1,684,603</u>	<u>14,351,500</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 10,628,769</u>	<u>\$ 4,762,307</u>	<u>\$ --</u>	<u>\$ 1,684,603</u>	<u>\$ 17,075,679</u>

CITY OF DEERFIELD BEACH, FLORIDA

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

YEAR ENDED SEPTEMBER 30, 2021

	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	\$ 1,282,238	\$ --	\$ --	\$ --	\$ 1,282,238
Local business taxes/permits	4,715,302	--	--	--	4,715,302
Intergovernmental	2,185,391	--	--	--	2,185,391
Charges for services	145,735	--	--	--	145,735
Fines and forfeitures	338,656	--	--	--	338,656
Impact fees	244,801	--	--	--	244,801
Investment earnings	151	12,258	--	38,861	51,270
Miscellaneous:					
Cemetery plot sales	--	--	--	153,195	153,195
Donations/contributions	128,807	--	--	--	128,807
Administrative fees	430,139	--	--	--	430,139
Other	1,471,073	--	--	--	1,471,073
Total Revenues	<u>10,942,293</u>	<u>12,258</u>	<u>--</u>	<u>192,056</u>	<u>11,146,607</u>
Expenditures					
Current:					
Economic environment	2,682,376	--	--	--	2,682,376
Public safety	4,522,177	--	--	--	4,522,177
Human services	31,780	--	--	--	31,780
Physical environment	4,575	--	--	--	4,575
Transportation	1,869,839	--	--	--	1,869,839
Culture and recreation	27,875	--	--	--	27,875
Capital outlay	147,225	--	--	--	147,225
Debt service:					
Principal	--	1,627,061	--	--	1,627,061
Interest and other fiscal charges	--	3,430,999	--	--	3,430,999
Total Expenditures	<u>9,285,847</u>	<u>5,058,060</u>	<u>--</u>	<u>--</u>	<u>14,343,907</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,656,446</u>	<u>(5,045,802)</u>	<u>--</u>	<u>192,056</u>	<u>(3,197,300)</u>
Other Financing Uses					
Transfers in	--	4,910,798	--	--	4,910,798
Transfers out	(2,404,511)	--	--	--	(2,404,511)
Total Other Financing Sources (Uses)	<u>(2,404,511)</u>	<u>4,910,798</u>	<u>--</u>	<u>--</u>	<u>2,506,287</u>
Net Change in Fund Balances	(748,065)	(135,004)	--	192,056	(691,013)
Fund Balances - Beginning	<u>9,300,530</u>	<u>4,252,912</u>	<u>(3,476)</u>	<u>1,492,547</u>	<u>15,042,513</u>
Fund Balance - Ending	<u>\$ 8,552,465</u>	<u>\$ 4,117,908</u>	<u>\$ (3,476)</u>	<u>\$ 1,684,603</u>	<u>\$ 14,351,500</u>

CITY OF DEERFIELD BEACH, FLORIDA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

SEPTEMBER 30, 2021

	Building Permits Fund	Road and Bridge Tax Fund	CDGB Fund	SHIP Grant Fund	Miscellaneous Grants Fund	Parking Deviation Fund
Assets						
Cash and cash equivalents	\$ 1,273,284	\$ 494,599	\$ --	\$ 65,342	\$ 807,393	\$ 82,768
Investments	--	132,956	--	--	--	--
Restricted cash and cash equivalents	--	--	--	--	--	--
Receivables, net of allowances						
Accounts	--	--	--	--	--	--
Interest	--	230	--	--	--	--
Due from other funds	--	1,303,111	--	--	--	--
Due from other governments	--	161,944	406,125	--	342,914	--
Total Assets	<u>\$ 1,273,284</u>	<u>\$ 2,092,840</u>	<u>\$ 406,125</u>	<u>\$ 65,342</u>	<u>\$ 1,150,307</u>	<u>\$ 82,768</u>
Liabilities						
Accounts payable	\$ 729,834	\$ 74,406	\$ 71,832	\$ 3,881	\$ 130,495	\$ --
Accrued payroll	4,606	25,539	--	--	--	--
Due to other funds	--	--	197,535	--	117,480	--
Due to other Government	19,285	--	--	--	--	--
Unearned revenue	--	--	--	--	25,000	--
Total Liabilities	<u>753,725</u>	<u>99,945</u>	<u>269,367</u>	<u>3,881</u>	<u>272,975</u>	<u>--</u>
Deferred Inflows of Resources						
Unavailable revenue	--	--	172,491	--	429,634	--
Fund Balances						
Restricted	519,559	1,992,895	--	61,461	447,698	82,768
Assigned	--	--	--	--	--	--
Unassigned	--	--	(35,733)	--	--	--
Total Fund Balances	<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>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,273,284</u>	<u>\$ 2,092,840</u>	<u>\$ 406,125</u>	<u>\$ 65,342</u>	<u>\$ 1,150,307</u>	<u>\$ 82,768</u>

CITY OF DEERFIELD BEACH, FLORIDA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

SEPTEMBER 30, 2021

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
\$ 1,570,632	\$ 1,871,558	\$ 1,265,681	\$ 643,201	\$ 76,397	\$ --	\$ 66,232	\$ 8,217,087
--	--	--	--	--	--	--	132,956
--	--	--	--	--	61,440	--	61,440
--	--	--	--	--	2,962	--	2,962
--	--	--	--	--	--	--	230
--	--	--	--	--	--	--	1,303,111
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>910,983</u>
<u>\$ 1,570,632</u>	<u>\$ 1,871,558</u>	<u>\$ 1,265,681</u>	<u>\$ 643,201</u>	<u>\$ 76,397</u>	<u>\$ 64,402</u>	<u>\$ 66,232</u>	<u>\$ 10,628,769</u>
\$ 12,923	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 6,210	\$ 1,029,581
--	--	--	--	--	--	--	30,145
--	--	--	--	--	55,153	--	370,168
--	--	--	--	--	--	--	19,285
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>25,000</u>
<u>12,923</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>55,153</u>	<u>6,210</u>	<u>1,474,179</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>602,125</u>
1,557,709	1,871,558	1,265,681	643,201	76,397	9,249	60,022	8,588,198
--	--	--	--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(35,733)</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>\$ 1,570,632</u>	<u>\$ 1,871,558</u>	<u>\$ 1,265,681</u>	<u>\$ 643,201</u>	<u>\$ 76,397</u>	<u>\$ 64,402</u>	<u>\$ 66,232</u>	<u>\$ 10,628,769</u>

CITY OF DEERFIELD BEACH, FLORIDA

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

SEPTEMBER 30, 2021

	Building Permits Fund	Road and Bridge Tax Fund	CDGB Fund	SHIP Grant Fund	Miscellaneous Grants Fund	Parking Deviation Fund
Revenues						
Local option gas tax	\$ --	\$ 1,282,238	\$ --	\$ --	\$ --	\$ --
Local business taxes/permits	4,715,302	--	--	--	--	--
Intergovernmental	--	495,404	1,185,748	310,121	194,118	--
Charges for services	11,115	--	--	--	--	--
Fines and forfeitures	--	--	--	--	--	--
Impact fees	--	--	--	--	--	--
Investment earnings	--	151	--	--	--	--
Miscellaneous:	--	--	--	--	--	--
Donations/contributions	--	--	--	--	--	--
Administrative fees	--	430,139	--	--	--	--
Other	--	--	--	--	1,471,073	--
Total Revenues	<u>4,726,417</u>	<u>2,207,932</u>	<u>1,185,748</u>	<u>310,121</u>	<u>1,665,191</u>	<u>--</u>
Expenditures						
Current:						
Economic environment	--	--	1,070,051	371,059	1,241,266	--
Public safety	4,458,216	--	--	--	--	--
Human services	--	--	31,780	--	--	--
Physical environment	--	--	--	--	--	--
Transportation	--	1,869,839	--	--	--	--
Culture and recreation	--	--	--	--	--	--
Capital outlay	--	102,926	--	--	44,299	--
Total Expenditures	<u>4,458,216</u>	<u>1,972,765</u>	<u>1,101,831</u>	<u>371,059</u>	<u>1,285,565</u>	<u>--</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>268,201</u>	<u>235,167</u>	<u>83,917</u>	<u>(60,938)</u>	<u>379,626</u>	<u>--</u>
Other Financing Uses						
Transfers out	<u>(2,343,876)</u>	<u>--</u>	<u>(60,635)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>(2,343,876)</u>	<u>--</u>	<u>(60,635)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	<u>(2,075,675)</u>	<u>235,167</u>	<u>23,282</u>	<u>(60,938)</u>	<u>379,626</u>	<u>--</u>
Fund Balances - Beginning	<u>2,595,234</u>	<u>1,757,728</u>	<u>(59,015)</u>	<u>122,399</u>	<u>68,072</u>	<u>82,768</u>
Fund Balance - Ending	<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>

CITY OF DEERFIELD BEACH, FLORIDA

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

SEPTEMBER 30, 2021

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
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,282,238
--	--	--	--	--	--	--	4,715,302
--	--	--	--	--	--	--	2,185,391
71,724	--	--	62,896	--	--	--	145,735
--	--	261,646	--	146	64,402	12,462	338,656
--	244,801	--	--	--	--	--	244,801
--	--	--	--	--	--	--	151
--	--	--	--	--	--	--	--
121,457	--	--	--	7,350	--	--	128,807
--	--	--	--	--	--	--	430,139
--	--	--	--	--	--	--	1,471,073
<u>193,181</u>	<u>244,801</u>	<u>261,646</u>	<u>62,896</u>	<u>7,496</u>	<u>64,402</u>	<u>12,462</u>	<u>10,942,293</u>
--	--	--	--	--	--	--	2,682,376
--	--	--	--	6,526	--	57,435	4,522,177
--	--	--	4,575	--	--	--	31,780
--	--	--	--	--	--	--	4,575
--	--	--	--	--	--	--	1,869,839
27,875	--	--	--	--	--	--	27,875
--	--	--	--	--	--	--	147,225
<u>27,875</u>	<u>--</u>	<u>--</u>	<u>4,575</u>	<u>6,526</u>	<u>--</u>	<u>57,435</u>	<u>9,285,847</u>
<u>165,306</u>	<u>244,801</u>	<u>261,646</u>	<u>58,321</u>	<u>970</u>	<u>64,402</u>	<u>(44,973)</u>	<u>1,656,446</u>
--	--	--	--	--	--	--	(2,404,511)
--	--	--	--	--	--	--	(2,404,511)
165,306	244,801	261,646	58,321	970	64,402	(44,973)	(748,065)
<u>1,392,403</u>	<u>1,626,757</u>	<u>1,004,035</u>	<u>584,880</u>	<u>75,427</u>	<u>(55,153)</u>	<u>104,995</u>	<u>9,300,530</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>

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**

YEAR ENDED SEPTEMBER 30, 2021

	<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	\$ 1,282,238	\$ 48,033
Transit surtax	3,033,107	3,033,107	--	(3,033,107)
Intergovernmental	480,019	480,019	495,404	15,385
Investment earnings	5,000	5,000	151	(4,849)
Administrative fees	430,139	430,139	430,139	--
Total Revenues	<u>5,182,470</u>	<u>5,182,470</u>	<u>2,207,932</u>	<u>(2,974,538)</u>
Expenditures				
Current:				
Transportation	4,797,854	4,797,854	1,869,839	(2,928,015)
Capital outlay	465,041	465,041	102,926	(362,115)
Total Expenditures	<u>5,262,895</u>	<u>5,262,895</u>	<u>1,972,765</u>	<u>(3,290,130)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(80,425)</u>	<u>(80,425)</u>	<u>235,167</u>	<u>315,592</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>\$ 235,167</u>	<u>\$ 235,167</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

YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		(Budgetary Basis) Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 690,707	\$ 690,707	\$ 1,185,748	\$ 495,041
Total Revenues	<u>690,707</u>	<u>690,707</u>	<u>1,185,748</u>	<u>495,041</u>
Expenditures				
Current:				
Economic environment	643,360	643,360	1,070,051	426,691
Human services	72,930	72,930	31,780	(41,150)
Capital outlay	<u>163,993</u>	<u>163,993</u>	--	<u>(163,993)</u>
Total Expenditures	<u>880,283</u>	<u>880,283</u>	<u>1,101,831</u>	<u>221,548</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(189,576)</u>	<u>(189,576)</u>	<u>83,917</u>	<u>273,493</u>
Other Financing Sources (Uses)				
Transfers out	<u>(65,211)</u>	<u>(65,211)</u>	<u>(60,635)</u>	<u>4,576</u>
Net Change in Fund Balances	<u>\$ (254,787)</u>	<u>\$ (254,787)</u>	<u>\$ 23,282</u>	<u>\$ 278,069</u>

CITY OF DEERFIELD BEACH, FLORIDA

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

SEPTEMBER 30, 2021

	Firefighters' Pension Fund	Police Pension Fund	Non- Uniform Pension	Total Pension Trust Funds
Assets				
Investments:				
Money market funds	\$ 3,095,579	\$ 1,700,561	\$ 1,295,006	\$ 6,091,146
Fixed income	26,882,077	4,992,034	--	31,874,111
U.S. government and agency securities	13,544,967	4,727,331	7,904,423	26,176,721
Equity securities	83,884,806	29,526,391	32,450,173	145,861,370
Corporate bonds	4,111,195	1,735,051	7,118,523	12,964,769
Real estate funds	21,712,082	6,989,820	5,013,640	33,715,542
Self directed DROP accounts	2,403,070	--	--	2,403,070
Hedge fund	879,011	--	3,007,716	3,886,727
Total investments	<u>156,512,787</u>	<u>49,671,188</u>	<u>56,789,481</u>	<u>262,973,456</u>
Receivables:				
Interest and dividends	82,149	33,072	101,303	216,524
Due from participants	--	7,552	--	7,552
Contributions receivable (employer)	61,331	--	--	61,331
Pending trades	127,079	--	84,935	212,014
Total receivables	<u>270,559</u>	<u>40,624</u>	<u>186,238</u>	<u>497,421</u>
Total Assets	<u>156,783,346</u>	<u>49,711,812</u>	<u>56,975,719</u>	<u>263,470,877</u>
Liabilities				
Accounts payable	--	128,859	81,507	210,366
Accounts payable - purchase of investments	391,898	300,116	23,819	715,833
Total Liabilities	<u>391,898</u>	<u>428,975</u>	<u>105,326</u>	<u>926,199</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>\$ 156,391,448</u>	<u>\$ 49,282,837</u>	<u>\$ 56,819,589</u>	<u>\$ 262,493,874</u>

CITY OF DEERFIELD BEACH, FLORIDA

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

YEAR ENDED SEPTEMBER 30, 2021

	Firefighters' Pension Fund	Police Pension Fund	Non- Uniform Pension	Total Pension Trust Funds
Additions				
Contributions:				
Employer	\$ 6,299,087	\$ 2,335,897	\$ 1,372,990	\$ 10,007,974
Plan members	757,673	--	7,277	764,950
Chapter	557,148	738,278	--	1,295,426
Total contributions	<u>7,613,908</u>	<u>3,074,175</u>	<u>1,380,267</u>	<u>12,068,350</u>
Investment earnings:				
Interest and dividend revenue	3,334,625	2,091,555	1,275,263	6,701,443
Net appreciation in the fair value of investments	<u>28,676,079</u>	<u>8,832,803</u>	<u>8,259,412</u>	<u>45,768,294</u>
Total investment earnings	32,010,704	10,924,358	9,534,675	52,469,737
Less: investment expense	<u>(417,811)</u>	<u>(185,564)</u>	<u>(346,850)</u>	<u>(950,225)</u>
Net investment earnings	<u>31,592,893</u>	<u>10,738,794</u>	<u>9,187,825</u>	<u>51,519,512</u>
Miscellaneous	<u>--</u>	<u>228</u>	<u>28,671</u>	<u>28,899</u>
Total Additions	<u>39,206,801</u>	<u>13,813,197</u>	<u>10,596,763</u>	<u>63,616,761</u>
Deductions				
Benefit payments	8,755,521	4,569,021	5,351,359	18,675,901
DROP distributions	3,336,186	--	--	3,336,186
Share account distributions	135,947	532,827	--	668,774
Administrative expenses	<u>214,337</u>	<u>66,071</u>	<u>103,662</u>	<u>384,070</u>
Total Deductions	<u>12,441,991</u>	<u>5,167,919</u>	<u>5,455,021</u>	<u>23,064,931</u>
Change in Net Position	26,764,810	8,645,278	5,141,742	40,551,830
Net Position Restricted for Pension Benefits -				
Beginning of Year	<u>129,626,638</u>	<u>40,637,559</u>	<u>51,677,847</u>	<u>221,942,044</u>
End of Year	<u>\$ 156,391,448</u>	<u>\$ 49,282,837</u>	<u>\$ 56,819,589</u>	<u>\$ 262,493,874</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)**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental Activities										
Net investment in capital assets	\$ 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	\$ 54,762,079
Restricted	22,837,174	21,765,881	21,139,007	80,502,274	10,712,284	9,614,790	7,853,503	9,663,870	10,058,524	12,470,310
Unrestricted (deficit)	(49,937,888)	(56,699,883)	(60,647,204)	(143,581,097)	(33,718,932)	(28,967,707)	(31,131,872)	(615,504)	(4,979,499)	(4,231,887)
Total Governmental Activities Net Position	<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>	<u>\$ 63,000,502</u>
Business-type Activities										
Net investment in capital assets	\$ 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	\$ 48,786,203
Restricted	1,193,510	1,178,354	--	1,839,167	1,834,565	1,834,718	1,760,856	743,838	743,838	743,836
Unrestricted	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	28,999,074
Total Business-type Activities Net Position	<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>	<u>\$ 78,529,113</u>
Primary Government										
Net investment in capital assets	\$ 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	\$ 103,548,282
Restricted	24,030,684	22,944,235	173,140	82,341,441	12,546,849	11,449,508	9,614,359	10,407,708	10,802,362	13,214,146
Unrestricted	(31,018,262)	(38,106,048)	14,026,546	(135,569,437)	(4,601,854)	(2,253,815)	403,731	32,720,293	27,253,522	24,767,187
Total Primary Government Net Position	<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>	<u>\$ 141,529,615</u>

CITY OF DEERFIELD BEACH, FLORIDA

CHANGES IN NET POSITION

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental activities:										
General government	\$ 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	\$ 12,612,575
Economic environment	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	959,617
Public safety	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	50,047,068
Human services	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	2,140,927
Physical environment	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	4,050,701
Transportation	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	2,502,148
Culture and recreation	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	5,394,983
Interest on long-term debt	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	1,878,627
Total Governmental Activities Expenses	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	79,586,646
Business-type activities:										
Water and sewer utility	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	20,048,897
Solid waste	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	13,613,964
Stormwater utility	1,100,143	926,581	1,222,265	--	--	--	--	--	--	--
Total Business-type Activities Expenses	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	33,662,861
Total Primary Government Expenses	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	113,249,507
Program Revenues										
Governmental activities:										
Charges for services:										
General government	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	1,855,406
Public safety	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	15,661,078
Human services	77	196,219	84,130	100,229	56,573	50,140	10,020	29,316	12,699	327,856
Physical environment	172,293	350,471	634,542	343,511	183,105	189,872	355,326	286,215	185,794	1,191,226
Transportation	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	1,633,553
Culture and recreation	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	1,347,634
Operating grants and contributions:										
General government	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	5,813,834
Capital grants and contributions:	--	--	50,000	689,982	2,616,764	2,374,178	348,392	285,142	1,630,221	2,330,864
Total Governmental Activities	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	30,161,451
Business-type activities:										
Charges for services:										
Water and sewer	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	24,250,089
Solid waste	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	14,701,713
Stormwater utility	2,183,627	2,233,083	2,117,203	--	--	--	--	--	--	--
BUS-operating grants and contributions	71,705	126,990	--	--	--	--	--	--	--	--
Capital grants and contributions	--	--	--	--	398,300	--	64,452	45,899	111,699	27,539
Total Business-type Activities	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	38,979,341
Total Primary Government Program Revenues	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	69,140,792
Net (Expense) Revenue										
Governmental activities	(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)	(49,425,195)
Business-type activities	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	5,316,480
Total Primary Government Net Expense	\$ (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)	\$ (44,108,715)

CITY OF DEERFIELD BEACH, FLORIDA

CHANGES IN NET POSITION (CONTINUED)

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 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	\$ 27,073,004
Utility taxes	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	6,705,240
Sales taxes	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	4,123,936
Franchise taxes	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	8,652,572
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	1,289,074
Alcoholic beverage/mobile home license taxes	87,244	86,107	85,214	86,067	96,204	85,980	96,892	55,777	48,407	52,419
Intergovernmental	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	1,072,777
Unrestricted investment earnings	165,996	1,325,584	2,403,213	894,912	279,975	207,623	85,147	56,617	64,333	39,677
Miscellaneous revenues	492,195	2,128,836	1,454,295	2,187,154	730,852	380,032	1,797,415	166,676	166,419	176,178
Transfers	411,171	155,211	270,961	306,699	--	321,113	270,893	--	--	(477,187)
Total Governmental Activities	78,816,286	75,514,783	74,712,323	71,246,468	65,261,408	63,241,308	60,605,278	58,394,097	51,922,602	48,707,690
Business-type activities:										
Unrestricted investment earnings	47,444	708,666	1,112,080	493,611	237,770	168,703	59,880	55,312	45,401	27,383
Miscellaneous revenues	2,325	77,650	--	--	--	--	(46,381)	--	--	--
Transfers	(411,171)	(155,211)	(270,961)	(306,699)	(306,699)	(321,113)	(270,893)	(264,961)	(1,678,071)	477,187
Total Business-type Activities	(361,402)	631,105	841,119	186,912	(68,929)	(152,410)	(257,394)	(209,649)	(1,632,670)	504,570
Total Primary Government	78,454,884	76,145,888	75,553,442	71,433,380	65,192,479	63,088,898	60,347,884	58,184,448	50,289,932	49,212,260
Changes in Net Position										
Governmental activities	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)	(717,505)
Business-type activities	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	5,821,050
Total Primary Government	\$ 12,268,779	\$ (789,558)	\$ 29,397,265	\$ (3,452,111)	\$ (1,863,972)	\$ 6,028,754	\$ 9,748,629	\$ 6,210,103	\$ 1,838,028	\$ 5,103,545

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
2012	\$ 27,073,004	\$ 6,705,240	\$ 4,123,936	\$ 8,652,572	\$ 1,289,074	\$ 52,419	\$ 47,896,245
2013	28,188,611	7,343,575	4,394,070	8,959,809	1,285,882	48,407	50,220,354
2014	33,750,761	7,907,567	5,934,513	8,867,645	1,318,433	55,777	57,834,696
2015	35,512,381	7,976,554	4,875,615	6,832,413	1,353,883	96,892	56,647,738
2016	37,603,317	8,074,781	6,393,307	7,639,677	1,491,230	85,980	61,288,292
2017	39,732,879	8,307,025	5,062,149	7,648,226	1,416,578	96,204	62,263,061
2018	42,852,391	8,429,194	6,677,330	7,622,049	1,418,558	86,067	67,085,589
2019	45,215,722	8,709,365	5,321,474	7,840,494	1,427,609	85,214	68,599,878
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

CITY OF DEERFIELD BEACH, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS

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

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund										
Non-spendable	\$ 355,872	\$ 402,789	\$ 231,158	\$ 700,972	\$ 441,359	\$ 245,932	\$ 211,331	\$ 663,995	\$ 696,001	\$ 705,590
Assigned to:										
Unassigned	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	4,600,367
	<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>	<u>1,711,253</u>
Total General Fund	<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>	<u>\$ 6,311,620</u>
All Other Governmental Funds										
Unreserved, reported in:										
Non-spendable	\$ 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	\$ 1,217,499
Restricted	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	12,280,648
Assigned	5,258,898	2,341,276	--	--	--	--	--	--	--	--
Unassigned	<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>	<u>(245,058)</u>
Total All Other Governmental Funds	<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>	<u>\$13,253,089</u>

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Property taxes	\$ 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	\$ 34,252,646
Sales and use taxes	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	5,165,731
Fire assessment fees	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	8,090,526
Franchise fees	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	9,584,608
Utility taxes	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	1,282,238	1,203,827	1,427,609	1,418,558	1,416,578	1,491,230	1,353,883	1,285,882	1,289,074	1,283,545
Alcoholic beverage/mobile home license taxes	87,244	86,107	85,214	--	--	--	--	--	--	--
Local business taxes/permits	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	2,567,037
Intergovernmental	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	6,779,390
Charges for services	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	8,098,203
Fines and forfeitures	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	1,246,585
Impact fees	244,801	664,558	457,807	138,626	244,612	176,954	--	--	--	--
Investment earnings	165,996	1,325,584	2,403,213	894,911	279,974	207,695	85,191	64,333	39,677	78,154
Miscellaneous	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	5,918,709
Total Revenues	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	83,065,134
Expenditures										
General government	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	16,674,774
Economic environment	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	1,250,183
Public safety	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	48,742,790
Human services	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	2,085,353
Physical environment	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	3,263,916
Transportation	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	1,574,080
Culture and recreation	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	4,600,545
Capital outlay	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	9,607,475
Debt service:										
Principal retirement	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	2,285,825
Interest and fiscal charges	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	1,908,170
Fiscal agent fees and other fees	--	--	--	--	--	--	--	102,057	332,013	--
Total Expenditures	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	91,993,111
Excess of Revenues Over (Under) Expenditures	7,929,033	2,313,460	(1,576,758)	(168,979)	615,493	(1,008,251)	(113,143)	(7,656,284)	(7,268,936)	(8,927,977)
Other Financing Sources (Uses)										
Transfers in	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	4,954,400
Transfers out	(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	4,971,176
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)	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	9,925,576
Net Change in Fund Balances	\$ 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	\$ 997,599
Debt Service as a Percentage of Non-Capital Expenditures	3.21%	3.15%	3.46%	1.95%	2.04%	2.02%	1.94%	3.02%	2.82%	2.11%

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>
2012	\$27,771,349	\$ 6,705,240	\$ 5,432,787	\$ 8,704,150	\$ 1,289,074	\$ 52,419	\$49,955,019
2013	28,291,130	7,343,575	5,565,280	8,959,809	1,285,882	48,407	51,494,083
2014	33,750,761	7,907,567	5,934,513	8,867,645	1,318,433	55,777	57,834,696
2015	35,512,396	7,976,554	4,875,615	6,832,413	1,353,883	96,892	56,647,753
2016	37,603,317	8,074,781	6,393,307	7,639,677	1,377,907	85,980	61,174,969
2017	39,732,879	8,307,025	6,374,461	7,648,226	1,416,578	96,204	63,575,373
2018	42,852,391	8,429,194	6,677,330	7,622,049	1,418,558	86,067	67,085,589
2019	45,215,722	8,709,365	6,725,332	7,840,494	1,427,609	85,214	70,003,736
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

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
2012	\$ 6,085,548,562	\$ 392,877,631	\$ 1,636,113,175	\$ 4,842,313,018	5.7688	\$ 7,629,719,059	63.466%
2013	6,068,817,518	389,788,094	1,614,924,968	4,843,680,644	5.7688	7,605,089,169	63.690%
2014	6,282,449,796	398,719,587	1,673,533,699	5,007,635,684	6.7688	7,864,092,199	63.677%
2015	6,965,511,494	402,157,090	2,064,034,621	5,303,633,963	6.7688	8,646,548,680	61.338%
2016	7,575,534,000	428,708,115	2,347,582,606	5,656,659,509	6.6688	9,388,030,664	60.254%
2017	8,307,953,360	439,084,367	2,667,289,990	6,079,747,737	6.5007	10,961,317,366	55.465%
2018	8,926,809,490	449,468,620	1,425,792,130	7,950,485,980	6.5007	11,710,313,829	67.893%
2019	9,581,418,870	452,285,512	1,952,768,762	8,080,935,620	6.4810	12,993,128,014	62.194%
2020	10,703,956,100	456,247,845	1,536,709,678	9,623,494,267	6.3560	12,993,128,014	74.066%
2021	11,310,071,470	496,696,461	1,572,158,502	10,234,609,429	6.1416	13,755,438,418	74.404%

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			County			Overlapping Rates				North Broward Hospital District	South Florida Water Management District	Florida Inland Navigation District	Total Direct and Overlapping Rates
	Operating Millage	Service Millage	Total City Millage	Operating Millage	Service Millage	County Millage	School District		Children's Services					
							Debt	Total		Operating Millage				
2012	5.1865	0.5832	5.7697	5.1860	0.3670	5.5530	7.4180	--	7.4180	0.4789	1.8750	0.4363	0.0345	21.5654
2013	5.1856	0.5832	5.7688	5.2576	0.2954	5.5530	7.4560	--	7.4560	0.4902	1.8564	0.4289	0.0345	21.5878
2014	6.2317	0.5371	6.7688	5.44	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	0.3100	0.0320	20.7876
2019	6.1267	0.3740	6.5007	5.4792	0.1898	5.6690	6.2750	0.1279	6.4029	0.4882	1.0855	0.2936	0.0320	20.4719
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

Source: Broward County, Florida Property Appraiser

CITY OF DEERFIELD BEACH, FLORIDA

PRINCIPAL PROPERTY TAX PAYERS

CURRENT YEAR AND NINE YEARS AGO

	2021				2012			
	Taxable Assessed Valuation	Taxes	Rank	Percentage of Total Taxes Levied	Taxable Assessed Valuation	Taxes	Rank	Percentage of Total Taxes Levied
Florida Power & Light Co.	90,647,091	--	1	1.59	51,888,407	--	3	1.07%
Publix Super Markets Inc.	88,876,010	\$ --	2	1.56	\$ --	\$ --	-	
SCG Atlas Deercreek 11 LLC %	87,857,770	--	3	1.54	64,621,890	--	1	1.33%
Deerfield Beach ES Hotel LLC	69,909,930	--	4	1.23	--	--	-	
Weingarten Realty Investors	68,967,696	--	5	1.21	42,701,760	--	4	0.88%
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	--	--	-	
EQR-Waterways LLC	45,929,210	--	9	0.81	32,522,483	--	9	0.67%
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	\$ 654,362,154	\$ --		11.50	\$ 441,382,605	\$ --		9.11%

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
2012	2011	\$ 27,996,499	\$ 27,771,349	99.20%	\$ 36,493	\$ 27,807,842	99.33%
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%

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)**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Residential - Single Family	\$ 838,760	\$ 827,172	\$ 794,050	\$ 796,740	\$ 853,859	\$ 790,967	\$ 784,548	\$ 745,569	\$ 772,444	\$ 747,798
Residential - Multi-Family	894,770	710,714	663,433	753,441	763,095	1,006,073	1,084,878	1,063,107	1,123,024	1,063,976
Commercial	539,279	518,004	540,127	596,111	546,010	592,708	554,552	532,985	557,271	513,810
Irrigation	517,839	538,558	596,566	578,262	579,577	520,962	548,671	556,219	551,942	505,949
Hydrants	10,264	1,113	8,862	5,102	7,988	793	9,795	345	98	44
Total	<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>	<u>\$ 2,831,577</u>
Total Direct Rate Per 1,000 Gallons	\$ 5.35	\$ 5.84	\$ 6.41	\$ 5.47	\$ 2.65	\$ 2.65	\$ 2.65	\$ 2.65	\$ 2.65	\$ 2.65

Source: City of Deerfield Beach, Department of Financial Services

CITY OF DEERFIELD BEACH, FLORIDA

WATER AND SEWER RATES

LAST TEN FISCAL YEARS

Fiscal Year Ending September 30,	Water		Sewer	
	Monthly Base Rate		Monthly Base Rate	
2012	\$ 15.00	\$ 2.65	\$ 10.98	\$ 2.71
2013	15.00	2.65	10.98	2.71
2014	15.00	2.65	10.98	2.71
2015	15.00	2.65	10.98	2.71
2016	15.00	2.65	10.98	2.71
2017	15.00	2.65	10.98	2.71
2018	15.00	2.65	10.98	2.71
2019	15.00	2.65	10.98	2.71
2020	15.00	2.65	10.98	2.71
2021	15.00	2.65	10.98	2.71

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

Source: City of Deerfield Beach, Customer Service

CITY OF DEERFIELD BEACH, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita	Population	Personal Income
	General Obligation Bonds	Covenant Bonds	Capital Leases	Water and Sewer Bonds	Capital Leases	Loans and Notes					
2012	\$ 22,369,937	\$ 12,670,000	\$ 479,369	\$ 15,426,772	\$ 2,607,256	\$ 17,798,020	\$ 71,351,354	4.02%	934	76,389	\$ 1,776,923,000
2013	21,128,368	25,265,000	231,996	14,827,383	1,760,609	16,388,471	79,601,827	4.33%	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	7,579,659	98,921,245	4.79%	1244	79,497	2,066,445,000
2020	12,877,338	55,153,304	3,458,318	9,678,126	10,309,198	5,882,575	97,358,859	4.18%	1124	81,066	2,179,216,212
2021	11,785,277	53,662,414	2,250,967	8,733,448	9,880,254	4,165,505	90,477,865	3.87%	1048	86,339	2,335,728,967

Source: City of Deerfield Beach, Financial Services Department

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		
2012	\$ 22,369,937	\$ 290,782	\$ 22,079,155	0.29%	\$ 289.04
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	0.10%	89.00

Source: City of Deerfield Beach, Financial Services Department

CITY OF DEERFIELD BEACH, FLORIDA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2021

	Debt Outstanding ⁽¹⁾	Estimated Percentage Applicable	Estimated Share of Overlapping Debt ⁽²⁾
Direct Debt			
General obligation bonds	\$ 11,785,277	100.00%	\$ 11,785,277
Covenant bonds ⁽³⁾	53,662,414	100.00%	53,662,414
Capital leases	<u>2,222,334</u>	100.00%	<u>2,222,334</u>
Total Direct Debt	<u>67,670,025</u>		<u>67,670,025</u>
Overlapping Debt			
School Board of Broward County, Florida:			
Certificates of participation	1,319,468	0.06%	818
Capital leases	<u>89,344</u>	0.06%	<u>55</u>
Subtotal, Overlapping Debt	<u>1,408,812</u>		<u>873</u>
Total Direct Debt and Overlapping Debt	<u>\$ 69,078,837</u>		<u>\$ 67,670,898</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, 2021.

(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		Net Revenue Available for Debt Service	Debt Service Requirements			Coverage ^(D)
	Revenues ^(A)	Expenses ^(B)		Escrow or Principal	Interest	Total ^(C)	
2012	\$ 24,839,275	\$ 14,564,201	\$ 10,275,074	\$ 1,936,139	\$ 1,359,143	\$ 3,295,282	3.12
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	2,661,747	447,769	3,109,516	2.91
2021	23,596,878	15,312,199	8,284,679	2,823,409	324,925	3,148,334	2.63

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, 2021

	FY 2021	TY 2020	Prior Two- Year Average
Revenues			
Total governmental funds	\$ 125,030,831	\$ 121,493,509	123,262,170
Less: Ad valorem tax revenues	(46,864,226)	(44,281,635)	(45,572,931)
Incremental tax revenues	<u>(4,398,111)</u>	<u>(4,027,757)</u>	<u>(4,212,934)</u>
Total Governmental Non-Ad Valorem Revenues	73,768,494	73,184,117	73,476,306
Less: restricted funds:			
Community Redevelopment Agency	(3,080)	(36,509)	(19,795)
General Construction Fund	(741,873)	(549,805)	(645,839)
Non-major governmental funds	<u>(11,146,607)</u>	<u>(12,445,997)</u>	<u>(11,796,302)</u>
Adjusted Non-Ad Valorem Revenues	<u>61,876,934</u>	<u>60,151,806</u>	<u>61,014,370</u>
Expenditures			
Essential expenditures			
Public Safety	\$ 71,241,015	\$ 71,277,001	71,259,008
General government	<u>14,173,917</u>	<u>14,636,010</u>	<u>14,404,964</u>
Total Essential Expenditures	85,414,932	85,913,011	85,663,972
Less: Ad valorem revenues available to pay essential expenditures	<u>(46,864,226)</u>	<u>(44,281,635)</u>	<u>(45,572,931)</u>
Adjusted Essential Expenditures	<u>38,550,706</u>	<u>41,631,376</u>	<u>40,091,041</u>
Net Non Ad-Valorem Revenues Available for Debt Service	<u>\$ 23,326,228</u>	<u>\$ 18,520,430</u>	<u>\$ 20,923,329</u>
Adjustments			
Ad valorem revenue restricted for debt service	<u>\$ 2,493,150</u>	<u>\$ 2,653,195</u>	<u>\$ 2,573,173</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			\$ 20,923,329
Maximum annual non-ad valorem debt service			\$ 2,000,000
Coverage			1046.17%
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			\$ 106,420,116
Maximum annual non-ad valorem debt service			\$ 2,000,000
Coverage			1.88%

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⁾
2012	76,389	\$ 1,776,923	\$ 23,262	44.2	8,422	10.8%
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%

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	2021			2012		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Publix Corporation	2,579	1	7.04%	1,518	1	3.41%
JM Family Enterprises	1,354	2	3.69%	1,086	3	2.54%
Broward Health North	1,100	3	3.00%	1,305	2	3.06%
City of Deerfield Beach	538	4	1.47%	467	6	1.09%
UPS	460	5	1.26%	515	5	1.30%
Target	455	6	1.24%	--		0.00%
Republic National Distribution	390	7	1.06%	325	7	0.00%
Peoples Trust	358	8	0.98%	--		0.00%
List Industries	240	9	0.65%	220	9	0.56%
Broward Sheriff Office	132	10	0.36%	310	8	0.79%
Sun-Sentinel	--		0.00%	752	4	1.73%
MAPEI	--		0.00%	--		0.00%
Medics Ambulance Services	--		0.00%	114	10	0.35%
Totals	<u>7,606</u>			<u>6,612</u>	N/A*	<u>14.83%</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	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General government	60	60	64	62	60	66	73	63	64	66
Public safety:										
Police:	--									
Uniformed	132	135	135	135	130	127	127	126	126	126
Civilians	17	17	17	17	42	42	45	45	46	43
Fire/Rescue:										
Firefighters and officers	146	146	146	145	141	139	138	147	143	154
Bldg. inspection services	--	--	--	--	--	--	--	16	19	18
Civilians	1	1	1	1	2	5	5	6	2	2
Economic environment	2	2	2	2	2	1	1	1	1	1
Culture and recreation	90	84	53	53	94	75	72	66	70	64
Human services	28	28	23	22	39	40	39	40	39	38
Public works administration	--	--	--	--	--	--	--	--	--	--
Grounds maintenance	4	4	4	4	42	39	36	37	31	38
Parks	11	11	7	5	7	7	10	10	7	7
Water and sewer	104	105	81	81	69	56	60	58	58	60
Solid waste	69	75	68	68	68	75	64	54	55	53
Transportation:										
Street maintenance	<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>	<u>10</u>
Total	<u><u>679</u></u>	<u><u>679</u></u>	<u><u>612</u></u>	<u><u>610</u></u>	<u><u>710</u></u>	<u><u>683</u></u>	<u><u>682</u></u>	<u><u>680</u></u>	<u><u>671</u></u>	<u><u>680</u></u>

Source: City of Deerfield Beach, Financial Services Department

CITY OF DEERFIELD BEACH, FLORIDA

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Public Safety										
Police										
Physical arrests	1,563	1,298	2,136	2,552	2,600	2,616	2,563	2,729	2,435	2,432
Parking violations	17,116	14,803	18,474	17,413	17,982	19,980	20,084	15,315	15,248	16,603
Traffic violations	16,007	11,354	17,361	14,031	15,402	17,220	17,631	17,382	11,214	17,357
Fire/Rescue										
Number of emergency responses	16,485	15,531	15,927	15,472	11,642	15,458	15,217	14,606	21,005	229,146
Inspections	3,702	2,879	2,651	3,193	2,420	3,916	7,653	5,332	5,400	7,033
Fire extinguished	127	118	130	145	185	162	139	152	162	115
Transportation										
Street maintenance:										
Streets resurfacing (miles)	6	20	11	--	--	--	22	28	13	--
Potholes repaired	117	427	403	577	436	200	204	556	800	1,800
Sidewalk repaired (feet)	3,430	4,383	4,781	3,911	2,894	3,920	8,555	5,705	12,000	13,900
Transit Services										
Total route miles	1,595	89,674	143,705	148,424	116,317	140,124	106,942	142,690	64,570	99,846
Number of trips	329	41,949	71,996	43,020	79,836	86,048	91,902	97,743	87,205	25,368
Physical Environment										
Number of burials	151	153	121	125	104	112	110	122	113	84
Culture and Recreation										
Athletic field permits issued	106	36	--	116	1,682	1,344	493	246	65	99
Number of participants in arts and education classes	1,500	1,500	6,217	2,560	2,015	6,144	5,684	5,498	13,625	3,500
Number of special event permits issued	156	57	70	115	81	76	88	192	121	129
Attendance at special events	49,990	99,513	275,677	325,000	336,644	292,000	285,500	298,530	231,995	224,000
Human Services										
Childcare:										
Average daily attendance	--	12	15	12	18	12	10	12	15	13
Number of meals served	--	9,235	6,302	18,505	15,098	18,467	18,381	15,785	20,491	15,639
Adult daycare:										
Average daily attendance	--	4	4	31	31	5	7	7	8	7
Alzheimer's daycare:										
Average daily attendance	--	34	34	151	139	28	24	27	25	18
Water										
New connections	20	30	287	34	32	5	10	10	8	12
Water main breaks	8	17	192	60	36	40	13	12	53	39
Average daily consumption (millions of gallons)	10	9	--	--	10	9	9	9	9	9
Permitted raw water withdrawal	14	14	--	9	17	12	14	14	14	14
Sewer										
Average daily sewage treatment (thousands of gallons)	5,664	5,900	5,324	5,796	7,000	7,000	7,000	7,000	7,000	7,000
Solid Waste										
Refuse collected (tons/day)	333	433	371	464	260	402	276	247	251	246
Recyclables collected (tons/day)	--	23	25	35	29	49	27	33	29	25

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	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Public Safety										
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	130	130	130	130	130	130	130	126	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	8
Fire engines	4	4	4	4	4	4	4	4	4	6
Ladder/heavy squad trucks	--	--	1	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	135
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	70	70	70	70	68	68	68	68
Culture and Recreation										
Parks acreage	398	398	398	298	398	398	345	338	317	324
Parks acreage	52	52	52	52	52	52	44	35	34	33
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	2	2	2
Water										
Water main (miles)	234	234	234	234	234	234	232	232	232	232
Maximum daily capacity (millions of gallons)	24	24	24	24	24	24	24	24	35	35
Sewer										
Sanitary sewers (miles)	136	136	136	136	136	136	137	137	137	137
Storm sewers (miles)	48	48	48	48	48	48	48	48	48	48
Average daily treatment capacity (thousands of gallons)	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400
Solid Waste										
Collection trucks	42	42	23	23	23	23	23	28	32	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 year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 24, 2022. 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item SD 2018-002 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

City's Response to Findings

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

Purpose of this Report

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

Marcum LLP

Fort Lauderdale, FL
June 24, 2022

**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

We have audited the City of Deerfield Beach, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended September 30, 2021. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended September 30, 2021.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 24, 2022, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors who audited the pension trust funds, as described in our report on the City's financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Marcum LLP

Fort Lauderdale, FL
June 24, 2022

CITY OF DEERFIELD BEACH, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Federal Agency, Pass-Through Entity Federal Program	AL No.	Contract/Grant Number	Expenditures
<i>U.S. Department of Health and Human Services</i>			
Indirect Programs:			
Pass-through the Broward County - Department of			
Elder Affairs:			
Special Programs for the Aging			
Title III, Part C - Nutrition Services Incentive Program	93.045	JB8311F-06-2021	\$ 3,781
Title III, Part C - Nutrition Services Incentive Program	93.045	JB8311F-06-2021	1,403
			<u>5,184</u>
Title III, Part B - Grants for Supportive Services and Seniors Centers	93.044	JA 121-06-2021	46,750
Title III, Part B - Grants for Supportive Services and Seniors Centers - COVID-19	93.044	JA 121-06-2021	16,065
			<u>62,815</u>
<i>Total Special Programs for the Aging Cluster</i>			<u>67,999</u>
Low-Income Home Energy Assistance Program Grants (EHEAP)			
Home Energy Assistance	93.568	JP119-06-2020	3,008
Home Energy Assistance	93.568	JPC20-06-2021	8,945
			<u>11,953</u>
Title III, Part E - National Family Caregiver Support	93.052	JA 120-06-2020	315
Title III, Part E - National Family Caregiver Support	93.052	JA 121-06-2021	2,589
Title III, Part E - National Family Caregiver Support - COVID-19	93.052	JA 121-06-2021	1,739
			<u>4,643</u>
<i>Total U.S. Department of Health and Human Services</i>			<u>84,595</u>
<i>U.S. Department of Housing and Urban Development</i>			
Direct Programs:			
Community Development Block Grant (CDBG):			
CDBG Entitlement Cluster	14.218	B18MC120046	26,935
CDBG Entitlement Cluster	14.218	B19MC120046	208,150
CDBG Entitlement Cluster	14.218	B20MC120046	777,835
CDBG Entitlement Cluster (COVID-19)	14.218	B20MW 120046	149,547
			<u>1,162,467</u>
<i>Total Community Development Block Grant (CDBG) Entitlement Cluster</i>			<u>1,162,467</u>
Community Housing Development Organization:			
Home Rehabilitation Program	14.239	N/A	144,060
			<u>144,060</u>
<i>Total U.S. Department of Housing and Urban Development</i>			<u>1,306,527</u>
<i>U.S. Department of Homeland Security</i>			
Indirect Program:			
Passed through State of Florida			
Division of Emergency Management - Disaster Relief Funding, Hurricane Irma	97.036	4337	118,199
Division of Emergency Management - Disaster Relief Funding, Hurricane Dorian	97.036	4468	2,997
			<u>121,196</u>
Passed through Florida Division of Emergency Management			
Disaster Grants - Public Assistance, Flood Mitigation	97.036	B0057	78,000
			<u>78,000</u>
<i>Total U.S. Department of Homeland Security</i>			<u>199,196</u>
<i>U.S. Department of Justice</i>			
Direct Program:			
Emergency Supplemental Funding Program (COVID-19)	16.034	2020-VD-BD1705	62,401
			<u>62,401</u>
<i>Total U.S. Department of Homeland Security</i>			<u>62,401</u>
<i>U.S. Department of Treasury</i>			
Direct Programs:			
Coronavirus State and Local Fiscal Recovery Fund	21.027	N/A	49,475
			<u>49,475</u>
<i>Total U.S. Department of Treasury</i>			<u>49,475</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 1,702,194</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 YEAR ENDED SEPTEMBER 30, 2021

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 year ended September 30, 2021. 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 YEAR ENDED SEPTEMBER 30, 2021

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 major programs:

<u>Federal Program</u>	<u>AL No.</u>
Community Development Block Grants	
Entitlement Cluster	14.218

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 YEAR ENDED SEPTEMBER 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY

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

Criteria

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

Condition

The City is currently not performing its monthly and annual financial reporting closing process in a timely manner. We commenced audit fieldwork on January 20, 2020 for the audit of the year ended September 30, 2019, and many general ledger accounts were not properly reconciled or recorded. We commenced audit fieldwork on January 18, 2021 for the audit of the year ended September 30, 2020, and many general ledger accounts were not properly reconciled or recorded. This resulted in several entries subsequent to receiving the trial balances.

Cause

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

Effect

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

Prior Year's Recommendation

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

CITY OF DEERFIELD BEACH, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

SIGNIFICANT DEFICIENCY (CONTINUED)

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

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

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

Current Year Status

Due to various reasons, not limited to; a transition of management in the finance department and COVID-19, a timely close of annual financial reporting closing processes was not addressed in the current year. We commenced audit fieldwork phase on January 10, 2022 for the audit of the year ended September 30, 2021, and many general ledger accounts were not properly reconciled and several transactions were pending to be recorded. This resulted in several entries subsequent to receiving the trial balances and a delay in the completion of the audit procedures.

Current Year’s Recommendation

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

Current Year’s Views Responsible Officials and Planned Corrective Actions

See accompanying Corrective Action Plan.

CITY OF DEERFIELD BEACH, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED SEPTEMBER 30, 2021

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

CITY OF DEERFIELD BEACH, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

I. PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND STATUS

MATERIAL WEAKNESS

MW2020-001 - was addressed and the finding was not repeated.

SIGNIFICANT DEFICIENCY

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

SD 2020-002 - 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 year ended September 30, 2021, and have issued our report thereon dated June 24, 2022. We did not audit the financial statements of the Pension Trust Funds, which represent 94%, 95% and 85%, 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; and 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 June 24, 2022, 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 2020-002 and MLC 2021-001 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, please see Appendix A.

Purpose of this Letter

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

Marcum LLP

Fort Lauderdale, FL
June 24, 2022

CITY OF DEERFIELD BEACH, FLORIDA

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

FOR THE YEAR ENDED SEPTEMBER 30, 2021

No.	Current Year’s Observations	Observation Is Still Relevant	Observation Addressed or No Longer Relevant
MLC 2021-001	Utility Billing – Solid Waste Rate		
No.	Prior Year’s Observations		
MLC 2020-001	Utility Billing – Utility Tax 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 YEAR ENDED SEPTEMBER 30, 2021

MLC 2021-001 –UTILITY BILLING – SOLID WASTE RATE

Criteria

All utility bills should be processed with the authorized rates listed in the appropriate Ordinance approved by City Commission.

Condition

During the utility billings and collections testing, the auditor noted one discrepancy, out of a sample of 25 selections tested, between the authorized solid waste rate being charged/billed to customers. Additional testing selections were made, and no further exceptions were identified. The exception related to the solid waste charge not being updated to reflect the most recent approve ordinance rate charged to a customer.

Cause

After discussion with the City and review of supporting documentation provided, it appears there was an error when updating the customer profile in the City’s utility billing system and not activating the new solid waste rate charge for the particular account.

Effect

Improper billing rates could create “over-billing(s)” and “under-billing(s)”; in this case, an under billing in the amount of \$0.94.

Recommendation

Marcum recommends that an internal control be developed to ensure that accurate data is input into the utility billing system and that an internal review be performed to ensure the above discrepancy is an isolated instance. Authorized rates used by the Utility Billing Division, should be reviewed and compared against the corresponding ordinance(s). This should reduce the incidence of discrepancies between the authorized rates per approved ordinance and the rates charged/billed on City customer's utility bills.

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 YEAR ENDED SEPTEMBER 30, 2021

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, 2021, it was noted that the Solid Waste fund had a deficit net position/fund balance of \$9,673,893. The Solid Waste fund has an ending deficit net position fund balance of \$11,800,689, \$7,403,536, \$9,418,532 and \$611,423 as of September 30, 2020, 2019, September 30, 2018 and September 30, 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 year ended September 30, 2021. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

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

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

In our opinion, the City complied, in all material respects, with Section 218.415 Florida Statutes, for the year ended September 30, 2021.

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
June 24, 2022





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

Management agrees with the recommendations and has taken steps to correct this deficiency. Improvements done include ending the use of a 3rd party financial reporting software reducing the added layer of complexity and building on our partnership with the auditors in the development of the financial reporting. It was a lengthy labor-intensive process to make the conversion from the 3rd party software. With the conversion and reconciliations completed, we are not expected that workload effort going forward. In addition, the City has upgraded our financial systems of record during fiscal year 2022. Finally, improvements have been seen with the implementation of the Monthly Reconciliation Check List as per our Accounting Policies and Procedures Manual. Improvements in better organization, tracking, and monitoring of account reconciliations have been seen.

MLC 2021-001 – Utility Billing – Solid Waste Rate

Management acknowledges and is aware that the item resulted in a minor underbilling to the customer due to a data entry error. Management has implemented an internal control function where all rate adjustments are entered by the Revenue Collections Manager with review and sign-off by the Financial Services Manager. Financial Services Department is also collaborating with the Information Technology Department to develop the necessary reports to facilitate a more complete review and development of exception reporting.

MLC2020-002 – 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 will include multi-year operating expense projection along with a Capital Improvement Program Funding Plan. The study is slated to be completed towards the end of FY2022. Once the study is completed, management will propose steps to implement a multi-year funding plan that will include reducing the fund balance deficit.



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 Ordinances 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 AND SUBSCRIBED before me this 15 day of June, 2022.


 NOTARY PUBLIC
 Print Name Roseann LoBracco

Personally known or produced identification _____

Type of identification produced: _____

My Commission Expires: Mar. 13, 2023

