

## Old School Square Parking Garage



Photo courtesy of Dolores Egan Re-Image Photo

**CITY OF DELRAY BEACH, FLORIDA**  
**Comprehensive Annual Financial Report**  
**For the Year Ended**  
**September 30, 2007**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**City of Delray Beach, Florida**

Year Ended September 30, 2007  
with Report of Independent Certified Public Accountants

# Comprehensive Annual Financial Report

## City of Delray Beach, Florida

Year Ended September 30, 2007  
with Report of Independent Certified Public Accountants

Prepared by the

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Comprehensive Annual Financial Report  
Year Ended September 30, 2007

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# Introductory Section



# CITY OF DELRAY BEACH



100 N.W. 1st AVENUE

• DELRAY BEACH, FLORIDA 33444

• 561/243-7000

March 21, 2008

1993 To the Honorable Mayor and  
2001 City Commission  
City Manager  
City Staff  
Citizens and Friends of Delray Beach  
Delray Beach, Florida

Ladies and Gentlemen:

It is with pleasure that we present to you the Comprehensive Annual Financial Report (CAFR) of the City of Delray Beach for the fiscal year ended September 30, 2007. This report was prepared by the Finance Department and responsibility for the accuracy, completeness and the fairness of the data as presented rests with the City. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the respective changes in financial position and cash flows where applicable thereof of the City. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs and condition have been included.

The City of Delray Beach offers the readers of their financial statements the MD&A which is an overview and analysis of financial activities for the fiscal year ended September 30, 2007. **This analysis is considered "required supplementary information" for the annual audit and we encourage readers to review and consider this when presented with additional information provided in the financial statements.**

## **PRIMARY GOVERNMENT AND COMPONENT UNITS**

This report includes all funds of the primary government (the City of Delray Beach) and all organizations and component units for which the City is financially accountable including the following:

- **South Central Regional Wastewater Treatment and Disposal Board (SCRWTDB)** - this entity was established as a joint venture with equity interests between the cities of Delray Beach and Boynton Beach on December 26, 1974, and is therefore accounted for using the equity method in the financial statements. This agreement created a legal entity which provides wastewater treatment and disposal services to the south central region of Palm Beach County without regard to political or governmental boundaries. The Board is governed by a body composed of the Commission members of each city.
- **Community Redevelopment Agency (CRA)** - this entity is a component unit of the City of Delray Beach and, based upon accounting and reporting criteria, is required to be discretely presented within the financial statements. Discrete presentation requires that the financial information will be presented in columns separate from that of the City's basic financial statements. The CRA is a dependent special district established by the City of Delray Beach under authority granted by Florida Statute Chapter 163, Part III. It is a legally separate entity established by Ordinance 46-85 passed by the Delray Beach City Commission on June 18, 1985. The CRA is governed by a seven member board appointed by the City Commission of the City of Delray Beach.

- **Downtown Development Authority (DDA)** - this entity is also a component unit of the City of Delray Beach and is also required to be discretely presented within the financial statements. The DDA was created after the City petitioned the State of Florida. An Act allowing the DDA became law on March 22, 1971. The original boundary of the DDA was established by Section 3, Chapter 71-604 Laws of Florida 1971. The expanded boundary was established by Chapter 94-476 Laws of Florida effective May 13, 1994.

### **THE CITY OF DELRAY BEACH**

The City of Delray Beach is a political subdivision of the State of Florida and is located in the southeastern part of the state in Palm Beach County. Delray Beach was first settled as an agricultural community in 1895 and first incorporated in 1911. It was later incorporated as the City of Delray Beach on May 11, 1927. The City has a current estimated permanent population of 64,360 (2000 census permanent population was 60,020) with another estimated 12,600 seasonal residents.

The current total land area of the City is 16.5 square miles. Delray Beach is primarily residential (58%) with a balance of commercial (10%), light industrial (4%), vacant and agricultural (11%), recreation and open space (13%) and education and government facilities (4%). It is a mature community with 97.8% build-out (based upon land area) and, therefore, its focus is not upon growth, but upon quality development of remaining vacant areas and redevelopment of areas in a state of decline or deterioration. This would include the redevelopment of commercial and industrial areas which are no longer functionally competitive in the regional marketplace.

The City of Delray Beach is a Commission-Manager form of local government. The citizens elect a Mayor every two (2) years who presides over four (4) Commissioners who are elected for two (2) year terms in alternating years. The City Commission appoints the City Manager, who is the Chief Operational Officer of the City, and the City Attorney, who acts on all legal matters pertaining to the City. The City Manager is charged with overseeing the business of the City and is responsible for the supervision of the City departments and employees.

The City of Delray Beach is considered a full service municipality providing citizens with police, fire, emergency medical services including transport, parks and recreation, beach lifeguards, public works, water, sewer, garbage and trash, community improvement and inspection services along with planning, personnel, management and financial support services. The City also provides services to unincorporated areas and adjacent municipalities. Water, fire protection, emergency medical services, emergency police dispatch services, and limited sewer services are provided to the Town of Gulfstream. Sewer services, fire protection and emergency medical services and limited water services are provided to the Town of Highland Beach. Both areas are serviced on a contractual basis.

The City encourages the participation of residents and business owners in educational forums, discussing problems within our community, and in contributing their input into resolving these problems. One venue for this is the Annual Town Hall Meeting (including an Annual Citizen's Roundtable and Infrastructure Hearing) held each year prior to the annual budget process which includes a comprehensive report on the prior year accomplishments of the Planning and Zoning Board, the Community Redevelopment Board and the City of Delray Beach including the distribution of the City's Annual Report. Other venues include area-wide meetings with neighborhood associations, established committees, charettes, a Resident's Academy, a Student's Academy, a Speaker's Bureau and special meetings along with neighborhood newsletters and information provided monthly on customer utility bills. This coming year will include a new Budget Task Force Committee and a Green Task Force Committee.

Delray Beach is known locally, regionally and nationally for its special events and vibrant downtown activities. Over the past year, there were over 50 special events including the Green Market in the Park, Art and Jazz on the Avenue, Garlic Fest, Roots Cultural Festival, U.S.T.A. Boy's and Girl's National Tennis Championship, The U.S.T.A. Boy's 18 and 16 Clay Court National Championships, women's Federation Cup tennis quarter finals with Lindsay Davenport and the William's sisters, the ATP International Tennis Championships (ITC) has been in Delray for the past eight years, and the Chris Evert Pro-Celebrity Tennis Classic charity tournament. The 45<sup>th</sup> Annual Delray Affair attracted over 150,000 visitors over a three-day period. The 4<sup>th</sup> of July fireworks display attracted over 40,000 observers. The City displayed its 100-foot Christmas tree and had over 25,000 attend its First Night event at Old School Square. There are numerous musicals, parades, shows, art and craft festivals, movies, lectures, exhibits, performances and other special activities.

The Delray Beach Golf Club, designed by Donald Ross in 1923, is one of Palm Beach County's finest public golf courses, clubhouse, restaurant, and pro shop facilities. The Lakeview Golf Course is another public golf course which is an executive course favored by many senior citizens and casual golfers.

The City of Delray Beach has received the prestigious honor of being recognized as an All-America City in both 1993 and 2001. The City was also a finalist in the 1998 All-America City award competition. The City of Delray Beach is the only city in Florida to have received this prestigious honor twice.

The City of Delray Beach celebrated its 30<sup>th</sup> year in Sister's Cities Program relationship with Miyazu, Japan and a more current relationship with Moshi, Tanzania, Africa.

The **Public Information Office** is responsible for producing and publishing all general City public communications to include monthly newsletters, bi-lingual pamphlets, radio communications, website information, the Hometown Connection (bi-monthly newsletter), information to utility bill customers, community television, emergency radio and the coordination of the City's Speaker Bureau where elected officials, the City Manager, Department Heads and other key employees present information to neighborhood organizations.

The **Finance Department** has received the prestigious "Certificate of Achievement for Excellence in Financial Reporting" award for twenty three (23) consecutive years and also received the "Distinguished Budget Presentation" award for twenty one (21) consecutive years from the Government Finance Officers Association of the United States and Canada.

The **Fire Department** currently maintains an Insurance Services Office (ISO) Class 2 rating for the Public Protection Classification Program (PPC). Only 23 cities out of 809 fire departments in the State of Florida have the distinction of being awarded this superior rating. The Fire Department has a main fire station and four (4) other stations throughout the City and one (1) station in Highland Beach, a neighboring community. This department trained over 8,000 citizens in specialized life saving procedures including cardiopulmonary resuscitation (CPR), drowning prevention, automatic external defibrillation (AED), fire safety, injury prevention and hurricane preparation. Fire Station No. 4 at the corner of Barwick and Lake Ida Road was recently demolished and a new station will be built in 2008. This station was severely damaged in Hurricane Wilma. We had over 12,100 fire/rescue calls this year with over 6,000 patients transported to hospitals.

The **Police Department** received official accredited status by the Commission for Florida Law Enforcement Accreditation (CFA) in October, 2004. The CFA reviews all aspects of an agency's policies and procedures, management, operations, and support services to determine compliance with recognized standards of excellence. This on-site assessment is conducted jointly with assessors from the Commission on Accreditation for Law Enforcement Agencies (CALEA), the national accrediting body for law enforcement accreditation. There are approximately 276 national standards for state accreditation. This accreditation is held in the highest esteem by the criminal justice community. This department is primarily responsible for the Delray Youth Vocational Charter School which teaches at-risk students job and life skills. The Police Department received the 2006 Thomas H. Muehlenbeck Award for Excellence in Local Government for this project. The City has over 500 volunteers involved in various enforcement activities accounting for over 43,600 hours of service. We had over 39,000 calls for police service this year.

The **Parks & Recreation Department** is one of only 26 agencies that have received national accreditation from the Commission for Accreditation of Park and Recreation Agencies (CAPRA). This award was announced in Washington, D.C. at the 2000 National Recreation and Parks Association (NRPA) Mid-Year Forum and Legislative Conference. National accreditation requires park and recreation agencies to respond to 153 different standards which represent elements of effective and efficient park and recreation operations. The department received re-accreditation in 2005.

The Parks & Recreation Department is responsible for the maintenance and improvement of 18 parks, municipal beach, municipal marina, multiple community activity centers, the 505 Teen Center and the municipal cemetery. This department, with partial funding from the Children's Services Council and the Center Based Child Care Grant, has developed an active outreach program for after school activities for children that are unsupervised following their completion of the school day. There are presently over 300 children in this program. This department has an active program to assist at-risk students. We had over 301,000 visitors to our parks and recreation centers this year.

The **Community Improvement Department**, in conjunction with the Community Redevelopment Agency (CRA), has been funding programs from State and Federal grants and City funds to provide affordable housing and rehabilitation assistance with low interest loans. The City, in its effort to promote redevelopment, has implemented or assisted in the development of various programs to assist property owners in the rehabilitation of their property. The Bootstrap Program is financed through General Fund revenues. Federal HOPE 3 and Housing and Urban Development (HUD) CDBG grants and State of Florida State Housing Initiative Partnership (SHIP) grants and County HOME grants or matching funds, assist those qualified persons wanting homeownership or existing homeowners who want to improve their property.

## **CURRENT MAJOR INITIATIVES**

### **Hurricane Impact**

The City of Delray Beach was impacted by three (3) hurricanes three years ago. Hurricane Charlie on the west coast did not impact Delray Beach directly but required us to send Police, Fire, Parks & Recreation and Utility crews to the devastated areas to assist other communities in their recovery efforts. Hurricane Frances and Jeanne did impact the City of Delray Beach with primarily debris removal costs, minor building damage and power outages. The City experienced over \$5 million in costs. The Federal Emergency Management Agency, Florida Department of Transportation and the State of Florida reimbursed approximately 95% of these costs. The City is appealing one issue with FEMA in the amount of \$494,000 for debris removal. If FEMA does not accept this appeal, we will recover these funds from the debris contractor.

The City was impacted by Hurricane Wilma two years ago with debris removal costs, building and equipment damage, damage to facilities (building roof, street lights, signage, towers and antennas, pump stations, lift stations, and parks) and incurred power outages for several weeks. As with residential homeowners and businesses, the City has had difficulty with roof, fence, awning, and window repairs due to the widespread damage across the State of Florida and the Gulf Coast communities from previous years. We have experienced over \$12 million in costs from debris removal and damage to municipal properties. The Federal Emergency Management Agency, Florida Department of Transportation and insurance recoveries are expected to reimburse 100% of these costs.

### **Parks, Recreation and Cultural Facilities**

The City of Delray Beach passed a \$24 million parks, recreation and culture general obligation bond issue at a referendum on January 20, 2004. This bond issue is currently being used for the costs of land acquisition and construction, reconstruction and equipping of new and existing parks, new and existing recreation centers, a parking garage, downtown park and other capital improvements as part of the expansion of Old School Square, and the furnishings and fixtures for the new public library as well as the costs of issuing the bonds.

- Old School Square 575-space parking garage has recently opened. The adjacent downtown park design work should be initiated in FY2008.
- Land and a facility were purchased at the corner of Lake Ida Road and Congress Avenue for the new western senior center. Expansion of this center has been deferred due to the State tax reform impacts on the City this past year.
- Construction has been completed for the new Catherine Strong water park, Mike Machek Boy Scout Hut Park on Lake Ida Road, Cornell Park and Lake Ida Park. Construction is anticipated starting in FY2008 on Pompey Park, Miller Park and Bexley Park.

### **Educational Facilities**

In 2005, the new Atlantic High School with its state of the art technology and two career academies opened.

On the old Atlantic Community High School site, we are working with the Palm Beach County School Board to build a new middle school and provide for additional soccer fields.

The new, vastly improved, \$12.7 million Delray Beach Public Library opened on West Atlantic Avenue and will serve as the intellectual center of our city with more materials, space, computer terminals, and new technology to improve means of locating and checking out materials.

The Beacon Center at the Village Academy was initiated which is a partnership between the City of Delray Beach, the Children's Services Council and the Community Child Care Center. More than 700 of our neediest families are receiving services ranging from parenting classes and academic enrichment to recreation and cultural opportunities.

In coordination with Atlantic High School, the City continues to support the Eagle's Nest Project where high school students learn the various construction trades and actually build a home on land donated by the City. Proceeds from the sale of this home will go toward continuation of this valuable program.

### **Neighborhood Improvements**

The City has developed a Neighborhood Strategic Task Team consisting of City personnel from various departments and neighborhood representatives with the purpose of identifying neighborhood problems and working together to develop a plan to identify recommended resources needed to resolve those problems. The Team coordinates the use of public and private resources in resolving such issues as crime, disorder, infrastructure deficiencies, code violations and other areas.

In 2004, the Neighborhood Advisory Council was formed to improve communications with neighborhoods throughout the City. Representatives from six (6) major districts meet and introduce the opinions and needs of their respective area neighborhoods to the Council and recommendations are forwarded to the City Commission.

The City recently completed a \$2.1 million infrastructure improvement project for the Seacrest Neighborhood Plan which provided beautification, road and sidewalk improvements, and water and sewer improvements. Several neighborhoods including Rainberry Woods, Chatelaine and Osceola Park will soon see improvements. The Southwest Neighborhood will soon see major improvements to include new sidewalks, water main upgrades, better housing options and landscaping. Plans are under way to improve our inventory of public housing and additional affordable and workforce housing.

The City installed over 40 new bus shelters at various locations throughout the City. The City has been awarded a grant for an additional 12 bus shelters in FY2008. We instituted a free shuttle bus service (Downtown Roundabout service) consisting of two shuttle buses that have routes from the Tri-Rail train terminal to the beach through the downtown central business district and from Swinton Avenue to the beach. This shuttle service served over 33,600 customers in its first year of operation.

The City received the use of another 220 parking spaces with the completion of the Robert Federspiel Parking Garage located on Southeast First Avenue. This will be in addition to the 550 space Old School Square Parking Garage recently completed by the City.

### **Workforce Housing**

The City has developed a workforce housing initiative and has a workforce housing ordinance. We started a Community Land Trust whereby land is banked for the development of special workforce housing units.

The recent renovation by the CRA of the La France Hotel into housing for low-income seniors and the reconstruction of Carver Estates (325 units), Village at Delray (264 units), and Village at the Lakes (360 units) into a model mixed-income community are examples of recent projects. Many of these units will be either low income or workforce housing units.

### **Technology**

In response to the City of Delray Beach Strategic Plan 2001-2006, the City established a consolidated departmental website which was activated in June, 2002. This site was updated this year to include key "gateway" links to the Chamber of Commerce, the Community Redevelopment Agency, the Delray Beach Library and the Downtown Marketing Cooperative. The site is called [MyDelrayBeach.com](http://MyDelrayBeach.com) and provides citizens and other viewers with important information about the operations of the City, facilities, services, special events, calendar schedules,



budgetary and financial information, and utility rates and includes links to major city and private organizations. The site allows for citizen comments, inquiries, complaints, and utility bill payments, as well as responses from City officials. The site contains minutes of City Commission meetings, ordinances, and important information from all City departments. Major improvements to this site include a live video-cam of our beach area, a mail list subscription service which allows residents to receive copies of newsletters, agendas, minutes, and other City documents on a regular basis, and additional information such as full copies of the Comprehensive Annual Financial Report, Annual Budget, Financial Trends Monitoring Report and the MIS Enterprise Technology Plan.

The Information Technology Division recently completed implementation of an interactive voice response system allowing for utility customers to view their account information and make payments over the phone and through the website. The system also allows for contractors with building permits to schedule inspections and for inspectors to record inspection results either by telephone or through the website.

The City has a new 10-year cable franchise agreement and an institutional network agreement (I-Net Agreement) which provides fiber optic services to our remote City sites and the capability of the City to produce television coverage of municipal activities. The completion of this fiber optic infrastructure allows the City to transmit at 1 Gbps (1 billion bits per second).

The Finance Department has issued an Information Technology Division - Enterprise Technology Plan for Fiscal Years 2007-2011. This plan actually includes four (4) different plans to include the MIS Strategic Plan, MIS Tactical Plan, MIS Business Interruption/Continuity Plan, and the MIS Annual Project Work Plan. This plan received the honor of being published on the International City Manager's Association (ICMA) technology website thereby receiving national recognition.

The Finance Department-Information Technology Division recently received national recognition for its 3rd place award in the Digital Cities Survey from the Center for Digital Government for cities under 75,000 in population. This award recognizes our efforts and successes to provide information and services to the public through our website technology, recognizes our technology infrastructure improvements, and our long-range planning as seen in our 5-year Enterprise Technology Plan. Previously, the IT Division received two consecutive 1<sup>st</sup> place awards. These awards have been presented to the City at the National League of Cities conferences.

The City Commission approved a project to provide city-wide wireless technology with free wi-fi services for the downtown corridor on Atlantic Avenue from I-95 to the beach. We are presently in negotiations with ePath to provide these services. This project had been delayed due to receiving pole attachment agreements with Florida Power & Light for the wireless devices throughout the City. This project is anticipated to be completed in FY2008.

The Finance Department Utility Customer Service Division is completing the installation of radio-read water meters east of the Intracoastal Waterway.

The Finance Department is implementing pension administration software which will also include a web-based interactive site for employees and retirees to receive information, calculate future retirement amounts, and provide information for our annual actuarial reports.

## **GENERAL FINANCIAL INFORMATION**

### **Internal Accounting Controls**

In the development and evaluation of the City's accounting and financial reporting systems, consideration is given to the adequacy and accuracy of the internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance that the assets of the City are safeguarded against loss from unauthorized use or disposition and that there are reliable financial records for the preparation of financial statements and for the accountability of those assets.

All internal control evaluations utilize these criteria. We believe that the City's system of internal accounting controls adequately safeguards the assets of this City and provides reasonable assurance of the proper recording of financial transactions.

### **Single Audit**

As a recipient of Federal, State and County financial assistance, the City is also responsible for ensuring that an adequate system of internal controls is in place to maintain compliance with applicable laws, regulations and guidelines related to those programs. This internal control system is subject to periodic evaluation by management.

As a part of the single audit process, tests are made to determine the adequacy of the internal control structure, including the portion related to federal financial assistance programs, and to determine compliance with applicable laws and regulations.

The results of the City's single audit for the fiscal year ended September 30, 2007 disclosed no instances of material weaknesses in the internal control structure and disclosed no significant violation of applicable laws and regulations.

### **Budgetary Control**

The City maintains a system of budgetary controls within its accounting and financial management systems. The objective of these budgetary controls is to monitor compliance with legal provisions embodied in the annual appropriated budget approved by the City Commission. Appropriated budgets are legally required to be adopted for the General Fund. Nonappropriated budgets, which are not legally required to be adopted, are prepared for Special Revenue Funds, Enterprise Funds and Internal Service Funds. The level of budgetary control is at the division and departmental level.

As part of the budgetary control system, an encumbrance system is utilized. An encumbrance is a commitment to acquire goods or services (purchase order) which have not been paid for at a particular point in time. For operating purposes, outstanding encumbrances lapse at year-end and are then reappropriated as part of the new year budget. Blanket purchase orders are closed at year-end and are not reappropriated.

### **Cash Management**

The City has a Banking Services Agreement with a local banking institution based upon competitive bidding of its banking services. The City uses a pooled-cash concept for all operating funds with the exception of the pension trust plans which are administered by professional money managers and performance monitors. The deposits and investments of the City are safeguarded by utilizing State approved public depositories and by investing in fully collateralized instruments as required by the State of Florida.

## **OTHER INFORMATION**

### **Independent Audit**

Florida Statutes Chapter 166 requires that the City be audited on an annual basis by independent certified public accountants. The certified public accounting firm of Caler, Donten, Levine, Druker, Porter & Veil, P.A. was selected to perform the audit of the City's financial statements. In addition to meeting the requirements set forth in the Florida Statutes, the audit was also designed to meet the requirements of the Federal and Florida Single Audit Act and the related OMB Circular A-133. The auditors' reports related to the single audit are included in the Compliance Section.

### **Financial Statement Awards**

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Delray Beach, Florida, for its CAFR for the fiscal year ended September 30, 2006. This was the 23rd consecutive year the City received this prestigious award.

This award is the highest form of recognition in governmental accounting and financial reporting. Its attainment represents a significant accomplishment for the City and indicates that the contents of the CAFR conformed to strict program standards and satisfied U.S. Generally Accepted Accounting Principles (GAAP) and applicable legal requirements. A certificate is valid for a period of one year only. We believe our current report continues to conform to the requirements of the certificate program, and we will submit it to the GFOA to determine its eligibility for the Certificate of Achievement.

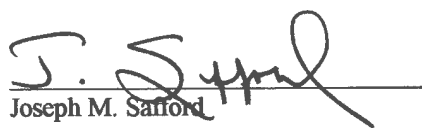
## ACKNOWLEDGMENTS

A Comprehensive Annual Financial Report of this type and depth, illustrating the results of operations of the entire City and its various diversified funds and activities, could not have been prepared so completely and professionally without the dedication and efficiency of the entire Finance Department. The efforts of Milena Walinski, Assistant Finance Director, and her entire Financial Services Division and Rebecca O'Connor, Treasurer, deserve special individual recognition.

We believe this report clearly illustrates that the City of Delray Beach has developed and continues to maintain a strong financial condition and we wish to thank the City Commission, City Manager and the citizens of the City of Delray Beach for their continued support for fiscal responsibility.

It is with great pride that we present this Comprehensive Annual Financial Report at this time.

Respectfully submitted,

  
\_\_\_\_\_  
Joseph M. Sanford  
Finance Director

  
\_\_\_\_\_  
Milena Walinski, CGFO  
Assistant Finance Director



The Government Finance Officers Association (G.F.O.A.) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Delray Beach, Florida, for its Comprehensive Annual Financial Report (C.A.F.R.) for the fiscal year ended September 30, 2006.

In order to be awarded a certificate, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A certificate is valid for a period of one year only. We believe our current report continues to conform to certificate program requirement, and we are submitting it to G.F.O.A. to determine its eligibility for another certificate.

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Delray Beach  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Charles S. Cox*

President

*Jeffrey R. Emmer*

Executive Director

**CITY OF DELRAY BEACH, FLORIDA**

**LIST OF PRINCIPAL OFFICIALS**

September 30, 2007

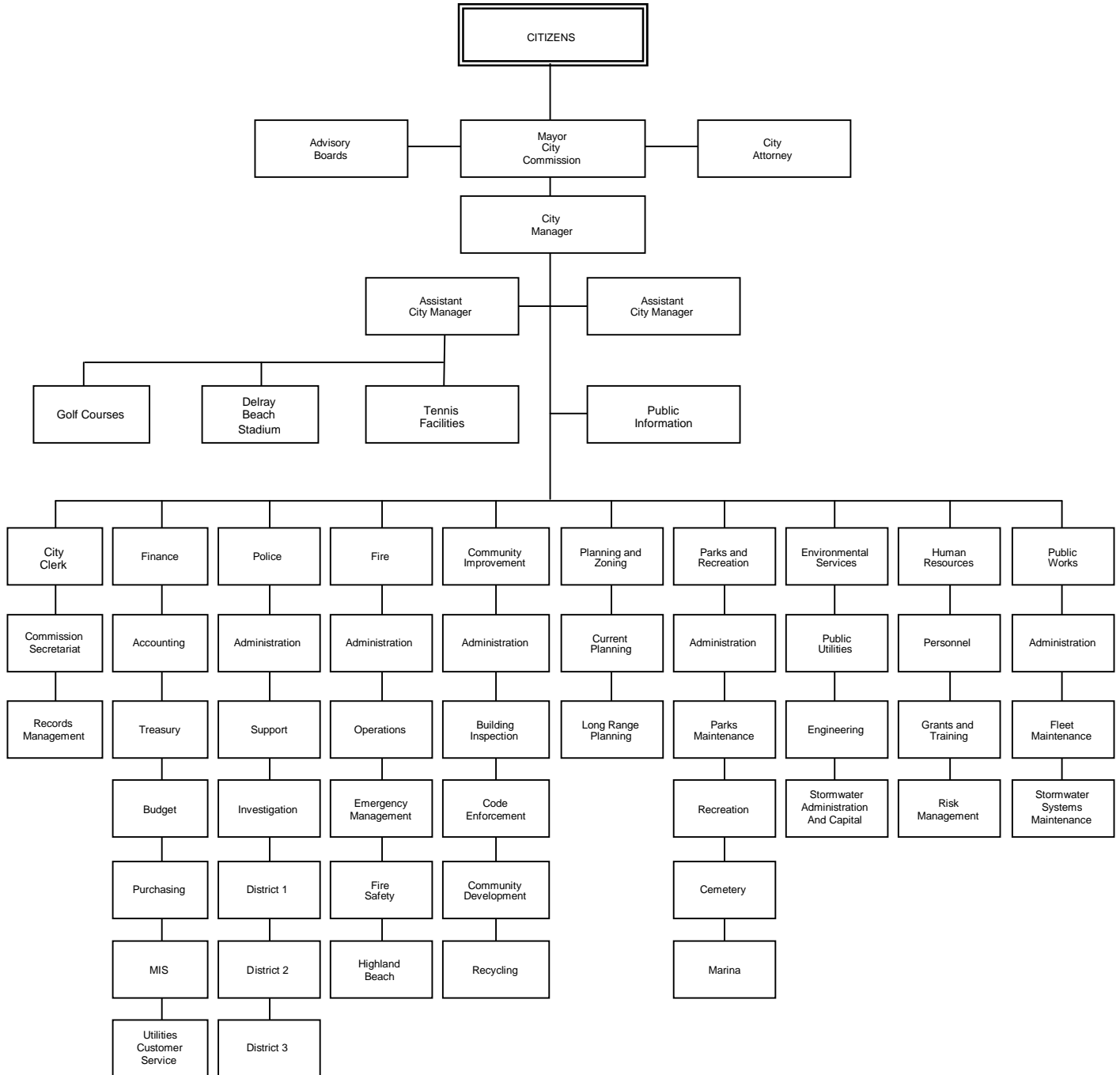
**CITY COMMISSION**

Mayor.....Rita Ellis  
Vice-Mayor.....Fred Fetzer  
Deputy Vice-Mayor.....Brenda Montague  
Commissioner.....Gary Eliopoulos  
Commissioner.....Woodie McDuffie

**CITY STAFF**

City Manager.....David T. Harden  
City Attorney.....Susan A. Ruby  
Assistant City Manager.....Robert A. Barcinski  
Assistant City Manager.....Douglas E. Smith  
City Clerk.....Chevelle D. Nubin  
Community Improvement Director.....Lula C. Butler  
Environmental Services Director.....Richard C. Hasko  
Finance Director.....Joseph M. Safford  
Fire Chief.....Kerry B. Koen  
Human Resources Director.....Bruce Koeser  
Parks and Recreation Director.....Joseph H. Weldon  
Planning and Zoning Director.....Paul Dorling  
Police Chief.....Joseph L. Schroeder III

# City Organizational Chart



# Financial Section



# CALER, DONTEN, LEVINE, DRUKER, PORTER & VEIL, P.A.

WILLIAM K. CALER, JR., CPA  
LOUIS M. COHEN, CPA  
JOHN C. COURTNEY, CPA, JD  
DAVID S. DONTEN, CPA  
SCOTT D. DRUKER, CPA, JD  
JAMES B. HUTCHISON, CPA  
JOEL H. LEVINE, CPA  
JAMES F. MULLEN, IV, CPA  
THOMAS A. PENCE, JR., CPA  
SCOTT L. PORTER, CPA  
MARK D. VEIL, CPA

CERTIFIED PUBLIC ACCOUNTANTS  
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MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
  
FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditor's Report

The Honorable Mayor and  
City Commission  
City of Delray Beach, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Delray Beach, Florida, as of and for the year ended September 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Delray Beach, Florida. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Police and Firefighters Retirement System Fund, a fiduciary fund of the City, which represents 60% and 66%, respectively, of the total assets and total additions of the Fiduciary Funds of the City, and the Delray Beach Downtown Development Authority, a discretely presented component unit of the City, which represents .5% of the net assets and .8% of the change in net assets of the City's discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Police and Firefighters Retirement System Fund and Delray Beach Downtown Development Authority, is based solely on the reports of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Delray Beach, Florida, as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2008 on our consideration of the internal control over financial reporting of the City of Delray Beach, Florida, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The *management's discussion and analysis* and the *required supplementary information* on pages 3 through 15 and pages 60 through 63, respectively, are not a required part of the basic financial statements, but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Delray Beach, Florida. The introductory section, the combining and individual fund financial statements and schedules and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Delray Beach, Florida. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.550, Rules of the Auditor General, and is also not a required part of the basic financial statements of the City of Delray Beach, Florida. The combining and individual fund financial statements and schedules and the Schedule of Expenditures of Federal Awards and State Financial Assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Calder, Dauter, Levine,  
Dunker, Porter & Veil, P.A.*

March 20, 2008

## Management's Discussion and Analysis

Representing the City of Delray Beach (City) management team, the Finance Department offers readers of the City's financial statements this Management's Discussion and Analysis (MD&A) which is a narrative overview and analysis of the overall financial activities of the City for the fiscal year ended September 30, 2007. We encourage readers to consider the information presented herein in conjunction with additional information that we have furnished in our Transmittal Letter, which can be found on pages i through viii of this report and the actual detailed financial statements beginning on page 16.

The City has implemented Governmental Accounting Standards Board (GASB) Statement No. 34 entitled "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments". Statement No. 34, which significantly changes the way in which local governments report their finances, emphasizes the government as a whole rather than just a set of individual fund types with separate fund information and requires the presentation of certain comparative information for the current and prior years on a full accrual basis.

### Financial Highlights

- The overall financial condition of the City's General Fund operations is now being impacted by the real estate market and tax reform legislation as indicated by a current 4.21% increase in taxable assessed property values, from \$8,362,590,396 to \$8,714,375,264 or an increase of \$351,784,868. Prior to this year the City had six consecutive years of double digit increases in taxable assessed property values.

**City of Delray Beach- Taxable Assessed Values**

Fiscal Year	Taxable Assessed Value	% Increase	Tax Revenue**
1998	\$2,758,936,396	4.84%	\$21,017,595
1999	\$2,963,826,969	7.43%	\$22,032,615
2000	\$3,169,823,854	6.95%	\$23,429,259
2001	\$3,393,573,636	7.06%	\$26,042,931
2002	\$3,759,600,909	10.79%	\$29,011,246
2003	\$4,151,462,658	10.42%	\$32,069,035
2004	\$4,705,803,129	13.35%	\$36,355,993
2005	\$5,377,691,728	14.28%	\$41,584,718
2006	\$6,451,499,363	19.97%	\$49,825,341
2007	\$8,362,590,396	29.62%	\$59,091,001
2008*	\$8,714,375,264	4.21%	\$54,525,950

\* Projected

\*\* Tax Revenue includes the collection of delinquent taxes

The State of Florida has been increasingly concerned over the rapid rise in property values over a relatively short period of time. The State policy of assessing properties at 100% of market value means that these property costs are also reflected in property assessed values. The electorate of the State passed a "Save our Homes" amendment effective January, 1994 which placed a 3% annual cap on homesteaded residential taxable assessed values (taxable assessed value cannot increase more than 3% or the consumer price index, whichever is less). However, there is no cap on the taxable assessed values on non-homestead residential, commercial and industrial properties.

This rapid rise in property valuations has also presented several problems to the City. First, the City is experiencing problems in hiring of potential employees that do not presently live in the area. Those prospective employees are finding it difficult to afford housing in this area since they would be required to purchase housing at the current market rates and pay ad valorem taxes and property insurance based upon those values. Secondly,



non-homestead residential properties, businesses and commercial establishments are being charged inordinately high property taxes due to the rapid escalation of property values with no cap (only on homestead properties) and this could ultimately affect the profitability of current businesses and impact new business and commercial firms from locating in this area. The increased values of property are also causing City costs to escalate for land acquisitions, building purchases and construction costs. The City has had to increase borrowing on the 2004 General Obligation Bond projects due to these increased costs. The City is aggressively trying to implement programs to create affordable housing units within the City.

- The State of Florida imposed a millage rollback rate less 9% cap on the City of Delray Beach operating millage rate this current year. The millage tax rate was reduced from 7.3000 to 6.5783. When combined with the relatively low increase in taxable assessed value for the year, the property tax collections dropped \$4,565,051 from \$59,091,002 to \$54,525,950.

**City of Delray Beach- Millage Rates**

<b>Fiscal Year</b>	<b>Operating Millage</b>	<b>Debt Service Millage</b>	<b>Total Millage</b>
1998	6.9500	.8500	7.8000
1999	6.9100	.7900	7.7000
2000	6.9100	.7400	7.6500
2001	7.2600	.6900	7.9500
2002	7.3700	.6300	8.0000
2003	7.4400	.5600	8.0000
2004	7.5200	.4800	8.0000
2005	7.4500	.5500	8.0000
2006	7.4500	.5500	8.0000
2007	6.8600	.4400	7.3000
2008	6.1449	.4334	6.5783

- The City established a community redevelopment district in 1985 which is managed by the Community Redevelopment Agency (CRA). The CRA receives tax increment financing (TIF) from the City and Palm Beach County. The City initially receives all tax revenues in this district. The City must then transfer to the CRA all tax revenues above the 1985 taxable assessed values (\$245,631,067) times the current operating millage. The taxable assessed valuation of property located in the Community Redevelopment Agency (CRA) district increased by \$93,378,111 or 5.63% in the current valuation, from \$1,657,718,740 to \$1,751,096,851. When this value, less the 1985 value of \$245,631,067, is applied to the operating millage of 6.1449 the tax revenue to the CRA is actually reduced from \$9,202,575 for 2007 to \$8,788,390 for 2008.

**CRA- Taxable Assessed Value**

<b>Fiscal Year</b>	<b>Taxable Assessed Value</b>	<b>% Increase</b>	<b>Tax Revenue</b>
1998	\$338,086,824	3.73%	\$610,439
1999	\$375,964,132	11.20%	\$855,571
2000	\$407,135,136	8.29%	\$1,060,193
2001	\$439,765,167	8.01%	\$1,338,943
2002	\$530,525,688	20.64%	\$1,994,690
2003	\$578,492,583	9.04%	\$2,351,170
2004	\$714,736,811	23.55%	\$3,351,291
2005	\$886,274,285	24.00%	\$4,534,152
2006	\$1,205,957,704	36.07%	\$6,796,712
2007	\$1,657,718,740	35.03%	\$9,202,575
2008*	\$1,751,096,851	5.63%	\$8,788,390

\*Projected

- The assets of the City (Primary Government) exceeded its liabilities at September 30, 2007 by \$197,622,427 (Total Net Assets) compared to \$180,120,422 at September 30, 2006. Of this amount, \$63,901,410 (Unrestricted Net Assets) may be used to meet the government's ongoing obligations to citizens and creditors compared to \$56,278,312 last year. Of this amount, \$23,371,450 is from governmental activities and \$40,529,960 is from business-type activities. These balances are shown on the table entitled "Statement of Net Assets".
- The total net assets of the City (Primary Government) increased by \$17,502,005 of which \$9,546,639 of this increase is attributable to governmental activities and the remaining \$7,955,366 to business-type activities. This change in net assets is shown on the table entitled "Statement of Activities".
- At September 30, 2007, the City's governmental funds reported combined ending fund balances of \$47,780,625 compared to \$32,207,851 at September 30, 2006, an increase of \$15,572,774. This was largely due to the sale of the 2007 Utility Tax Revenue Bonds in the amount of \$23,635,000 and original issue premium of \$760,787 for total proceeds of \$24,395,787. In addition, the City had draws on the Line of Credit Revenue Note in the amount of \$6,375,000. Approximately 89% of the \$47,780,625 combined ending fund balances or a total amount of \$42,534,504 is available for spending at the government's discretion (Unreserved Fund Balance). Of this amount, \$18,828,235 is in the General Fund, \$20,216,204 is in Capital Projects Funds and \$3,490,065 is in Special Revenue Funds. These balances are shown on the table entitled "Balance Sheet- Governmental Funds".
- At September 30, 2007, Unreserved Fund Balance for the General Fund was \$18,828,235 or 19.86% of total 2007 General Fund expenditures of \$94,819,115. This compares to \$15,897,365 in Unreserved Fund Balance last year which represented 18.51% of total expenditures of \$85,892,679. The City financial policy is to strive to maintain between 15%-25% of Unreserved Fund Balance compared to the expenditure budget as an acceptable reserve for first quarter cash flow (there are no tax remittances during the first several months of a fiscal year) and for unanticipated expenses such as storm damage costs, uninsured legal claims and other unforeseen expenses.

### **Overview of the Financial Statements**

This management discussion and analysis report is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three parts: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information that explains in more detail some of the information in the financial statements.

### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances and to report information about the City in a manner similar to those reports issued and used by private sector companies.

The Statement of Net Assets includes all of the City's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). These assets and liabilities are presented in a classified format, which distinguishes between current and long-term assets and liabilities. The difference between assets and liabilities (net assets) provides the basis for computing rate of return, evaluating the capital structure of the City, and assessing the liquidity and financial flexibility of the City. Over time, increases or decreases in net assets may help to serve as a useful indicator of whether the overall financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include such areas as General Government, Public Safety, Physical Environment and Parks and Recreation. The business-type activities of the City that rely on user fees and charges include areas such as Water and Sewer, Municipal Golf Course, Lakeview Golf Course, City Marina, Sanitation and Stormwater Utility operations.

Both of 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) and a Downtown Development Authority (DDA) for which the City is financially accountable (known as component units). Financial information for these component units are reported separately from the financial information presented for the primary government itself.

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

## **Fund Financial Statements**

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. As a result of this difference in focus, a reconciliation is provided between the fund financial statements and the government-wide financial statements in order to better understand the long-term impact of short-term financing decisions.

The City maintains thirteen individual governmental funds. Information is presented separately for the General Fund, the Capital Improvement Fund, and the 2004 General Obligation Bond Fund as they are considered major funds. Data for the other governmental funds are aggregated into a single presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

### **Proprietary Funds**

The City maintains two different types of proprietary funds, enterprise and internal service funds.

Enterprise funds are used to report business-type activities that charge fees to customers for the use of specific goods or services. These statements are prepared on an accounting basis that is similar to the basis used to prepare the government-wide financial statements. The City uses enterprise funds to account for its water and sewer utility, the municipal golf course, the Lakeview golf course, the marina, the sanitation operations and the stormwater utility.

Internal service funds are used to account for the financing of insurance services and central garage services provided to other departments of the City on a cost-reimbursement basis. Because these services predominantly support governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer utility system which is considered to be a major fund of the City. Conversely, the remaining enterprise funds are considered non-major funds and the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds and the individual internal service funds are provided in the form of *combining statements* elsewhere in this report.

The City's proprietary fund financial statements can be found on pages 22 to 24 of this report.

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held in trust for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's operations. The accounting methods used for fiduciary funds are similar to that used for proprietary funds.

The City's fiduciary fund financial statements can be found on pages 25 to 26 of this report.

### **Notes to the Financial Statements**

The notes to the financial statements provide additional information and clarification that are essential to a full understanding of the data presented in the government-wide and fund financial statements.

The notes to the financial statements can be found beginning on page 27 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including budgetary comparison schedules to demonstrate compliance with the annual appropriated budget adopted for the General Fund and information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 60 through 63 of this report.

The combining statements referred to earlier in connection with non-major governmental, proprietary and fiduciary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found beginning on page 64 of this report.

### **Government-Wide Financial Analysis**

Our analysis of the government-wide financial statements of the City begins below. One of the most important questions asked about the City's finances is "Is the City of Delray Beach, as a whole, better off or worse off as a result of this year's activities?" The Condensed Statement of Net Assets and the Condensed Statement of Activities will report information about the City's activities in a way that will help answer this question. These two statements report the net assets

of the City and the changes in them. You can think of the City's net assets - the difference between assets and liabilities - as one way to measure the financial health or financial condition. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. However, you will also need to consider other non-financial factors such as changes in economic conditions, regulations, and new or changed government legislation.

To begin our analysis, a summary of the City's government-wide statement of net assets is presented in Table A-1.

**Table A-1**  
**Condensed Statement of Net Assets (\$ in millions)**

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$67.0	\$54.6	\$50.9	\$39.2	\$117.9	\$93.8
Capital assets	124.8	109.4	103.0	98.1	227.8	207.5
<b>Total Assets</b>	<b>191.8</b>	<b>164.0</b>	<b>153.9</b>	<b>137.3</b>	<b>345.7</b>	<b>301.3</b>
Current liabilities	9.9	13.0	8.3	7.6	18.2	20.6
Non-current liabilities	86.6	65.3	43.2	35.4	129.8	100.7
<b>Total Liabilities</b>	<b>96.5</b>	<b>78.3</b>	<b>51.5</b>	<b>43.0</b>	<b>148.0</b>	<b>121.3</b>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	51.0	55.5	54.8	59.0	105.8	114.5
Restricted	20.9	8.0	7.1	1.3	28.0	9.3
Unrestricted	23.4	22.2	40.5	34.0	63.9	56.2
<b>Total Net Assets</b>	<b>\$95.3</b>	<b>\$85.7</b>	<b>\$102.4</b>	<b>\$94.3</b>	<b>\$197.7</b>	<b>\$180.0</b>

The overall financial condition of the City improved slightly from the previous fiscal year as evidenced by this Table A-1.

As shown in Table A-1 net assets amounted to \$197.7 million in FY 2007 compared to \$180.0 million in FY2006. A significant portion of the City's net assets (\$105.8 million or 53.5% of the Total Net Assets) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) net of any related debt that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (\$28.0 million or 14.2% of the Total Net Assets) represents resources that are subject to restrictions on how they may be used. These restrictions are usually for debt service or capital project commitments.

The remaining balance of \$63.9 million (32.3% of the Total Net Assets) is unrestricted net assets and may be used to meet the City's ongoing obligations to citizens and creditors.

While the statement of net assets shows the change in financial position of net assets, the Condensed Statement of Activities provides answers as to the nature and the source of these changes. This is shown below in Table A-2.

**Table A-2**  
**Changes in Net Assets**  
**Condensed Statement of Activities (\$ in millions)**

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$12.4	\$12.1	\$38.9	\$34.4	\$51.3	\$46.5
Operating grants, contributions	7.1	9.5	1.6	7.8	8.7	17.3
Capital grants, contributions	1.4	.3	1.4	1.1	2.8	1.4
General Revenues:						
Property Taxes	59.1	49.8	-	-	59.1	49.8
Other taxes	14.9	15.0	-	-	14.9	15.0
Intergovernmental	6.9	7.4	-	-	6.9	7.4
Other	8.5	13.2	.7	.5	9.2	13.7
<b>Total Revenues</b>	<b>110.3</b>	<b>107.3</b>	<b>42.6</b>	<b>43.8</b>	<b>152.9</b>	<b>151.1</b>
<b>Expenses</b>						
General government	25.3	20.9	-	-	25.3	20.9
Public safety	55.9	49.4	-	-	55.9	49.4
Physical environment	7.2	5.9	-	-	7.2	5.9
Parks and recreation	14.7	12.4	-	-	14.7	12.4
Interest on long-term debt	1.3	2.8	-	-	1.3	2.8
Water and sewer	-	-	22.4	20.4	22.4	20.4
Municipal golf course	-	-	3.4	3.5	3.4	3.5
Lakeview golf course	-	-	.7	.7	.7	.7
City marina	-	-	.1	.1	.1	.1
Sanitation	-	-	2.9	9.1	2.9	9.1
Stormwater utility	-	-	1.3	1.0	1.3	1.0
<b>Total Expenses</b>	<b>104.4</b>	<b>91.4</b>	<b>30.8</b>	<b>34.8</b>	<b>135.2</b>	<b>126.2</b>
Change in Net Assets Before Transfers	5.9	15.9	11.8	9.0	17.7	24.9
Transfers	3.7	2.0	(3.7)	(2.0)	-	-
<b>Increase in Net Assets</b>	<b>9.6</b>	<b>17.9</b>	<b>8.1</b>	<b>7.0</b>	<b>17.7</b>	<b>24.9</b>
<b>Beginning Net Assets</b>	<b>85.7</b>	<b>67.8</b>	<b>94.3</b>	<b>87.3</b>	<b>180.0</b>	<b>155.1</b>
<b>Ending Net Assets</b>	<b>\$95.3</b>	<b>\$85.7</b>	<b>\$102.4</b>	<b>\$94.3</b>	<b>\$197.7</b>	<b>\$180.0</b>

Governmental activities increased the City's net assets by \$9.6 million. This net increase in net assets is a result of the following:

- Increase of \$9.3 million in property taxes due to increased valuations and new construction activity even though the millage rate was reduced from 8.0 mils to 7.3 mils. Taxable valuation increased 30.36%.
- Expenses for General Government increased \$4.4 million due to the increase in transfer to component units of \$2.4 million primarily for the transfer of tax increment property tax funds to the CRA.

Business-type activities increased the City's net assets by \$8.1 million. This net increase in assets is a result of the following:

- Increase of \$4.5 million in charges for services due to an 18% increase in water and sewer rates. These rate increases were for additional capital requirements for the water reuse expansion. Additional revenues were collected due to the surcharge imposed on rates due to water restrictions from the South Florida Water Management District. For example, the Phase II water restrictions called for a 30% surcharge on water consumption rates.
- Decrease of \$6.2 million in Sanitation revenue and expenses since FY2006 included significant hurricane debris-related revenues and expenses that did not reoccur in FY2007.

### **Financial Analysis of the City of Delray Beach Funds**

#### **Governmental Funds**

#### **Major Fund Information (\$ in millions)**

	<b>General Fund</b>	<b>Capital Improvement Fund</b>	<b>2004 G.O. Bond Fund</b>
<b>Fiscal Year 2007</b>			
Revenues	\$101.3	\$1.7	\$1.4
Expenditures	(94.8)	(5.3)	(22.2)
Other financing sources (uses)	(3.7)	17.5	19.9
<b>Change in Fund Balances</b>	<b>\$2.8</b>	<b>\$13.9</b>	<b>(\$.9)</b>
<b>Fiscal Year 2006</b>			
Revenues	\$91.9	\$2.1	\$8.9
Expenditures	(85.9)	(6.2)	(23.6)
Other financing sources (uses)	(3.1)	2.4	1.4
<b>Change in Fund Balances</b>	<b>\$2.9</b>	<b>(\$1.7)</b>	<b>(\$13.3)</b>

#### **General Fund**

The General Fund, which is the primary operating fund of the City not supported by user fees, recognized \$101,338,503 in total revenues offset with \$94,819,115 in expenditures and \$3,709,624 in other financing uses. This resulted in an excess of revenues over expenditures and other financing uses of \$2,809,764. Fund Balance at the beginning of the year was \$20,576,411 and, when combined with the current year resulted in an end of year Fund Balance of \$23,386,175. Of this amount, \$18,828,235 is Unreserved Fund Balance which represents 19.86% of our present expenditure levels. This compares to an Unreserved Fund Balance last year of \$15,897,365 which represented 18.51% of last year's expenditures. Our internal financial policy is to maintain 15-25% of our expenditures in Unreserved Fund Balance for first quarter cash flow, uninsured legal claims and emergency purposes.

#### **Capital Improvement Fund**

The Capital Improvement Fund recognized \$1,713,055 in total revenues and \$17,508,574 in other financing sources offset with \$5,293,168 in expenditures. This resulted in an excess of revenues and other financing resources over expenditures of \$13,928,461. Fund Balance at the beginning of the year was \$3,870,617 and, when combined with the current year, resulted in an end of year Fund Balance of \$17,799,078.

#### **2004 General Obligation Bond Fund**

The City sold \$14 million in Parks and Recreation and Cultural Projects General Obligation Bonds on September 30, 2004 and the final \$10 million August 26, 2005. This is the total of the \$24 million in bonds that were approved by the electorate on January 20, 2004. These bonds are being used to finance all or a portion of the costs of acquisition and construction, reconstruction and

equipping of new and certain existing parks (not to exceed \$9,000,000), new and existing recreation centers (not to exceed \$7,000,000), a parking garage and capital improvements as part of the Old School Square (not to exceed \$7,000,000), the furnishings and fixtures for the new library (not to exceed \$1,000,000), and to pay the costs of issuance of the bonds including the premium fee for the bond insurance policy.

The City sold an additional \$24,635,000 in the 2007 Utilities Tax Revenue Bonds, Series 2007, of which \$18,316,640 was to supplement the 2004 General Obligation Bond construction projects.

This fund had revenues and other financing sources of \$21,273,887 and expenditures of \$22,232,793 for the year resulting in an excess of expenditures over revenues and other financing sources of \$958,906 and a corresponding ending Fund Balance of \$1,639,752 compared to a beginning Fund Balance of \$2,598,658.

### **Proprietary Funds**

\$ in Millions	<u>Operating Income</u>		<u>Change in Net Assets</u>	
	2007	2006	2007	2006
<b>Enterprise Funds</b>				
Water/Sewer	\$6.2	\$5.0	\$7.6	\$5.8
Municipal Golf Course	.3	.2	.2	.1
Lakeview Golf Course	.2	.2	.1	.2
City Marina	.0	.0	.0	.0
Sanitation	.2	(.9)	.2	(.2)
Stormwater Utility	1.2	.7	.2	.8
<b>Internal Service Funds</b>				
Insurance	(\$1.5)	\$2.3	(\$3.4)	\$2.5
Central Garage	.1	.6	.8	1.0

### **Water and Sewer Fund**

Water/sewer service fee revenues increased from \$25.7 million to \$29.2 million reflecting the fact that the City increased its water rates and sewer rates by 18% effective October 1, 2006 primarily due to the planned improvements for expanded reclaimed water use. Billed water consumption decreased by 608 million gallons for the year ended September 30, 2007 or 12.55% under the previous year. Consumption decreases can be attributed to water restrictions imposed by the South Florida Water Management District due to a low water table in Lake Okeechobee resulting from local drought conditions. In addition, these restrictions caused a surcharge to be imposed on our water rates (30% surcharge for Phase II restrictions).

### **Other Enterprise Funds**

The City has five (5) other non-major enterprise funds consisting of the Municipal Golf Course, Lakeview Golf Course, City Marina, Sanitation and the Stormwater Utility.

The Sanitation Fund generated an operating income of \$.2 million versus a loss of \$.9 million last fiscal year primarily due to absorbing the unreimbursed operating costs associated with debris removal. The General Fund subsequently reimbursed the Sanitation Fund \$.7 million. The recent FEMA announcement that its 90% funding formula is changing to 100% should produce further revenues for this fund.

The Municipal Golf Course has an operating income this year of \$346,179 compared to \$203,056 last year. The Lakeview Golf Course has an operating income of \$155,118 versus \$150,220 last fiscal year.



The Marina has an operating income this year of \$40,882 compared to \$35,265 last year.

The Stormwater Utility has an operating income this year of \$1,200,265 compared to \$695,212 last fiscal year. FY2007 rates were increased 11.5% or \$4.50 per equivalent residential unit (ERU).

### **Internal Service Funds**

The Insurance Fund is used to account for all personnel insurances (health, life, disability) and property and casualty insurance. All property claims from Hurricane Frances, Jeanne and Wilma are processed through this fund. Claims costs have been essentially paid for either from FEMA, the State of Florida, or from our property insurance carrier. FEMA recently announced that Hurricane Wilma claims not covered by insurance will be reimbursed 100%. Hurricane Wilma claims amounted to \$11.9 million of which \$6.1 million was debris related and \$2.3 million was covered by the Federal Highway Administration or insurance proceeds with the remainder covered by FEMA.

The Insurance Fund also recorded an increase in our required self-insured incurred but not reported (IBNR) claims liability from \$3,942,628 to \$5,218,709 for property, health and worker's compensation claims. All required reserves are established by outside actuaries.

The City transferred \$1,988,086 of accumulated reserves from the Insurance Fund (excess general liability and worker's compensation reserves) to the General Construction Fund for a North Wing Expansion project, a new Information Technology building and for two (2) storage area network (SAN) units in the Information Technology Division. After these transfers and after the required reserves, the Insurance Fund has \$2.6 million in Unrestricted Net Assets.

There were no significant changes in the Central Garage Fund this year compared to last year.

### **General Fund Budgetary Highlights**

The City budgeted revenues increased from \$98,055,710 to \$99,763,756 from the original to the final budget. The City actually recorded \$99,616,343 in revenues compared to the final budget. Revenues were therefore \$147,413 under the final budget. Electric franchise fees were \$314,411 under budget, electric utility tax was \$135,737 under budget, communications services tax was \$73,608 over budget and fire emergency transport fees were over budget by \$465,950.

The City's budgeted expenditures and other net financing uses increased from \$98,055,710 to \$100,118,025 from the original to the final budget. The City actually recorded \$96,835,422 in expenditures to include encumbrances and other financing uses. Expenditures were therefore \$3,282,603 under the final budget.

General Government - The departments in this category were \$733,812 under budget for the year. The City did not staff the Creative City Collaborative in the City Commission budget resulting in a savings of \$202,006. In addition, a federal lobbyist contract was not awarded saving \$63,423. Human Resources Department did not order a budgeted HR Administration software package for \$75,000. The Information Technology Division was \$182,229 under budget primarily from lower maintenance costs, lower membership fees, and lower internet access fees.

Public Safety - The departments in this category were \$1,524,417 under budget for the year. The bulk of this difference is due to unfilled positions throughout the year and related costs such as benefits, uniforms, vehicles and other operational expenses. The average unfilled positions for the year were: Police Department – 14; Fire Department – 5; and, Community Improvement Department - 2.

The net effect of the excess of revenues over expenditures and other financing sources was a \$2,780,921 addition to Fund Balance for the year ended September 30, 2007.

## Capital Asset and Debt Administration

### Capital Assets

As of September 30, 2007, the City had \$227.7 million invested in a variety of capital assets, as reflected in Table A-3 below, which represents a net increase of \$20.2 million or 9.78% from the end of the previous fiscal year. Additional information and details on capital assets are described more fully in the notes to the financial statements.

**Table A-3  
Capital Assets  
(\$ In Millions)**

	Beginning Balance 10/01/2006	Increases	Decreases	Ending Balance 9/30/2007
<b>Government Activities:</b>				
Land	\$33.6	\$3.4	(\$2)	\$36.8
Construction in Progress	11.3	14.7	(5.3)	20.7
Non-Depreciable Assets	<b>44.9</b>	<b>18.1</b>	<b>(5.5)</b>	<b>57.5</b>
Buildings	29.8	1.4	-	31.2
Improvements Other	68.6	5.3	-	73.9
Equipment	31.8	4.3	(2.9)	33.2
Less: Accumulated Depreciation	(65.7)	(7.4)	2.1	(71.0)
Depreciable Assets- Net	<b>64.5</b>	<b>3.6</b>	<b>(.8)</b>	<b>67.3</b>
Capital Assets- Governmental	<b>\$109.4</b>	<b>\$21.7</b>	<b>(\$6.3)</b>	<b>\$124.8</b>
<b>Business-Type Activities:</b>				
Land	\$5.6	\$ -	\$ -	\$5.6
Construction in Progress	2.1	4.5	(1.6)	5.0
Non-Depreciable Assets	<b>7.7</b>	<b>4.5</b>	<b>(1.6)</b>	<b>10.6</b>
Buildings	10.6	-	-	10.6
Improvements Other	144.3	4.8	-	149.1
Equipment	11.8	1.5	(.4)	12.9
Less: Accumulated Depreciation	(76.3)	(4.3)	.3	(80.3)
Depreciable Assets- Net	<b>90.4</b>	<b>2.0</b>	<b>(.1)</b>	<b>92.3</b>
Capital Assets- Business-Type	<b>\$98.1</b>	<b>\$6.5</b>	<b>(\$1.7)</b>	<b>\$102.9</b>

Infrastructure assets have been included in the category "Improvements Other".

### Debt Administration

As of September 30, 2007, the City had total debt outstanding of \$134.6 million compared to \$105.0 million as of September 30, 2006. Of this \$134.6 million amount, and gross of any related unamortized premium, discounts or losses on refunding, \$34.0 million is general obligation bond debt which is debt backed by the full faith and credit of the City, \$38.5 million is special obligation bond debt which is secured by other specified revenue sources or the promise to budget and appropriate sufficient revenues to pay for the debt service, \$47.5 million is revenue bonds that are backed by a pledge of water and sewer system and golf course net revenues, \$8.4 million is for compensated absences, \$5.2 million is insurance claims reserves and \$.7 million is for installment agreements that are secured by the promise to budget and appropriate sufficient revenues to pay the debt.

**Table A-4**  
**Long-Term Liabilities**  
**(\$ in Millions)**

	Beginning Balance 10/01/2006	Increases	Decreases	Ending Balance 9/30/2007
<b>Government Activities:</b>				
Revenue Bonds	\$17.5	\$ 30.0	(\$9.0)	\$38.5
General Obligation Bonds	36.0	-	(2.0)	34.0
Unamortized Premium	.7	.8	(.1)	1.4
Unamortized Loss on Refinancing	(.7)	-	.1	(.6)
Total Bonds Payable	53.5	30.8	(11.0)	73.3
Installment Agreements	.8	-	(.3)	.5
Compensated Absences	7.0	1.2	(.5)	7.7
Insurance Claims Payable	3.9	10.5	(9.2)	5.2
<b>Governmental Activities</b>	<b>\$65.2</b>	<b>\$42.5</b>	<b>(\$21.0)</b>	<b>\$86.7</b>
<b>Business-Type Activities:</b>				
Revenue Bonds	\$39.7	\$12.3	(\$4.5)	\$47.5
Unamortized Premium	.5	-	(.2)	.3
Unamortized Loss on Refinancing	(1.1)	-	.3	(.8)
Total Bonds Payable	39.1	12.3	(4.4)	47.0
Installment Agreements	.1	.2	(.1)	.2
Compensated Absences	.6	.1	-	.7
<b>Business Type Activities</b>	<b>\$39.8</b>	<b>\$12.6</b>	<b>(\$4.5)</b>	<b>\$47.9</b>
<b>Total Debt Outstanding</b>	<b>\$105.0</b>	<b>\$55.1</b>	<b>(\$25.5)</b>	<b>\$134.6</b>

The general obligation bonds of the City maintain an underlying rating of AA- from Standard & Poor's and A1 from Moody's Investors Services, Inc.

For more detailed information regarding the City's debt and debt financing activity, refer to the notes to the financial statements.

**Economic Factors and FY 2007-08 Budget and Rates**

- ❖ The City millage rate was reduced from 7.3 mils to 6.5783 mils for the FY 2008 budget for property tax purposes. This was in accordance with the State-imposed rollback less 9% tax reform legislation.
- ❖ A referendum was held January 29, 2008 on certain tax reform initiatives. The electorate passed an additional \$25,000 homestead exemption on taxable values from \$50,000 to \$75,000, portability of Save Our Homes savings (3% cap on tax increases), a 10% cap on non-homestead property tax increases, and a \$25,000 exemption on non-homestead tangible personal property taxes. The impact of this is estimated to exceed \$2.5 million to the FY2009 tax revenues.
- ❖ The City increased its water and sewer commodity rates by 5% effective October 1, 2007 to cover anticipated costs of plant expansion and increased treatment for the water reuse program.

- ❖ The sanitation collection rates increased by 2.6% effective October 1, 2007. FEMA recently announced that they will change their participation rate from Hurricane Wilma to 100%. This will include all debris costs and uninsured project costs. The City has appealed a \$494,000 FEMA audit adjustment for Hurricane Frances. If this appeal is not reversed, the City will have to recover this amount from the debris contractor.
- ❖ Stormwater utility rates were increased from \$4.50 per month per equivalent residential unit to \$5.02 per month or 11.5%. This is the first rate increase since the stormwater rate was initiated.
- ❖ Health insurance rates were increased by 12% effective March 1, 2007 and the plan year was extended until May 31, 2008.

### **Requests for Information**

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

Office of the Director of Finance  
100 N. W. 1<sup>st</sup> Avenue  
Delray Beach, FL 33444  
Phone: (561) 243-7117

# Basic Financial Statements

CITY OF DELRAY BEACH, FLORIDA  
STATEMENT OF NET ASSETS  
September 30, 2007

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Community Redevelopment Agency (CRA)	Downtown Development Authority (DDA)
<b>ASSETS</b>					
Cash and cash equivalents	\$ 53,471,387	\$ 2,635,309	\$ 56,106,696	\$ 2,418,921	\$ 66,133
Investments	-	-	-	4,482,146	-
Receivables:					
Accounts, net	3,209,098	2,444,228	5,653,326	1,292,598	-
Unbilled accounts	-	1,002,173	1,002,173	-	-
Notes receivable	5,187,674	-	5,187,674	110,000	-
Interest receivable	891,488	-	891,488	-	-
Due from primary government	-	-	-	150,000	-
Due from other governments	1,903,150	-	1,903,150	-	-
Internal balances	(407,888)	407,888	-	-	-
Inventory	84,022	320,956	404,978	-	-
Prepaid items	1,512,598	103,923	1,616,521	-	6,999
Net Pension Asset	65,861	-	65,861	-	-
Deposits	-	-	-	4,085	-
Due from component units	270,794	-	270,794	-	-
Bond issuance costs, net	748,362	221,533	969,895	26,033	-
Restricted assets	-	20,833,930	20,833,930	212,541	-
Capital assets:					
Non-depreciable capital assets	57,492,561	10,635,458	68,128,019	22,851,572	-
Depreciable capital assets, net	67,321,130	92,334,425	159,655,555	317,450	-
Other asset:					
Investment in regional plant (joint venture)	-	22,948,552	22,948,552	-	-
Total Assets	<u>191,750,237</u>	<u>153,888,375</u>	<u>345,638,612</u>	<u>31,865,346</u>	<u>73,132</u>
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	5,864,928	1,233,045	7,097,973	270,723	1,893
Deposits	326,714	1,104,959	1,431,673	184,747	-
Unearned revenue	3,507,827	48,471	3,556,298	6,153	-
Due to component units	150,000	-	150,000	-	-
Due to primary government	-	-	-	270,794	-
Payable from restricted assets	-	5,995,409	5,995,409	51,116	-
Long-term debt:					
Due within one year	7,105,294	180,046	7,285,340	1,300,000	-
Due in more than one year	79,523,978	42,975,514	122,499,492	15,415,000	-
Total Liabilities	<u>96,478,741</u>	<u>51,537,444</u>	<u>148,016,185</u>	<u>17,498,533</u>	<u>1,893</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	51,049,876	54,782,750	105,832,626	6,423,997	-
Restricted for:					
Debt service	688,181	5,656,710	6,344,891	27,794	-
Capital Projects	20,161,989	1,381,511	21,543,500	-	-
Unrestricted	<u>23,371,450</u>	<u>40,529,960</u>	<u>63,901,410</u>	<u>7,915,022</u>	<u>71,239</u>
Total Net Assets	<u>\$ 95,271,496</u>	<u>\$ 102,350,931</u>	<u>\$ 197,622,427</u>	<u>\$ 14,366,813</u>	<u>\$ 71,239</u>

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

CITY OF DELRAY BEACH, FLORIDA  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended September 30, 2007

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units		
					Governmental Activities	Business-type Activities	Total	Community Redevelopment Agency (CRA)	Downtown Development Authority (DDA)	
<b>PRIMARY GOVERNMENT</b>										
<b>Governmental Activities:</b>										
General Government	\$ 25,304,576	\$ 4,521,285	\$ 3,165,420	\$ 1,383,440	\$ (16,234,431)	-	\$ (16,234,431)	\$ -	\$ -	
Public Safety	55,930,194	6,033,201	2,033,988	-	(47,863,005)	-	(47,863,005)			
Physical Environment	7,194,134	626,974	547,284	-	(6,019,876)	-	(6,019,876)			
Parks and Recreation	14,723,853	1,236,660	1,345,900	-	(12,141,293)	-	(12,141,293)			
Interest on Long-term Debt	1,389,786	-	-	-	(1,389,786)	-	(1,389,786)			
<b>Total Governmental Activities</b>	<b>104,542,543</b>	<b>12,418,120</b>	<b>7,092,592</b>	<b>1,383,440</b>	<b>(83,648,391)</b>	<b>-</b>	<b>(83,648,391)</b>			
<b>Business-type Activities:</b>										
Water and Sewer	22,407,194	29,162,001	951,487	1,424,878	-	9,131,172	9,131,172			
Municipal Golf Course	3,440,617	3,467,778	182,796	-	-	209,957	209,957			
Lakeview Golf Course	748,549	853,654	6,171	-	-	111,276	111,276			
City Marina	120,146	160,605	491	-	-	40,950	40,950			
Sanitation	2,897,768	3,094,658	115,040	-	-	311,930	311,930			
Stormwater Utility	1,331,003	2,097,527	362,325	-	-	1,128,849	1,128,849			
<b>Total Business-type Activities</b>	<b>30,945,277</b>	<b>38,836,223</b>	<b>1,618,310</b>	<b>1,424,878</b>	<b>-</b>	<b>10,934,134</b>	<b>10,934,134</b>			
<b>Total Primary Government</b>	<b>\$ 135,487,820</b>	<b>\$ 51,254,343</b>	<b>\$ 8,710,902</b>	<b>\$ 2,808,318</b>	<b>(83,648,391)</b>	<b>10,934,134</b>	<b>(72,714,257)</b>			
<b>COMPONENT UNITS</b>										
Community Redevelopment Agency (CRA)	\$ 9,980,607	\$ 90,814	\$ 7,580	\$ 452,062				(9,430,151)	-	
Downtown Development Authority (DDA)	510,769	-	-	-				-	(510,769)	
<b>Total Component Units</b>	<b>\$ 10,491,376</b>	<b>\$ 90,814</b>	<b>\$ 7,580</b>	<b>\$ 452,062</b>				<b>(9,430,151)</b>	<b>(510,769)</b>	
<b>General Revenues:</b>										
Taxes:										
Property Taxes					59,091,002	-	59,091,002	14,925,949	557,600	
Franchise Fees					5,257,560	-	5,257,560	-	-	
Utilities Service Taxes					8,222,944	-	8,222,944	-	-	
Sales Taxes					1,438,613	-	1,438,613	-	-	
Intergovernmental not restricted to specific programs					6,927,534	-	6,927,534	-	-	
Investment earnings					2,816,429	737,952	3,554,381	522,575	2,601	
Miscellaneous					5,724,228	-	5,724,228	-	353	
Transfers					3,716,720	(3,716,720)	-	-	-	
<b>Total General Revenues and Transfers</b>					<b>93,195,030</b>	<b>(2,978,768)</b>	<b>90,216,262</b>	<b>15,448,524</b>	<b>560,554</b>	
Change in Net Assets					9,546,639	7,955,366	17,502,005	6,018,373	49,785	
Net Assets - October 1, 2006, as restated					85,724,857	94,395,565	180,120,422	8,348,440	21,454	
Net Assets - September 30, 2007					<b>\$ 95,271,496</b>	<b>\$ 102,350,931</b>	<b>\$ 197,622,427</b>	<b>\$ 14,366,813</b>	<b>\$ 71,239</b>	

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

CITY OF DELRAY BEACH, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2007

	<u>Major Funds</u>			<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Capital Improvement</u>	<u>2004 GO Bond</u>		
<b>ASSETS</b>					
Cash and cash equivalents	\$ 34,404,072	\$ 12,464,378	\$ 1,181,168	\$ 202,081	\$ 48,251,699
Accounts receivable, net	2,966,805	-	7,000	9,759	2,983,564
Notes receivable	3,976,674	-	-	1,211,000	5,187,674
Interest receivable	891,488	-	-	-	891,488
Due from other governments	125,792	455,305	851,557	470,496	1,903,150
Due from other funds	-	5,188,832	825,351	5,857,476	11,871,659
Inventory	30,486	-	-	-	30,486
Prepaid items	353,525	54,215	-	1,700	409,440
Due from component units	58,076	208,983	-	3,735	270,794
Total Assets	<u>\$ 42,806,918</u>	<u>\$ 18,371,713</u>	<u>\$ 2,865,076</u>	<u>\$ 7,756,247</u>	<u>\$ 71,799,954</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable and accrued items	\$ 2,854,501	\$ 128,427	\$ 1,225,324	\$ 147,748	\$ 4,356,000
Deposits	326,714	-	-	-	326,714
Due to other funds	14,358,238	-	-	-	14,358,238
Deferred revenue	1,881,290	444,208	-	2,502,879	4,828,377
Due to component units	-	-	-	150,000	150,000
Total Liabilities	<u>19,420,743</u>	<u>572,635</u>	<u>1,225,324</u>	<u>2,800,627</u>	<u>24,019,329</u>
<b>FUND BALANCES</b>					
Reserved for:					
Inventory	30,486	-	-	-	30,486
Prepaid items	353,525	54,215	-	1,700	409,440
Long-term notes receivables	3,701,674	-	-	-	3,701,674
Encumbrances	408,194	-	-	-	408,194
Debt Service	-	-	-	688,181	688,181
Advances to component units	58,076	-	-	-	58,076
Capital projects	5,985	-	-	-	5,985
Unreserved, undesignated reported in:					
General Fund	18,828,235	-	-	-	18,828,235
Capital Projects Funds	-	17,744,863	1,639,752	777,374	20,161,989
Special Revenue Funds	-	-	-	3,488,365	3,488,365
Total Fund Balances	<u>23,386,175</u>	<u>17,799,078</u>	<u>1,639,752</u>	<u>4,955,620</u>	<u>47,780,625</u>
Total Liabilities and Fund Balances	<u>\$ 42,806,918</u>	<u>\$ 18,371,713</u>	<u>\$ 2,865,076</u>	<u>\$ 7,756,247</u>	<u>\$ 71,799,954</u>

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



CITY OF DELRAY BEACH, FLORIDA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
September 30, 2007

<b>Total Fund Balances - Governmental Funds</b>		\$ 47,780,625
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Capital assets	\$ 179,486,188	
Less accumulated depreciation	<u>(61,949,943)</u>	117,536,245
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Interest receivable	891,488	
Long-term receivables	<u>429,062</u>	1,320,550
Net pension assets of defined benefit pension plans are reported in the statement of net assets. Because the net pension asset does not represent available, spendable resources, it is not reported in governmental funds.		
		65,861
Premiums, discounts, gains and losses on refundings are reported as "Other Financing Sources and Uses" and bond issuance costs are charged to expenditures when debt is issued in the governmental funds. These items, however, are deferred and amortized over the life of the bonds in the government-wide statements.		
Bond issuance costs	748,362	
Loss on refunding	613,422	
Bond premium	<u>(1,400,888)</u>	(39,104)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.		
Accrued interest payable	(505,472)	
Bonds and installment agreements payable	(72,976,349)	
Compensated absences	<u>(7,569,407)</u>	(81,051,228)
Internal service funds are used by management to charge the costs of fleet management and insurance to individual funds. The net assets of the internal service funds are included in governmental activities in the statement of net assets.		
Net assets	10,496,270	
Less amount allocated to business-type activities	<u>(837,723)</u>	<u>9,658,547</u>
<b>Total Net Assets - Governmental Activities</b>		<u><u>\$ 95,271,496</u></u>

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

CITY OF DELRAY BEACH, FLORIDA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Fiscal Year Ended September 30, 2007

	<u>Major Funds</u>			Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Capital Improvement	2004 GO Bond		
<b>REVENUES</b>					
Taxes	\$ 74,010,119	\$ -	\$ -	\$ -	\$ 74,010,119
Licenses and permits	4,325,079	-	-	-	4,325,079
Intergovernmental	9,887,712	598,141	851,557	2,682,716	14,020,126
Charges for services	6,605,953	-	-	414,629	7,020,582
Fines and forfeitures	790,074	-	-	282,385	1,072,459
Miscellaneous	5,719,566	1,114,914	569,495	728,333	8,132,308
Total Revenues	<u>101,338,503</u>	<u>1,713,055</u>	<u>1,421,052</u>	<u>4,108,063</u>	<u>108,580,673</u>
<b>EXPENDITURES</b>					
Current:					
General government	19,572,415	248,756	-	3,131,509	22,952,680
Public safety	53,301,496	120,320	-	241,145	53,662,961
Physical environment	3,634,914	601,376	-	1,118,802	5,355,092
Parks and recreation	12,103,062	31,749	48,667	276,764	12,460,242
Capital outlay	1,123,033	4,290,967	14,831,022	797,879	21,042,901
Debt service:					
Principal retirement	2,934,548	-	7,000,000	1,410,808	11,345,356
Interest and fiscal charges	2,149,647	-	-	223,980	2,373,627
Bond issuance costs	-	-	353,104	-	353,104
Total Expenditures	<u>94,819,115</u>	<u>5,293,168</u>	<u>22,232,793</u>	<u>7,200,887</u>	<u>129,545,963</u>
Excess of revenues over (under) expenditures	6,519,388	(3,580,113)	(20,811,741)	(3,092,824)	(20,965,290)
<b>OTHER FINANCING SOURCES (USES)</b>					
Revenue bonds issued	-	12,454,147	18,316,640	-	30,770,787
Proceeds from sale of capital assets	62,471	-	-	-	62,471
Transfers in	3,153,386	5,258,527	1,536,195	3,138,025	13,086,133
Transfers out	(6,925,481)	(204,100)	-	(251,746)	(7,381,327)
Total Other Financing Sources (Uses)	<u>(3,709,624)</u>	<u>17,508,574</u>	<u>19,852,835</u>	<u>2,886,279</u>	<u>36,538,064</u>
Net change in fund balances	2,809,764	13,928,461	(958,906)	(206,545)	15,572,774
Fund balances - October 1, 2006	20,576,411	3,870,617	2,598,658	5,162,165	32,207,851
Fund balances - September 30, 2007	<u>\$ 23,386,175</u>	<u>\$ 17,799,078</u>	<u>\$ 1,639,752</u>	<u>\$ 4,955,620</u>	<u>\$ 47,780,625</u>

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

CITY OF DELRAY BEACH, FLORIDA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended September 30, 2007

**Net Change in Fund Balances - Total Governmental Funds** \$ 15,572,774

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Depreciation expense and capital outlays in the current period were as follows.

Capital outlays	\$ 21,042,901	
Depreciation expense	<u>(5,963,351)</u>	15,079,550

In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds the proceeds from the sale increases financial resources. The change in net assets differs from the change in fund balance by the net book value of the assets retired. (826,481)

Some revenues reported in the statement of activities do not generate current financial resources and are therefore not reported as revenue by the funds.

Donations of capital assets	848,392	
Change in long-term receivables	<u>(6,886)</u>	841,506

Some expenses reported in the statement of activities are not reported in the funds because they have no effect on current financial resources

Change in net pension asset	(4,074)	
Compensated absences	(645,967)	
Change in accrued interest payable	<u>974,764</u>	324,723

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Governmental funds report the effect of issue costs, premium, discount and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt Issuance		
Revenue bonds		(30,770,787)

Debt Retirement and Issue Costs		
Principal paid	11,345,356	
Debt issue costs paid	353,104	
Amortization of issue costs, premium and discount	<u>9,077</u>	11,707,537

Internal service funds are used by management to charge the costs of fleet maintenance and insurance to individual funds. The net revenue of internal service funds is reported with governmental activities.

Fund statement net income	(2,603,069)	
Less allocation to business type activities	<u>220,886</u>	(2,382,183)

**Change in Net Assets of Governmental Activities** \$ 9,546,639

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

CITY OF DELRAY BEACH, FLORIDA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
September 30, 2006

	<u>Major Fund</u> <u>Water</u> <u>and</u> <u>Sewer</u>	<u>Non-Major</u> <u>Enterprise</u> <u>Funds</u>	<u>Total</u> <u>Business-Type</u> <u>Activities-</u> <u>Enterprise</u> <u>Funds</u>	<u>Governmental</u> <u>Activities -</u> <u>Internal</u> <u>Service</u> <u>Funds</u>
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 1,587,602	\$ 1,047,707	\$ 2,635,309	\$ 5,219,688
Accounts receivable, net	2,100,009	344,219	2,444,228	225,534
Unbilled accounts receivable	1,002,173	-	1,002,173	
Due from other funds	-	1,287,286	1,287,286	2,916,414
Inventory	233,633	87,323	320,956	53,536
Prepaid expenses	217	103,706	103,923	1,103,158
Restricted assets:				
Cash and cash equivalents	19,226,262	1,607,668	20,833,930	-
Total Current Assets	<u>24,149,896</u>	<u>4,477,909</u>	<u>28,627,805</u>	<u>9,518,330</u>
<b>Noncurrent Assets:</b>				
Property, land and equipment:				
Land	882,792	4,694,070	5,576,862	-
Buildings	6,233,984	4,370,104	10,604,088	909
Improvements other than buildings	135,407,730	13,757,461	149,165,191	-
Equipment	10,251,234	2,615,749	12,866,983	16,281,683
Construction in progress	4,525,890	532,706	5,058,596	-
Accumulated depreciation	(72,876,278)	(7,425,559)	(80,301,837)	(9,005,146)
Other assets:				
Bond issue costs, net	145,212	76,321	221,533	-
Investment in regional plant joint venture	22,948,552	-	22,948,552	-
Total Noncurrent Assets	<u>107,519,116</u>	<u>18,620,852</u>	<u>126,139,968</u>	<u>7,277,446</u>
Total Assets	<u>131,669,012</u>	<u>23,098,761</u>	<u>154,767,773</u>	<u>16,795,776</u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable and accrued expenses	932,533	300,512	1,233,045	1,003,456
Unearned revenue	36,953	11,518	48,471	-
Current maturities of installment agreements	-	61,643	61,643	-
Compensated absences payable	118,248	155	118,403	15,365
Insurance claims payable	-	-	-	1,821,493
Due to other funds	544,134	1,172,987	1,717,121	-
Refundable deposits	1,016,127	88,832	1,104,959	-
	<u>2,647,995</u>	<u>1,635,647</u>	<u>4,283,642</u>	<u>2,840,314</u>
<b>Current Liabilities Payable from Restricted Assets:</b>				
Contracts payable and retainages	381,095	84,613	465,708	-
Accrued interest on long-term debt	613,897	36,876	650,773	-
Current maturities of revenue bonds	4,271,746	607,182	4,878,928	-
	<u>5,266,738</u>	<u>728,671</u>	<u>5,995,409</u>	<u>-</u>
Total Current Liabilities	<u>7,914,733</u>	<u>2,364,318</u>	<u>10,279,051</u>	<u>2,840,314</u>
<b>Noncurrent Liabilities:</b>				
Long-term portion of compensated absences payable	592,607	40,081	632,688	61,976
Long term portion of insurance claims payable	-	-	-	3,397,216
Revenue bonds payable, net	36,754,042	5,476,584	42,230,626	-
Installment agreements	-	112,200	112,200	-
Total Noncurrent Liabilities	<u>37,346,649</u>	<u>5,628,865</u>	<u>42,975,514</u>	<u>3,459,192</u>
Total Liabilities	<u>45,261,382</u>	<u>7,993,183</u>	<u>53,254,565</u>	<u>6,299,506</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	43,399,564	11,383,186	54,782,750	7,277,446
Restricted for:				
Debt service	4,777,713	878,997	5,656,710	-
Renewal and replacement	1,381,511	-	1,381,511	-
Unrestricted	36,848,842	2,843,395	39,692,237	3,218,824
<b>Total Net Assets</b>	<u>\$ 86,407,630</u>	<u>\$ 15,105,578</u>	<u>101,513,208</u>	<u>\$ 10,496,270</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds				
Cumulative prior year adjustments			1,058,609	
Current year adjustment			(220,886)	
Net Assets of Business-Type Activities, Statement of Net Assets			<u>\$ 102,350,931</u>	

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

CITY OF DELRAY BEACH, FLORIDA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
For the Fiscal Year Ended September 30, 2007

	<b>Major Fund</b>		<b>Total Business-Type Activities- Enterprise Funds</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Water and Sewer</b>	<b>Non-Major Enterprise Funds</b>		
<b>OPERATING REVENUES</b>				
Charges for services	\$ 29,162,001	\$ 9,674,222	\$ 38,836,223	\$ 15,383,387
Other operating revenue	946,331	536,515	1,482,846	1,861,911
Total Operating Revenues	30,108,332	10,210,737	40,319,069	17,245,298
<b>OPERATING EXPENSES</b>				
Personal services	6,811,807	554,387	7,366,194	1,050,690
Other operating expenses	13,620,965	6,938,181	20,559,146	16,165,974
Depreciation	3,487,127	765,030	4,252,157	1,409,179
Total Operating Expenses	23,919,899	8,257,598	32,177,497	18,625,843
Operating Income (Loss)	6,188,433	1,953,139	8,141,572	(1,380,545)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest revenue	634,223	103,729	737,952	347,451
Rent revenue	5,156	130,308	135,464	-
Share of regional plant joint venture net income	3,070,924	-	3,070,924	-
Insurance recoveries	-	-	-	67,784
Interest expense	(1,364,943)	(195,274)	(1,560,217)	-
Loss on disposal of equipment	-	(57,601)	(57,601)	(184,721)
Total Nonoperating Revenues (Expenses)	2,345,360	(18,838)	2,326,522	230,514
Income (Loss) Before Capital Contributions and Transfers	8,533,793	1,934,301	10,468,094	(1,150,031)
Capital contributions	1,424,878	-	1,424,878	535,048
Transfers in	91,000	45,000	136,000	208,340
Transfers out	(2,475,140)	(1,377,580)	(3,852,720)	(2,196,426)
Change In Net Assets	7,574,531	601,721	8,176,252	(2,603,069)
Net Assets - October 1, 2006	78,833,099	14,503,857	93,336,956	13,099,339
Net Assets - September 30, 2007	\$ 86,407,630	\$ 15,105,578	101,513,208	\$ 10,496,270
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds				
Cummulative prior year adjustments			1,058,609	
Current year adjustment			(220,886)	
Net Assets of Business-Type Activities, Statement of Net Assets			\$ 102,350,931	
Reconciliation of Change in Net Assets to the Statement of Activities				
Change In Net Assets as reported above			\$ 8,176,252	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				
Current year adjustment			(220,886)	
Change In Net Assets as reported on the Statement of Activities for Business-type Activities			\$ 7,955,366	

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

CITY OF DELRAY BEACH, FLORIDA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Fiscal Year Ended September 30, 2007

	<u>Major Fund</u> <u>Water</u> <u>and</u> <u>Sewer</u>	<u>Non-Major</u> <u>Enterprise</u> <u>Funds</u>	<u>Total</u> <u>Business-Type</u> <u>Activities-</u> <u>Enterprise</u> <u>Funds</u>	<u>Governmental</u> <u>Activities -</u> <u>Internal</u> <u>Service</u> <u>Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 29,012,775	\$ 11,439,918	\$ 40,452,693	\$ 20,275,018
Receipts from others	951,487	130,308	1,081,795	67,784
Payments to suppliers	(15,596,267)	(6,973,360)	(22,569,627)	(16,039,962)
Payments to employees	(6,725,736)	(551,084)	(7,276,820)	(1,042,345)
Net cash provided by operating activities	<u>7,642,259</u>	<u>4,045,782</u>	<u>11,688,041</u>	<u>3,260,495</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	91,000	45,000	136,000	208,340
Transfers to other funds	(2,475,140)	(1,377,580)	(3,852,720)	(2,196,426)
Net cash used in noncapital financing activities	<u>(2,384,140)</u>	<u>(1,332,580)</u>	<u>(3,716,720)</u>	<u>(1,988,086)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(6,338,840)	(1,917,238)	(8,256,078)	(1,898,938)
Proceeds from the sale of capital assets	-	-	-	10,000
Capital contributions	690,097	-	690,097	535,048
Bond proceeds	11,350,000	1,000,000	12,350,000	-
Principal paid on capital debt	(3,877,248)	(644,122)	(4,521,370)	-
Interest paid on capital debt	(1,223,070)	(169,296)	(1,392,366)	-
Net cash provided by (used in) capital and related financing activities	<u>600,939</u>	<u>(1,730,656)</u>	<u>(1,129,717)</u>	<u>(1,353,890)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>				
Interest received	634,223	103,729	737,952	347,451
Net cash provided by investing activity	<u>634,223</u>	<u>103,729</u>	<u>737,952</u>	<u>347,451</u>
Net change in cash and cash equivalents	6,493,281	1,086,275	7,579,556	265,970
Cash and cash equivalents - October 1, 2006	14,320,583	1,569,100	15,889,683	4,953,718
Cash and cash equivalents - September 30, 2007	<u>\$ 20,813,864</u>	<u>\$ 2,655,375</u>	<u>\$ 23,469,239</u>	<u>\$ 5,219,688</u>
<b>Reconciliation of cash and cash equivalents to balance sheet:</b>				
Unrestricted cash and cash equivalents	\$ 1,587,602	\$ 1,047,707	\$ 2,635,309	\$ 5,219,688
Restricted cash and cash equivalents	19,226,262	1,607,668	20,833,930	-
Cash and cash equivalents - September 30, 2007	<u>\$ 20,813,864</u>	<u>\$ 2,655,375</u>	<u>\$ 23,469,239</u>	<u>\$ 5,219,688</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ 6,188,433	1,953,139	\$ 8,141,572	\$ (1,380,545)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	3,487,127	765,030	4,252,157	1,409,179
Miscellaneous revenue	5,156	130,308	135,464	67,784
Change in assets and liabilities:				
Accounts receivable	(134,955)	(81,640)	(216,595)	131,550
Due from other funds	-	(275,223)	(275,223)	-
Inventory	(49,080)	(2,206)	(51,286)	(23,909)
Prepaid expenses	(55)	1,086	1,031	(1,099,969)
Accounts payable and accrued expenses	239,962	145,420	385,382	(26,191)
Unearned revenue	3,214	(1,559)	1,655	-
Compensated absences payable	86,071	3,303	89,374	8,345
Due to other funds	(2,166,129)	1,400,959	(765,170)	2,898,170
Insurance claims payable	-	-	-	1,276,081
Refundable deposits	(17,485)	7,165	(10,320)	-
Total adjustments	<u>1,453,826</u>	<u>2,092,643</u>	<u>3,546,469</u>	<u>4,641,040</u>
Net cash provided by operating activities	<u>\$ 7,642,259</u>	<u>\$ 4,045,782</u>	<u>\$ 11,688,041</u>	<u>\$ 3,260,495</u>
<b>Non-cash capital and related financing activities</b>				
Amortization of bond premiums	\$ (201,182)	\$ (9,834)	\$ (211,016)	\$ -
Amortization of debt issue costs	<u>\$ 64,078</u>	<u>\$ 8,723</u>	<u>\$ 72,801</u>	<u>\$ -</u>
Amortization of deferred loss on refundings	<u>\$ 289,168</u>	<u>\$ 33,849</u>	<u>\$ 323,017</u>	<u>\$ -</u>
Installment agreement debt issued	<u>\$ -</u>	<u>\$ 131,420</u>	<u>\$ 131,420</u>	<u>\$ -</u>
Capital contributions	<u>\$ 734,781</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

CITY OF DELRAY BEACH, FLORIDA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
September 30, 2007

	<u>Pension Trust Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 500
Investments:	
Bonds and other interest bearing investments	48,516,644
Equity securities	90,665,316
Mutual funds	65,999,674
Other	2,162,791
Due from broker for securities sold	612,931
Employee contributions receivable	41,634
Due from other governments	432,524
Prepaid expenses	163,076
Interest and dividends receivable	<u>486,356</u>
Total Assets	<u>209,081,446</u>
<b>LIABILITIES</b>	
Accounts payable	95,296
Due to broker for securities purchased	736,558
State monies held in reserve	1,066,447
Deferred retirement option plan payable	<u>7,188,343</u>
Total Liabilities	<u>9,086,644</u>
<b>NET ASSETS</b>	
Held in trust for pension benefits	<u>\$ 199,994,802</u>

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

CITY OF DELRAY BEACH, FLORIDA  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
For the Fiscal Year Ended September 30, 2007

	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 7,182,589
State	1,560,549
Plan members	1,776,929
Total contributions	<u>10,520,067</u>
Investment earnings	
Net appreciation in fair value of investments	17,789,546
Interest and dividends	5,055,498
	<u>22,845,044</u>
Less investment expenses - custodian fees	837,719
Net investment gain	<u>22,007,325</u>
Other income	49,475
Total additions	<u>32,576,867</u>
<b>DEDUCTIONS</b>	
Benefits	8,872,299
Refunds of contributions	81,646
Other operating expenses	197,451
Total deductions	<u>9,151,396</u>
Change In Net Assets	23,425,471
Net Assets - October 1, 2006 as originally reported	177,411,696
Prior period adjustment	(842,365)
Net Assets - October 1, 2006 as restated	<u>176,569,331</u>
Net Assets - September 30, 2007	<u>\$ 199,994,802</u>

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



# City of Delray Beach, Florida

## Notes to Financial Statements

September 30, 2007

### **1. Financial Reporting Entity**

In conformance with the pronouncements of the Governmental Accounting Standards Board (GASB), the financial reporting entity of the City of Delray Beach, Florida, (the "City"), includes the primary government and all organizations for which the primary government is financially accountable. The City was established pursuant to Section 12677, laws of Florida, 1927. Financial accountability was determined based on the City's ability to impose its will on an organization or the potential of the organization to provide specific financial benefits to or impose specific financial burdens on the City.

#### **Discretely Presented Component Units**

As defined by U.S. generally accepted accounting principles, the financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Two dependent special districts of the City, created by Florida Statutes, have been included in the reporting entity as discretely presented component units. The districts are the Delray Beach Community Redevelopment Agency (CRA) and the Delray Beach Downtown Development Authority (DDA). Both of these entities are considered component units, as the City appoints the governing board of each, and has the ability to remove members of the board at will. In addition, the City approves DDA's budget.

The CRA is a dependent special district established by the City under authority granted by Florida Statute 163, Section III. The purpose of the CRA is to promote and guide the physical and economic redevelopment of approximately 1,900 acres in the center of the City. The CRA is a legally separate entity established by Ordinance number 46-85 of the Delray Beach City Commission on June 18, 1985. The CRA is governed by a seven member Board of Commissioners appointed by the Delray Beach City Commission.

The DDA was created after the City petitioned the State of Florida. An Act allowing the DDA became law on March 22, 1971. The original boundary of the DDA was established by Section 3, Chapter 71-604 Laws of Florida 1971. The expanded boundary was established by Chapter 94-476 Laws of Florida effective May 13, 1994. The purpose of the DDA is to promote and guide the economic development and improvement of the downtown area of the City. The governing body of the DDA is appointed by the Delray Beach City Commission.

Except as otherwise indicated, the notes to the financial statements pertain only to the primary government of the City. The separate financial statements of the CRA and the DDA can be obtained directly from the respective entities.

#### **Joint Venture**

The South Central Regional Wastewater Treatment and Disposal Board (the "Board") has been reported as a joint venture accounted for using the equity method as discussed in Note 10. The Board is an independent special district created by the Cities of Delray Beach and Boynton Beach, whose city commissions comprise the Board's governing body. Control and oversight are exercised equally by both cities represented on the Board.

The separate financial statements of the Board can be obtained directly from the finance department of the Board.

## City of Delray Beach, Florida

### Notes to Financial Statements (continued)

September 30, 2007

#### **2. Significant Accounting Policies**

The City maintains its accounting records in accordance with the principles and policies applicable to governmental units set forth by the GASB as well as U.S. generally accepted accounting principles (GAAP) as promulgated by the American Institute of Certified Public Accountants and the Financial Accounting Standards Board (FASB). The City does not apply FASB statements and interpretations issued after November 30, 1989 to its enterprise funds. The following is a summary of the significant accounting policies.

#### **The Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City. 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 are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *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 and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The City does not allocate indirect costs, however, an administrative service fee is charged by the General Fund to other operating funds that is eliminated like a reimbursement (reducing revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (such as finance, legal, human resources, information systems, etc.).

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 and enterprise funds are reported as separate columns in the fund financial statements.

#### **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 and fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The proprietary fund financial statements distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenue and expenses generally result from providing services and producing and delivering services. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administration, and depreciation. Other revenues and expenses are considered nonoperating revenues and expenses.

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* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Ad valorem taxes and charges for services are susceptible to accrual when collected in the current year or within 60 days subsequent to year end, provided that amounts received pertain to billings through the fiscal year just ended. Intergovernmental revenue and utility service taxes are recorded in accordance with their legal or contractual requirements if collected in the current period or within 30 days after year end, except for grant revenue, which is recorded when the related expenditure/expenses are incurred. Interest is recorded when earned. Licenses and permits, fines and forfeitures, and miscellaneous revenue are recorded as revenue when received in cash, because they are generally not measurable until actually received.

## City of Delray Beach, Florida

### Notes to Financial Statements (continued)

September 30, 2007

#### **2. Significant Accounting Policies (continued)**

Occupational license revenue collected in advance of periods to which they relate is recorded as unearned revenue. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except that principal and interest on long-term obligations are reported only when due in conformity with GAAP.

The City reports the following major governmental funds:

*General Fund* - The General Fund is the general operating fund of the City. All general tax revenue and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The general operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

*Capital Improvement Fund* - This fund is used to account for the construction of major capital facilities.

*2004 GO Bond Fund* - This fund is used to account for the construction of major capital facilities financed by the City's 2004 general obligation bond issue.

The City reports the following major proprietary funds:

*Water and Sewer Fund* - This fund is used to account for water and sewer services provided by the City to residents and other users.

Additionally, the City reports the following fund types:

*Internal Service Funds* - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost reimbursement basis, including insurance services and the operation of the central garage.

*Pension Trust Funds* - The Pension Trust funds account for the accumulation of resources to be used for the retirement annuities of employees, police officers and firemen.

#### **Cash, Cash Equivalents and Investments**

Cash and cash equivalents consist of restricted and unrestricted cash deposits, and funds invested in the Local Government Surplus Funds Trust Fund managed by the State Board of Administration, Department of the State Treasurer of Florida. Investments in the Local Government Surplus Funds Trust Fund, a 2a7-like pool, are carried at amortized cost, which approximates fair value. A 2a7-like pool is not registered with the United States Securities and Exchange Commission (the SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. The Local Government Surplus Funds Trust Fund operates under the regulatory oversight of the State of Florida, Chapter 19-7 of the Florida Administrative Code, and the reported value of the pool is the same as the fair value of the pool shares. Cash balances from all funds are combined, and the requirements of all funds are considered in determining the amount to be invested. Earnings are allocated to each fund based on respective month-end balances. Investments are stated at fair value, based on quoted market prices. For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2007

**2. Significant Accounting Policies (continued)**

**Accounts Receivable**

Accounts receivable represent amounts due for various City services and utilities, provided primarily to local businesses and residents. Accounts receivable are reported net of an allowance for doubtful accounts determined based on the age of the individual receivable and historical collection trends. Accounts receivable are written off on an individual basis in the year the City deems them uncollectible. An allowance for doubtful accounts has been provided for those accounts where collectibility appears to be doubtful.

The City does not require collateral from its customers, except for the Water and Sewer Fund, which requires deposits for services. The City maintains an allowance for doubtful accounts at a level which management believes is sufficient to cover potential credit losses.

**Unbilled Service Receivables**

Within the enterprise funds, the Water and Sewer Fund recognizes revenue on the basis of monthly cycle billings to customers for services provided. As a result of this cycle billing method, there are unbilled receivables at the end of each fiscal year with respect to services provided, but not billed at such date. It is the policy of the City to accrue these amounts at year-end. The other enterprise funds do not have unbilled receivables at year-end.

**Inventory**

Inventory consists of materials, supplies and goods held for sale and are carried at cost on the average costing basis. The General Fund inventory is accounted for using the consumption method whereby inventories are recorded as expenditures in the period when used.

**Prepaid Items/Expenses**

Payments for insurance premiums and other administrative expenditures/expenses extending over more than one accounting period are accounted for as prepaid items/expenses and allocated between accounting periods.

**Intra-Entity Transactions**

An Intra-entity transaction consists of transactions and balances between the primary government and its discretely presented component units and are separately reported from interfund balances. Current maturities of long-term intra-entity transactions are reported separately as due to and due from respective entities.

**Interfund Transactions**

Transactions among funds during the year are described as follows:

*Interfund services provided and used* - Transactions which are revenue to the recipient fund and expenditures to the disbursing fund. These are transactions which would otherwise be recorded as revenue or expenditures if they were conducted with organizations external to the City.

*Reimbursements* - These transactions are reimbursements of a fund for the disbursement of monies initially made from it, which are properly applicable to another fund. Such reimbursements are recorded as an expenditure or expense in the reimbursing fund and as reductions of the interfund receivable in the fund that is reimbursed.

City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2007

**2. Significant Accounting Policies (continued)**

*Transfers* - Transfers which, because of budgetary or legal restrictions, must be expended by funds other than the fund initially receiving the revenue. These transfers are recorded as transfers in (out).

**Capital Assets**

Capital asset acquisitions are recorded as expenditures in the governmental fund financial statements. Such assets are capitalized at historical cost in the government-wide financial statements for both governmental activities and business-type activities. In the case of gifts or contributions, such assets are recorded at fair value at the date of receipt. Capital costs which materially extend the useful life of existing properties are capitalized. Capital assets are defined as assets with an initial, individual cost of more than \$750 and an estimated useful life in excess of one year. Interest is capitalized on projects during the construction period based upon average accumulated project expenditures. Infrastructure assets (such as roads, bridges, curbs and gutters, streets and sidewalks, lighting and drainage systems and similar assets that are immovable and of value only to the City) are capitalized and reported in the Improvements Other Than Buildings category.

Depreciation of capital assets is provided on the straight-line basis over the assets' estimated useful lives. Amortization of assets recorded under capital leases is recorded with depreciation expense. Estimated useful lives assigned to various categories of assets are as follows:

Buildings	20 – 40 years
Improvements Other than Buildings	10 – 30 years
Machinery and equipment	4 – 15 years
Automotive equipment	4 – 8 years
Office equipment	5 years
Water meters	30 years
Pumping equipment	15 – 20 years
Wells and springs	10 years
Sewer system	60 years
Water distribution system	50 years

**Bond Issue Costs, Premiums, Discounts, and Deferred Amounts on Refunding**

In the government-wide financial statements and the enterprise funds, expenses incurred in connection with the issuance of long-term debt, as well as bond discounts, premiums and deferred amounts on refunding, are deferred and amortized over the term of the related financing using a method that approximates the effective interest method. For governmental funds, these costs are considered to be period costs.

**Compensated Absences**

The City accrues compensated absences in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, and has elected the termination payment method of accounting for sick leave. The amount of reimbursable sick or vacation leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements. The City's policy regarding the accumulation of compensated absences is as follows:

*Vacation Leave* - Employees become eligible to use accrued vacation after one year of continuous service and may then use vacation as it is earned. The maximum vacation days allowed to be accumulated is 18, 24-hour days for fire department personnel and 36 days for all other full-time personnel.

City of Delray Beach, Florida  
Notes to Financial Statements (continued)  
September 30, 2007

**2. Significant Accounting Policies (continued)**

Vacation hours are earned at the following monthly rates:

<u>Years of Continuous Service</u>	<u>Fire Department Personnel</u>	<u>Other Full-Time Personnel</u>
0 – 3 years	12.00/month	8.00/month
3 – 7 years	14.00/month	9.33/month
7 – 11 years	16.00/month	10.66/month
Thereafter	18.00/month	12.00/month

Upon termination in good standing, employees are compensated for all accrued vacation leave at their pay rate on the date of termination.

*Sick Leave* - Employees earn hours of sick leave per month based on their scheduled work hours; 8 hours per month for 40-hour work week employees and 9.6 hours per month for 48-hour work week employees. If an employee retires with 20 years or more of service, sick leave is paid up to a maximum of 1120 hours or 1344 for 48-hour work week employees.

Upon retirement with less than 20 years of service or resignation, employees are compensated for unused sick leave up to 560 hours (70 days) according to the following vesting schedule:

<u>Years of Service</u>	<u>Percent Vested</u>
0 – 5 years	0%
5 – 10 years	25
10 – 15 years	50
15 – 20 years	75

**Fund Balance/Net Assets**

*Fund Balance*

In the fund financial statements, governmental funds report reservations of fund balance to indicate the portion of fund balance that is not appropriable for expenditure or is legally segregated by outside parties for a specific purpose. Designations indicate tentative managerial plans or intent to use financial resources in a future period. Undesignated fund balance indicates the portion of fund balance which is available for future use.

*Net Assets*

Net assets of the government-wide and proprietary funds are categorized as invested in capital assets, net of related debt, restricted or unrestricted. Invested in capital assets, net of related debt, is that portion of net assets that relates to the City’s capital assets reduced by the portion of the assets that has been acquired through the use of long-term debt. This amount is offset by any unspent proceeds that are outstanding at fiscal year-end. Restricted net assets are that portion of net assets that has been restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or legislation. Unrestricted net assets consist of net assets not included in invested in capital assets, net of related debt or restricted.

## City of Delray Beach, Florida

### Notes to Financial Statements (continued)

September 30, 2007

#### 2. Significant Accounting Policies (continued)

##### Revenue Recognition

*Property Taxes* - Ad valorem property taxes are assessed on property valuations as of January 1 and levied the following October. They are due March 31 and become delinquent April 1. Delinquent tax certificates are sold on June 1 and become a lien on the property. These taxes are collected by Palm Beach County and remitted to the City. Revenue is recognized at the time monies are received from Palm Beach County. At September 30, unpaid delinquent taxes are reflected as a receivable on the balance sheet and are offset in full by an allowance for estimated uncollectible accounts. Delinquent property taxes must be advertised within 45 days after delinquency, and after May 1 the property is subject to levy, seizure and sale.

During 2007 the Florida Legislature passed property tax reform legislation limiting the property tax levies of local governments in the State of Florida. Local governments that adopt a property tax levy in excess of the limit under State law will lose their Half-Cent Sales Tax distribution from the State for the succeeding twelve months. For the fiscal year ending September 30, 2008, the maximum tax levy allowed by a majority vote of the governing body is generally based on a percentage reduction applied to the prior year (2006/2007) property tax revenue. The percentage reduction is calculated based on the compound annual growth rate in the per capita property taxes levied for fiscal years ended September 30, 2002 through 2007. The State law allows local governments to adopt a higher millage rate based on the following approval of the governing body: 1) a two-thirds vote to adopt a rate equal to the prior year rolled-back millage rate; 2) a unanimous vote to adopt a rate equal to the prior year millage rate; or, 3) any millage rate approved by referendum. For the fiscal year ending September 30, 2008 the City adopted the maximum millage rate permitted by a majority vote of the City Commission under this formula, which was 6.5783. This millage rate results in a total tax levy of \$54,459,940 for 2008, representing a reduction of 9.16% from the property tax levy for 2007. Beginning in 2009, future property tax growth is generally limited to the annual growth rate of per capita personal income, which is currently 4% to 5%, plus the value of new construction.

On January 29, 2008, Florida voters approved a constitutional amendment that changes how property is assessed for ad valorem taxes, by increasing the homestead exemption from \$25,000 to \$50,000, allowing portability of up to \$500,000 of the existing savings under the 3% assessment cap for homestead properties created by the Save Our Homes constitutional amendment, providing a \$25,000 exemption for tangible personal property taxes paid by businesses and creating a 10% annual assessment cap for non-homestead real properties. The ultimate effect of these changes on the City's property tax base cannot be determined at this time.

*Grants* - Federal, State and Local reimbursement-type grants are recorded as intergovernmental receivables and revenue when the related expenditures/expenses are incurred.

*Other Revenue* - Emergency medical transport services provided by the City are billed and recorded at the time services are rendered. Other material revenue which is susceptible to accrual includes interest income, franchise taxes, state revenue sharing and other state shared revenue. Revenue which is not both available and measurable and is thus not susceptible to accrual includes utilities taxes, permits and occupational licenses.

##### Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the General Fund.

Encumbrances outstanding at year-end are reported as reservations of fund balances for subsequent year expenditures. For budgetary purposes, current year encumbrances are treated as expenditures and any unencumbered balances lapse at year-end.

City of Delray Beach, Florida  
Notes to Financial Statements (continued)  
September 30, 2007

**2. Significant Accounting Policies (continued)**

**On-behalf Payments**

The City receives on-behalf payments from the State of Florida to be used for Police and Firefighters pension benefits. Such payments are recorded as intergovernmental revenue and public safety expenditures in the GAAP basis government-wide and General Fund financial statements, but are not budgeted and therefore are not included in the General Fund budgetary basis financial statements. On-behalf payments to the City totaled \$1,784,631 for the fiscal year ended September 30, 2007.

**Recent Accounting Pronouncements**

The GASB has issued Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," which provides guidance on all aspects of reporting by employers for other postemployment benefits (OPEB). The requirements of this statement will be effective for the City for the fiscal year ending September 30, 2008. Management has not completed its analysis of the effects of this statement, if any, on the financial statements of the City.

**Estimates**

Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that were used.

**3. Cash, Cash Equivalents and Investments**

At year-end, the City's bank balances of deposits with financial institutions were entirely covered by federal depository insurance and by a collateral pool pledged to the State Treasurer of Florida by financial institutions which comply with the requirements of Florida Statutes and have been designated as a qualified public depository by the State Treasurer of Florida. Qualified public depositories are required to pledge collateral to the State Treasurer with a market value equal to a percentage of the average daily balance of all government deposits in excess of any federal deposit insurance. In the event of a default by a qualified public depository, all claims for government deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default and, if necessary, a pro rata assessment to the other qualified public depositories participating in the collateral pool.

Cash, cash equivalents and investments include unrestricted and restricted assets for the primary government which are summarized as follows:

Deposits with financial institutions and cash on hand	\$ 2,023,983
Carrying amount of investments	74,916,643
Total cash, cash equivalents and investments	<u>\$ 76,940,626</u>
Cash and cash equivalents	\$ 56,106,696
Cash and cash equivalents – restricted	20,833,930
Total primary government	<u>76,940,626</u>
Cash and investments – pension trust funds	207,344,925
Total cash, cash equivalents and investments	<u>\$ 284,285,551</u>



City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2007

**3. Cash, Cash Equivalents and Investments (continued)**

Florida Statutes authorize the City and its pension trust funds to invest in the Local Government Surplus Funds Trust Fund administered by the State Board of Administration; negotiable direct obligations of or obligations unconditionally guaranteed by the U.S. Government; interest-bearing time deposits or savings accounts in financial institutions located in Florida and organized under federal or Florida laws; obligations of the Federal Farm Credit Banks, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank or its district banks; or obligations guaranteed by the Government National Mortgage Association, obligations of the Federal National Mortgage Association; certain authorized pool investment programs and any additional investments specifically authorized by City Ordinance. Pension trust funds may also invest in tax sale certificates of the State of Florida or any of its political subdivisions, preferred and common stocks of certain U.S. corporations, mutual funds and debt securities of certain U.S. corporations.

The City's investments at September 30, 2007 consist of the following:

	<b>Carrying Amount (Fair Value)</b>		
	<b>Primary Government</b>	<b>Fiduciary Funds Pension Trust</b>	<b>Total</b>
Investments:			
Local Government Surplus Funds			
Trust Fund (SBA)	\$ 74,916,643	\$ -	\$ 74,916,643
Money market mutual funds	-	13,930,734	13,930,734
U.S. Government and Agency securities	-	22,623,204	22,623,204
Corporate bonds	-	11,962,706	11,962,706
Common stocks	-	90,665,316	90,665,316
Mutual funds	-	65,999,674	65,999,674
Other	-	2,162,791	2,162,791
Total investments	<u>\$ 74,916,643</u>	<u>\$ 207,344,425</u>	<u>\$ 282,261,068</u>

The deposits in the Local Government Surplus Funds Trust Fund consist of equity in an external investment pool administered by the State of Florida pursuant to statutory requirements and operated in a manner consistent with Securities and Exchange Commission (SEC) Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC registered mutual funds to use amortized cost rather than fair value to report net assets used to compute share prices if certain conditions are met. Those conditions include restrictions on the types of investments held, restrictions on the term-to-maturity of individual investments and the dollar-weighted average of the portfolio, requirements for portfolio diversification, and requirements for divestiture considerations in the event of security downgrades and defaults, and required actions if the fair value of the portfolio deviates from amortized cost by a specified amount. The fair value of the position in the pool is considered to be the same as the City's account balance (amortized cost) in the pool.

On November 28, 2007 the City withdrew substantially all funds from the Local Government Surplus Funds Trust Fund and invested in a money market mutual fund with a local financial institution.

**Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposures to interest rate risk. The City and its pension funds do not have a formal policy that limits the maturities of its investments. The table below summarizes the scheduled maturities of the remaining investments at September 30, 2007.

City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2007

**3. Cash, Cash Equivalents and Investments (continued)**

	<b>Fair Value of Investment Maturities</b>			
	Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
U.S. Government and Agency securities	\$ 2,731,875	\$ 8,775,663	\$ 5,349,239	\$ 5,766,427
Corporate bonds	1,461,758	7,562,357	2,938,591	-
Total	<u>\$ 4,193,633</u>	<u>\$ 16,338,020</u>	<u>\$ 8,287,830</u>	<u>\$ 5,766,427</u>

The Local Government Surplus Funds Trust Fund and money market mutual funds have a weighted average maturity of less than one year. Mutual fund investments include a bond market index mutual fund with a weighted average maturity of more than ten years.

**Credit Risk:** Credit risk is the risk that a debt issuer will not fulfill its obligations. The City's investment policy requires that pension investments in debt securities must be rated in one of the top three investment grades by a Nationally Recognized Statistical Rating Organization (NRSRO). The City utilizes ratings from Standard and Poor's and Moody's Investor Services for its investments. The Local Government Surplus Funds Trust Fund and the bond market index mutual fund are not rated. The NRSRO rating for the City's pension debt investments at September 30, 2007 are summarized as follows:

	NRSRO Rating	Fair Value
Money market mutual funds	AAA	\$ 13,930,734
U.S. Government and Agency securities	AAA	22,623,204
Corporate bonds	AAA	1,535,028
Corporate bonds	AA	3,868,563
Corporate bonds	A	6,415,822
Corporate bonds	Not Rated	143,293
Total investments		<u>\$ 48,516,644</u>

**Custodial Credit Risk:** Custodial credit risk is defined as the risk that the City may not recover cash and investments held by another party in the event of a financial failure. The City's investment policy requires cash and investments to be fully insured or collateralized, or held in independent custodial safekeeping accounts in the name of the City. At September 30, 2007 all investments were held in independent custodial safekeeping accounts, except the Local Government Surplus Funds Trust Fund and money market mutual funds which are considered *unclassified* pursuant to GASB Statement No. 3.

**Concentration of Credit Risk:** Concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single issuer. For investments other than the City pension funds, there is no specific policy for concentration of credit risk. In the City pension funds, securities of a single issuer are limited to no more than 5% of the Plan's net assets invested in common stocks and debt securities. Investments in mutual funds or pools are excluded from the concentration of credit risk disclosure requirement.

**Foreign Currency Risk:** Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. There was no exposure to foreign currency risk in the City's investments at September 30, 2007.

City of Delray Beach, Florida  
Notes to Financial Statements (continued)  
September 30, 2007

**4. Receivables**

Accounts receivable and allowance for doubtful accounts at September 30, 2007 consist of the following:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Property Taxes Receivable:		
General Fund	\$ 919,532	\$ -
Stormwater Utility Fund		2,528
Accounts Receivable:		
General Fund	6,467,326	-
Capital Improvement	7,000	-
Water and Sewer	-	3,526,214
Non-Major Funds	9,759	344,219
Internal Service	225,534	-
Allowance for doubtful accounts	(4,420,053)	(426,560)
	\$ 3,209,098	\$ 3,446,401

**5. Notes Receivable**

Notes receivable at September 30, 2007 consist of the following:

General Fund:

Non-interest-bearing note receivable from a developer for the sale of land payable in annual installments of \$21,264 through June 2021 (see below).	\$ 297,696
Note receivable from a developer for the construction of an urban development project. Principal and interest payments are due in equal annual installments of \$149,244 based on a 50-year amortization schedule. A balloon payment for the remaining principal and interest, including the deferred interest, is due in 2022 (see below).	3,403,978
Non-interest-bearing note receivable from EPOCH to assist in funding of a museum project. Payments of \$3,500 are due on December 31 of each year, to be paid in full by December 31, 2017.	35,000
Non-interest-bearing note receivable from CRC for the sale of land, payable in annual installments of \$30,000 through 2015.	240,000
Total General Fund	3,976,674

Non-Major Fund:

Community Development Fund

Non-interest-bearing notes receivable from property owners for rehabilitation, enhancement and preservation of real estate. Principal payments are amortized over 5-10 years. Repayment of loans contingent upon proceeds from the sale of real estate.	1,211,000
Total Governmental Activities	\$ 5,187,674

City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2007

**5. Notes Receivable (continued)**

The City's application for a grant of approximately \$4 million through the Urban Development Action Grant Program (UDAG) was approved for the purpose of constructing a low-income housing project within the City. In connection with this grant, the City approved an agreement on January 15, 1989 with a developer. As part of this agreement, the City sold 36 acres of property to the developer for \$730,000 which included a non-interest-bearing, five-year promissory note to the City for \$720,000. The remaining balance owed the City on this note was \$297,696 at September 30, 2007 which is recorded in the General Fund.

Additionally, the City has loaned the developer \$4,608,000 consisting of \$3,840,000 of UDAG monies and City funds of \$768,000. The remaining balance owed the City on the \$3,840,000 loan amount at September 30, 2007 was \$3,403,978. The loan for \$768,000 was paid in full. At September 30, 2007, interest of \$891,488 has been accrued and deferred on the City's books in compliance with the repayment provisions of the UDAG loan.

On November 20, 1992, the City amended the original agreement with the developer. The amendment revised the repayment schedules of the outstanding notes receivable by primarily extending the repayment terms of the \$720,000 and \$768,000 notes from 15 to 25 years and extending the amortization schedule on the \$3,840,000 note from 25 to 50 years.

**6. Due from Other Governments**

The total amount due from other governments of \$1,903,150 at September 30, 2007, represents the amount due from federal and state sources under grant reimbursement agreements within various funds.

**7. Due from Component Units**

The amounts due from component units at September 30, 2007 are summarized as follows:

General Fund:

Non-interest-bearing note receivable from CRA which resulted from CRA's assumption of a certain 1992 note payable by Old School Square, Inc. to the City. Annual principal repayments of \$30,027 are due through maturity on January 15, 2008.	\$ 30,025
Interlocal agreement dated August 18, 2006 to pay share of Plan Reviewer II.	15,499
Interlocal agreement dated June 9, 2005 to reimburse City for In-House Project Management Services.	12,552
Total General Fund	<hr/> 58,076

Community Development Fund:

Interlocal agreement dated June 9, 2005 to reimburse City for In-House Project Management Services.	2,286
Reimbursement for West Settler's Program Income.	1,184
Total Community Development Fund	<hr/> 3,470

Special Projects Fund:

Reimbursement for cell phone usage.	265
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City of Delray Beach, Florida  
Notes to Financial Statements (continued)  
September 30, 2007

**7. Due from Component Units (continued)**

Capital Improvement Fund:

Interlocal agreement dated September 27, 2005 to reimburse the City for the Gateway Feature project.	\$ 276
Interlocal agreement dated January 11, 2007 to reimburse the City for street and alley improvements.	23,530
Interlocal agreement dated January 11, 2007 to reimburse the City for beautification, street and alley improvements.	12,552
Interlocal agreement dated September 30, 2007 (bid date) to reimburse the City for park improvements.	160,000
Interlocal agreement dated September 27, 2005 to reimburse the City for street reconstruction and beautification.	12,625
Total Capital Improvement Fund	208,983
Total Due from Component Units	\$ 270,794

**8. Restricted Assets**

Restricted assets of the Enterprise funds at September 30, 2007 are summarized as follows:

	Restricted for			
Construction	Revenue Bonds	Renewal and Replacement	Total	
Cash and cash equivalents:				
Water and Sewer Fund	\$13,067,038	\$ 4,777,713	\$ 1,381,511	\$ 19,226,262
Non-Major Enterprise Funds	1,000,801	606,867	-	1,607,668
Total restricted assets	\$14,067,839	\$ 5,384,580	\$ 1,381,511	\$ 20,833,930

Restricted assets in the enterprise funds result from revenue bond requirements. The provisions of the water and sewer and utility tax bonds require the City to establish a reserve equal to the current portions of principal and interest due. In lieu of a reserve equal to the maximum principal and interest requirements in any fiscal year, the City has purchased surety bonds to meet this reserve requirement. The required cash balances and reserve requirements as of September 30, 2007 have been met. Restricted resources are used first to fund expenses incurred for restricted purposes.

Restricted assets are not reported on the balance sheets of the governmental funds; however, cash and cash equivalents, investments, and interest receivable of the debt service fund are restricted for debt service in accordance with revenue bond requirements.

City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2007

**9. Capital Assets**

The major components of capital assets for the City at September 30, 2007 are summarized as follows:

<b>Governmental Activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Non-depreciable Assets:</b>				
Land	\$ 33,590,711	\$ 3,379,289	\$ (177,951)	\$ 36,792,049
Construction in Progress	11,322,370	14,715,729	(5,337,587)	20,700,512
Total Non-depreciable Assets	44,913,081	18,095,018	(5,515,538)	57,492,561
<b>Depreciable Assets:</b>				
Buildings	29,774,416	1,417,570	(6,762)	31,185,224
Improvements Other Than Buildings	68,615,260	5,298,126	(7,460)	73,905,926
Equipment	31,784,878	4,300,334	(2,900,143)	33,185,069
Total Depreciable Assets	130,174,554	11,016,030	(2,914,365)	138,276,219
<b>Less Accumulated Depreciation for:</b>				
Buildings	(9,801,231)	(995,042)	2,373	(10,793,900)
Improvements Other Than Buildings	(37,280,819)	(3,200,611)	6,403	(40,475,027)
Equipment	(18,588,393)	(3,176,877)	2,079,108	(19,686,162)
Total Accumulated Depreciation	(65,670,443)	(7,372,530)	2,087,884	(70,955,089)
Total Depreciable Assets, net	64,504,111	3,643,500	(826,481)	67,321,130
Governmental Activities Capital Assets, net	\$ 109,417,192	\$ 21,738,518	\$ (6,342,019)	\$ 124,813,691

**Business-Type Activities:**

<b>Non-depreciable Assets:</b>				
Land	\$ 5,576,862	\$ -	\$ -	\$ 5,576,862
Construction in Progress	2,113,715	4,497,861	(1,552,980)	5,058,596
Total Non-depreciable Assets	7,690,577	4,497,861	(1,552,980)	10,635,458
<b>Depreciable Assets:</b>				
Buildings	10,604,088	-	-	10,604,088
Improvements Other Than Buildings	144,342,432	4,822,759	-	149,165,191
Equipment	11,765,980	1,461,567	(360,564)	12,866,983
Total Depreciable Assets	166,712,500	6,284,326	(360,564)	172,636,262
<b>Less Accumulated Depreciation for:</b>				
Buildings	(5,969,894)	(317,520)	-	(6,287,414)
Improvements Other Than Buildings	(61,862,758)	(2,965,716)	-	(64,828,474)
Equipment	(8,487,182)	(968,921)	270,154	(9,185,949)
Total Accumulated Depreciation	(76,319,834)	(4,252,157)	270,154	(80,301,837)
Total Depreciable Assets, net	90,392,666	2,032,169	(90,410)	92,334,425
Business-Type Activities Capital Assets, net	\$ 98,083,243	\$ 6,530,030	\$ (1,643,390)	\$ 102,969,883

City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2007

**9. Capital Assets (continued)**

Depreciation expense for the fiscal year ended September 30, 2007 was charged to functions/programs of the primary government as follows:

<b>Governmental Activities:</b>	
General Government	\$ 1,153,783
Public Safety	949,549
Physical Environment	1,748,139
Parks and Recreation	2,111,880
Internal Service Funds	<u>1,409,179</u>
Total depreciation expense - Governmental Activities	<u>\$ 7,372,530</u>

<b>Business-Type Activities:</b>	
Water and Sewer	\$ 3,487,127
Municipal Golf Course	210,079
Lakeview Golf Course	102,249
City Marina	71,765
Sanitation	2,015
Stormwater Utility	<u>378,922</u>
Total depreciation expense - Business-Type Activities	<u>\$ 4,252,157</u>

**Discretely Presented Component Unit**

Changes in capital assets of the Delray Beach Community Redevelopment Agency are summarized as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Non-depreciable Assets:</b>				
Land and Land Improvements	\$ 21,929,506	\$ 750,073	\$ (2,216,545)	\$ 20,463,034
Construction in Progress	241,235	2,147,303	-	2,388,538
	<u>22,170,741</u>	<u>2,897,376</u>	<u>(2,216,545)</u>	<u>22,851,572</u>
<b>Depreciable Assets:</b>				
Equipment, Furniture, and Fixtures	527,199	-	(11,562)	515,637
<b>Less Accumulated Depreciation for:</b>				
Equipment, Furniture, and Fixtures	(172,612)	(31,355)	5,780	(198,187)
Total Depreciable Assets, net	<u>354,587</u>	<u>(31,355)</u>	<u>(5,782)</u>	<u>317,450</u>
Total Capital Assets, net	<u>\$ 22,525,328</u>	<u>\$ 2,866,021</u>	<u>\$ (2,222,327)</u>	<u>\$ 23,169,022</u>

**10. Investment in Regional Plant Joint Venture**

In 1974, the City of Delray Beach joined with the City of Boynton Beach (Boynton Beach) to form the Board, a separate legal entity (see Note 1). The Board, which is governed by a body composed of the commission members from each city, oversees the operation of the regional wastewater treatment and disposal plant which services both cities and surrounding areas. The inter-local agreement between the City and Boynton Beach specifies that the Board has the authority to accept and disburse funds, transact business and enter into contracts for budgeted items.

City of Delray Beach, Florida  
Notes to Financial Statements (continued)  
September 30, 2007

**10. Investment in Regional Plant Joint Venture (continued)**

In addition, the Board has the authority, subject to approval by a majority vote of each city commission before becoming effective, to adopt an annual budget, establish rates and charges for operations, maintenance, expansions and construction, enter into contracts for non-budgeted items and authorize the return of any surplus funds or levy additional charges for deficits of the Board to the respective cities.

Ownership of the regional wastewater treatment and disposal plant is vested proportionately with the cities in accordance with the capital investments of each city, which to date are approximately 50% each. The Board charges each city for its share of the Board's operating expenses based on the percentage of flow of wastewater from each city.

At September 30, 2007 the City had a receivable of \$1,028,819 from the Board and a payable to the Board of \$667,757. For the year ended September 30, 2007 the City paid approximately \$5,665,000 to the Board for operating expenses, repair and replacement and capital charges. Each individual city is responsible for setting the rates and collecting charges for wastewater disposal from customers within its jurisdiction.

Financial information relating to the Board as of and for the year ended September 30, 2007 is as follows:

<b>Net Assets</b>	
Current and other assets	\$ 6,977,739
Capital assets, net	42,428,510
Total assets	\$ 49,406,249
Current liabilities	\$ 3,308,291
Noncurrent liabilities	200,860
Total liabilities	\$ 3,509,151
Net assets	\$ 45,897,098
<b>Change in Net Assets</b>	
Charges for services	\$ 6,714,150
Capital grants and contributions	7,092,084
Total program revenues	13,806,234
Program expenses	7,331,628
Net program revenues	6,474,606
General revenues	198,293
Transfers to joint venture participants	(531,051)
Change in net assets	\$ 6,141,848

The City accounts for its investment in the Board as a joint venture recorded on the equity method of accounting. At September 30, 2007, the City's 50% equity interest in the net assets of the Board totaled \$22,948,552 and has been reported in the City's financial statements as Investment in Regional Plant (joint venture).



City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2007

**11. Interfund Transactions**

Total interfund receivables/payables and transfers as of and for the year ended September 30, 2007 were as follows:

	<b>Due From Other Funds</b>	<b>Due To Other Funds</b>	<b>Transfers In</b>	<b>Transfers Out</b>
<b>Major Governmental Funds</b>				
General Fund	\$ -	\$ 14,358,238	\$ 3,153,386	\$ 6,925,481
Capital Improvement	5,188,832	-	5,258,527	204,100
2004 GO Bond	825,351	-	1,536,195	-
<b>Other Governmental Funds</b>				
Special Revenue Funds:				
Law Enforcement Trust	92,459	-	-	-
Developer Land Contribution	327,366	-	-	-
Community Development	-	-	230,090	-
SHIP	972,740	-	-	-
HHR	226,644	-	-	-
Beautification	1,065,412	-	1,145,708	212,410
Special Projects	1,552,552	-	111,167	8,385
Cemetery Perpetual Care	493,675	-	-	-
Debt Service Fund:				
Utilities Tax	486,100	-	1,636,060	30,951
Capital Projects Fund:				
Beach Restoration	640,528	-	15,000	-
Total Governmental Funds	<u>11,871,659</u>	<u>14,358,238</u>	<u>13,086,133</u>	<u>7,381,327</u>
<b>Major Proprietary Fund</b>				
Water and Sewer Fund	-	544,134	91,000	2,475,140
<b>Other Proprietary Funds</b>				
Municipal Golf Course	-	879,607	-	34,500
Lakeview Golf Course	-	293,380	-	22,500
City Marina	558,078	-	-	48,400
Sanitation Fund	702,292	-	-	176,180
Stormwater Utility	26,916	-	45,000	1,096,000
Internal Service Funds				
Insurance	2,296,970	-	-	2,196,426
Central Garage	619,444	-	208,340	-
Total Proprietary Funds	<u>4,203,700</u>	<u>1,717,121</u>	<u>344,340</u>	<u>6,049,146</u>
Total Primary Government	<u>\$ 16,075,359</u>	<u>\$ 16,075,359</u>	<u>\$ 13,430,473</u>	<u>\$ 13,430,473</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances also include the amount of working capital loans made to various funds that the General Fund expects to collect in the subsequent year.

City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2007

**11. Interfund Transactions (continued)**

Transfers are used to (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, (2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, (3) move unrestricted General Fund revenues to finance various programs that the City must account for in another fund in accordance with budgetary authorizations, including amounts for capital projects and amounts provided as contributions or matching funds for beautification, community development and other grant programs. For the year ended September 30, 2007, the City also made one-time transfers (1) from the Insurance Fund to the General Construction Fund of \$1,988,086 to purchase SAN Data Storage, construct an Information Technology (IT) building and renovate the north wing of City Hall.

**12. Long-Term Debt**

The following is a summary of changes in long-term liabilities of the City for the fiscal year ended September 30, 2007:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities:</b>					
Revenue bonds	\$17,491,783	\$30,010,000	\$ (8,950,985)	\$38,550,798	\$2,026,076
General obligation bonds	36,045,000	-	(2,065,000)	33,980,000	2,220,000
Unamortized bond premium	745,400	760,787	(105,299)	1,400,888	136,142
Unamortized loss on bond refinancing	(709,644)	-	96,222	(613,422)	96,222
Total bonds payable	53,572,539	30,770,787	(11,025,062)	73,318,264	4,478,440
Installment agreements	774,922	-	(329,371)	445,551	297,469
Compensated absences	6,992,436	1,170,935	(516,623)	7,646,748	507,892
Insurance claims payable	3,942,628	10,459,886	(9,183,805)	5,218,709	1,821,493
Total Governmental Activities Debt	\$ 65,282,525	\$42,401,608	\$(21,054,861)	\$86,629,272	\$ 7,105,294
<b>Business-Type Activities:</b>					
Revenue bonds	\$ 39,647,694	\$12,350,000	\$ (4,464,019)	\$47,533,675	\$ 4,878,928
Unamortized bond premium	536,295	-	(211,016)	325,279	211,015
Unamortized loss on bond refinancing	(1,072,417)	-	323,017	(749,400)	323,017
Total bonds payable	39,111,572	12,350,000	(4,352,018)	47,109,554	5,412,960
Installment agreements	99,774	131,420	(57,351)	173,843	61,643
Compensated absences	661,717	122,210	(32,836)	751,091	118,403
Total Business-Type Activities Debt	\$ 39,873,063	\$12,603,630	\$(4,442,205)	\$48,034,488	\$ 5,593,006

**Governmental Activities**

The principal and interest on revenue bonds are payable from available non-ad valorem revenues. The debt service for utility tax obligations are payable from utilities tax revenues. General obligation bonds are payable from ad valorem taxes. Compensated absences are generally liquidated by the General Fund.

City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2007

**12. Long-Term Debt (continued)**

Governmental activities long-term debt, including current maturities, at September 30, 2007 consisted of the following:

**Revenue Bonds:**

5.245%, \$10,000,000 Revenue Bonds issued February 25, 2000 (Series 2000) due in principal amounts of \$259,523 to \$426,148 through June 1, 2019, with semi-annual interest payments due each June 1 and December 1 through June 1, 2019. The bonds were issued to finance all or a portion of the costs of certain roadway improvements including water, sewer and drainage work, and a portion of the costs of a tri-party radio system. (*)	\$ 4,488,743
3.50% to 4.2%, \$15,020,000 Utility Tax Revenue Bonds issued December 19, 2002 (Series 2002) due in principal amounts of \$895,362 to \$1,461,694 through June 1, 2016, with semi-annual interest payments due each June 1 and December 1 through June 1, 2016. The bonds were issued to current refund the Utilities Tax Revenue Refunding and Improvement Bonds, Series 1992, advance refund the Utilities Tax Revenue Refunding Improvement Bonds, Series 1994, advance refund the Utilities Tax Revenue Bonds, Series 1995, current refund the Utilities Tax Revenue Bonds, Subordinate Series 1996, and current refund the Utilities Tax Revenue Bonds, Subordinate Series 1998. (*)	2,357,055
3.66%, \$9,685,000 Revenue Refunding and Improvement Bonds issued December 2, 2003 (Series 2003) due in principal amounts of \$260,000 to \$920,000 through June 1, 2019, with semi-annual interest payments due each June 1 and December 1 through June 1, 2019. The bonds were issued to current refund Series 1999 and Series 2002 Tax Exempt Bonds, in whole, and Series 2002 Taxable Bonds in part. (*)	8,070,000
4% - 5%, \$24,635,000 Utility Tax Revenue Bonds issued September 26, 2007 (Series 2007) due in principal amounts of \$19,188 to \$2,364,939 through June 1, 2032 with semi-annual interest payments due each June 1 and December 1 through June 1, 2032. The bonds were issued to finance various parks and recreation projects, Fire Station #4, Environmental Services Building (in part), and to refund the City's 2005 Line of Credit (which was used to fund the Old School Square Parking Garage Project). (*)	23,635,000
<b>Total Revenue Bonds</b>	<b>38,550,798</b>

**General Obligation Bonds:**

3.00%-5.00%, \$15,685,000 General Obligation Bonds issued December 19, 2002 (Series 2002), due in annual principal installments of \$1,020,000 to \$2,055,000 through February 1, 2013, with semi-annual interest payments at 3.00% to 5.00% interest per annum due each February 1 and August 1 through February 1, 2013. The bonds were issued to partially refund, on a current basis, the General Obligation Bonds, Series 1993A and Series 1993B.	11,025,000
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City of Delray Beach, Florida  
Notes to Financial Statements (continued)  
September 30, 2007

**12. Long-Term Debt (continued)**

2.50%-4.30%, \$14,000,000 General Obligation Bonds issued September 30, 2004 (Series 2004), due in annual principal installments of \$225,000 to \$1,025,000 through February 1, 2024, with semi-annual interest payments due each February 1 and August 1 through February 1, 2024. The bonds were issued for the acquisition of land, equipping of new parks, recreation centers, parking garage and library fixtures.		\$ 12,955,000
4.15%, \$10,000,000 General Obligation Bonds issued August 26, 2005 (Series 2005), due in annual principal installments of \$720,000 to \$1,135,000 starting February 1, 2014 through February 1, 2024, with semi-annual interest payments due each February 1 and August 1 through February 1, 2024. The bonds were issued for the acquisition of land, equipping of new parks, recreation centers, parking garage and library.		10,000,000
	Total General Obligation Bonds	33,980,000
Unamortized bond premium		1,400,888
Unamortized loss on bond refunding		(613,422)
	Total General Obligation Bonds, Net	34,767,466
Long-term installment agreements:		
2.97% to 3.61%, installment purchase agreements maturing in 2010		445,551
Compensated absences payable		7,646,748
Insurance claims payable (See note 14)		5,218,709
	Total Governmental Activities Long-Term Debt, including current portion	\$ 86,629,272

\* Amounts outstanding for the portion of this bond issue related to business-type activities are reported below.

The provisions of the various bond resolutions differ in some respects, but generally provide for:

1. Establishment and maintenance of certain cash reserves for the utility tax revenue bonds. The maximum deposit requirement is usually set at the highest future annual principal and interest payment. In lieu of establishing the reserve, the City has purchased surety bonds for this amount.
2. Annual debt service funding by monthly transfers to a cash reserve account for utility tax revenue bonds.
3. Early redemption of outstanding bonds at call rates varying between 101% and 103% of the instrument's face value, depending on the bonds and call date.
4. Investing of cash reserves in time deposits or direct obligations of the U.S. Government.
5. Revenue pledged to meet obligations varies by the bond issue, but generally includes utility taxes, ad valorem taxes or other available funds.

The City has not established a legal debt margin limit but has established policy guidelines for the management of debt. The City will strive to maintain a gross bonded general obligation principal debt at a level not to exceed 2% of the assessed value of taxable property within the City. The City will strive to ensure that its net bonded debt per capita does not exceed \$700 and that the combined total of its direct net bonded debt and its share of overlapping debt issued by Palm Beach County does not exceed \$2,000 per capita.

City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2007

**12. Long-Term Debt (continued)**

Long-term installment agreements consist of several agreements with vendors for the purchase of equipment used in governmental activities. At September 30, 2007 the gross amount of the equipment held under these agreements was \$1,510,307 and the accumulated depreciation totaled \$690,025. Most agreements call for termination of the agreement and forfeiture of the equipment in the event the payments are not budgeted or made. Future payments through final maturity under governmental activities long-term installment agreements as of September 30, 2007 are as follows:

Fiscal year ending September 30:	
2008	\$ 307,009
2009	136,791
2010	<u>13,416</u>
Total minimum payments	457,216
Less amount representing interest	<u>(11,665)</u>
Outstanding balance at September 30, 2007	<u><u>\$ 445,551</u></u>

***Business-Type Activities***

Business-type long-term debt, including current portion, as of September 30, 2007 consisted of the following:

**Revenue bonds:**

5.20% to 5.85%, \$28,104,475 Water and Sewer Revenue Bonds issued on June 1, 1993 (Series 1993). Capital appreciation bonds are due in amounts of \$265,000 to \$4,475,000 due October 1, 2010 through 2014.	\$ 5,974,475
4.40% to 5.50%, \$15,030,000 Water and Sewer Revenue Bonds issued on December 4, 1998 (Series 1997), with principal amounts of \$85,000 to \$3,945,000 due through October 1, 2010, with semi-annual interest payments due each October 1 and April 1 through October 1, 2010.	14,705,000
5.245%, \$10,000,000 Revenue Bonds issued February 25, 2000 (Series 2000) due in principal amounts of \$85,477 to \$173,852 thru June 1, 2019, with semi-annual interest payments due each June 1 and December 1 through June 1, 2019. The bonds were issued to finance all or a portion of the costs of certain roadway improvements including water, sewer and drainage work, and a portion of the costs of a tri-party radio system. (*)	1,576,255
3.50% to 4.2%, \$15,020,000 Utility Tax Revenue Bonds issued December 19, 2002 (Series 2002) due in principal amounts of \$420,000 to \$573,306 through June 1, 2016, with semi-annual interest payments due each June 1 and December 1 through June 1, 2016. The bonds were issued to current refund the Utilities Tax Revenue Refunding and Improvement Bonds, Series 1992, advance refund the Utilities Tax Revenue Refunding Improvement Bonds, Series 1994, advance refund the Utilities Tax Revenue Bonds, Series 1995, current refund the Utilities Tax Revenue Bonds, Subordinate Series 1996 and current refund the Utilities Tax Revenue Bonds, Subordinate Series 1998. (*)	4,372,945

City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2007

**12. Long-Term Debt (continued)**

2.25 to 5.00%, \$11,670,000 Water and Sewer Revenue Bonds issued July 9, 2003 (Series 2003), with principal amounts of \$550,000 to \$3,705,000 due through October 1, 2008, with semi-annual interest payments due each October 1 and April 1 through October 1, 2008. The bonds were issued to finance the cost of refunding a portion of the 1993 Water and Sewer Bonds (Series 1993) and the 1999 Water and Sewer Bonds (Series 1999).	\$ 1,110,000
3.66%, \$9,685,000 Revenue Refunding and Improvement Bonds issued December 2, 2003 (Series 2003) due in principal amounts of \$5,000 to \$90,000 through June 1, 2019, with semi-annual interest payments due each June 1 and December 1 through June 1, 2019. The bonds were issued to refund the Revenue Tax Exempt Bonds, Series 2002, and Series 1999, in whole and Series 2002 Taxable Bonds in part. (*)	445,000
4.12%, \$7,000,000 Water and Sewer Revenue Bonds issued May 6, 2006 (Series 2006A) with principal amounts of \$110,000 to \$650,000 due through October 1, 2021, with semi-annual interest payments due each October 1 and April 1 through October 1, 2021. The bonds were issued to finance the cost of a new Environmental Services building and for funding of various capital projects at the South Central Regional Wastewater Treatment Plant.	7,000,000
3.98%, \$2,350,000 Water and Sewer Revenue Bonds issued November 17, 2006 (Series 2006B), with principal amounts of \$120,000 to \$205,000 due through October 1, 2021, with semi-annual interest payments due each October 1 and April 1 through October 1, 2021. The bonds were issued to finance the City's share of the Reclaimed Water Treatment Project at the South Central Regional Wastewater Treatment Plant.	2,350,000
4.41%, \$9,000,000 Water and Sewer Revenue Bonds issued September 18, 2007 (Series 2007), with principal amounts of \$190,000 to \$1,240,000 due through October 1, 2021, with semi-annual interest payments due each October 1 and April 1 through October 1, 2021. The bonds were issued to finance the City's share of the Reclaimed Water and Deep Well Project at the South Central Regional Wastewater Treatment Plant.	9,000,000
4% - 5%, \$24,635,000 Utility Tax Revenue Bonds issued September 26, 2007 (Series 2007), with principal amounts of \$812 to \$100,061 due through October 1, 2021, with semi-annual interest payments due each December 1 and June 1 through June 1, 2032. The bonds were issued to finance various parks and recreation projects, Fire Station #4, Environmental Services Building (in part), and to refund the City's 2005 Line of Credit (*)	1,000,000
Total Revenue Bonds	47,533,675
Unamortized bond premium	325,279
Unamortized loss on bond refunding	(749,400)
Total revenue bonds payable	47,109,554
Compensated absences payable	751,091
Long-term installment purchase agreements: 3.61% to 3.77%, maturing in 2010	173,843
Total Business-Type Activities Long-Term Debt, including current portion	\$ 48,034,488

City of Delray Beach, Florida  
Notes to Financial Statements (continued)  
September 30, 2007

**12. Long-Term Debt (continued)**

\* Amounts outstanding for the portion of this bond issue related to governmental activities were reported above.

The Utility Tax Revenue Bonds and the Water and Sewer Revenue Bonds mature on a term and serial basis through the maturity dates indicated and are secured by a pledge of the City's utility service taxes and the net revenue of the City's water and sewer system, respectively. The Series 2003 revenue bond matures on a serial basis through the maturity date and is secured by non ad-valorem revenues.

The provisions of the bond resolutions for the debt of the Water and Sewer Fund, Municipal Golf Course Fund, Lakeview Golf Course Fund and the Stormwater Utility Fund differ in some respects, but generally provide for:

1. Annual debt service funding by monthly transfers of cash to a reserve account.
2. Establishment of certain cash reserves for the Water and Sewer and Utility Tax Revenue Bonds. The maximum deposit required is usually set at the highest future annual principal and interest payment. The City purchased sureties equal to the requirement.
3. Maintenance of a renewal and replacement cash reserve set at 5% of the previous year's gross revenue.
4. Early redemption of outstanding bonds at call rates ranging from 101% to 102% of the instrument's face value depending on the bonds and call date.
5. Investing of cash reserves in time deposits, direct obligations of the U.S. Government and other authorized investments with varying maturity restrictions.
6. The use of cash is generally restricted to the following priority: operation and maintenance, debt service, reserves, renewal and replacement, and any other lawful purpose.

Long-term installment agreements consist of several agreements with vendors for the purchase of equipment used in business-type activities. At September 30, 2007 the gross amount of the equipment held under these agreements was \$248,960 and the accumulated depreciation totaled \$108,918. Most agreements call for termination of the agreement and forfeiture of the equipment in the event the payments are not budgeted or made.

Minimum future lease payments through maturity under business-type activities long-term installment agreements (capital leases) as of September 30, 2007 are as follows:

Fiscal year ending September 30:	
2008	\$ 67,049
2009	67,049
2010	43,346
2011	<u>5,905</u>
Total minimum payments	183,349
Less amount representing interest	<u>(9,506)</u>
Outstanding balance at September 30, 2007	<u><u>\$ 173,843</u></u>

*Interest Expense:* Total interest costs incurred on all City debt for the year ended September 30, 2007 were \$2,891,220 all of which was expensed.

*Defeased Bonds:* At September 30, 2007 there were no defeased bonds outstanding.

City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2007

**12. Long-Term Debt (continued)**

The annual requirements to pay principal and interest to maturity on the bonds outstanding as of September 30, 2007 are as follows:

**Governmental Activities**

Fiscal Year Ending September 30	Revenue Bonds		General Obligation Bonds		Total
	Principal	Interest	Principal	Interest	
2008	\$ 2,026,076	\$ 1,604,133	\$ 2,220,000	\$ 1,368,403	\$ 7,218,612
2009	2,118,949	1,791,578	2,295,000	1,292,978	7,498,505
2010	906,572	1,634,474	2,375,000	1,201,615	6,117,661
2011	940,982	1,596,007	2,485,000	1,091,540	6,113,529
2012	985,390	1,555,913	2,600,000	973,840	6,115,143
2013-2017	5,599,465	7,111,812	8,720,000	3,531,991	24,963,268
2018-2022	6,785,223	5,800,057	9,065,000	1,853,417	23,503,697
2023-2027	8,433,191	3,994,971	4,220,000	180,002	16,828,164
2028-2032	10,754,950	1,665,537	-	-	12,420,487
Total	\$ 38,550,798	\$ 26,754,482	\$ 33,980,000	\$ 11,493,786	\$ 110,779,066

**Business-Type Activities**

Fiscal Year Ending September 30	Revenue Bonds		
	Principal	Interest	Total
2008	\$4,878,928	\$1,471,880	\$ 6,350,808
2009	5,256,047	1,476,109	6,732,156
2010	5,218,874	1,472,139	6,691,013
2011	5,458,653	1,216,155	6,674,808
2012	3,010,347	3,784,239	6,794,586
2013-2017	12,879,192	12,648,107	25,527,299
2018-2022	10,019,777	1,320,614	11,340,391
2023-2027	356,809	169,029	525,838
2028-2032	455,048	70,469	525,517
Total	\$ 47,533,675	\$ 23,628,741	\$ 71,162,416

**Component Unit** - Changes in component unit long-term liabilities of the Delray Beach Community Redevelopment Agency (CRA) for the year ended September 30, 2007 were as follows:

	Beginning	Additions	Reductions	Ending	Due Within
	Balance			Balance	One Year
<b>Governmental Activities:</b>					
Revenue Bonds	\$ 17,955,000	\$ -	\$ (1,240,000)	\$ 16,715,000	\$ 1,300,000



City of Delray Beach, Florida  
Notes to Financial Statements (continued)  
September 30, 2007

**12. Long-Term Debt (continued)**

The CRA outstanding Revenue Bonds at September 30, 2007 consist of the following:

4.80% Delray Beach Community Redevelopment Agency Tax Increment Redevelopment Revenue Bond (Series 1999A), maturity date September 1, 2019.	\$ 6,755,000
4.2982% Delray Beach Community Redevelopment Agency Tax Increment Redevelopment Revenue Bond (Series 2004A Tax Exempt), maturity date September 1, 2019.	8,470,000
5.9095% Delray Beach Community Redevelopment Agency Tax Increment Redevelopment Bonds (Series 2004B Taxable), maturity date September 1, 2016.	1,490,000
<b>Total Revenue Bonds</b>	<b>\$ 16,715,000</b>

The Delray Beach CRA’s revenue bonds are secured by tax increment revenues and all investment earnings thereon received by the Delray Beach CRA. The annual requirements to pay principal and interest to maturity of the CRA revenue bonds outstanding as of September 30, 2007 are as follows:

<b>Fiscal Year Ending September 30:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2008	\$ 1,300,000	\$ 776,350	\$ 2,076,350
2009	1,365,000	715,292	2,080,292
2010	1,425,000	651,128	2,076,128
2011	1,520,000	584,076	2,104,076
2012	1,595,000	512,558	2,107,558
2013-2017	7,180,000	1,433,678	8,613,678
2018-2019	2,330,000	155,888	2,485,888
<b>Total</b>	<b>\$ 16,715,000</b>	<b>\$ 4,828,970</b>	<b>\$ 21,543,970</b>

**13. Pension Plans**

**Description of the Plans**

The City contributes to two single-employer defined benefit pension plans covering substantially all full-time City employees. The General Employees’ Pension Fund is for employees who have completed one year of credited service excluding the City Commission, City manager, assistant City manager, City attorney and associates, department heads upon their written election not to participate in the plan and firefighters and police officers covered under the Police and Firefighters’ Retirement System Fund. The Police and Firefighters’ Retirement System Fund covers all non-civilian police and fire employees. Each plan is administered by an independent Board of Trustees and accounted for by the City as a separate fund. An actuarial report is prepared annually.

**General Employees’ Pension Fund** - The benefit provisions and all other requirements of the General Employees’ Pension Fund are established by City Ordinance and are summarized as follows:

The funding methods and determination of benefits payable are provided in the various sections of the City’s Code of Ordinances, including subsequent amendments thereto. The code provides, in general, that funds are to be accumulated from employee contributions, city contributions and income from investment of accumulated funds. The investments of the fund are administered, managed and operated by its

City of Delray Beach, Florida  
Notes to Financial Statements (continued)  
September 30, 2007

**13. Pension Plans (continued)**

respective Boards of Trustees. The retirement committee (the Board of Trustees) consists of a chairperson and four additional members; all are appointed by the City Commission.

*Vesting*—Benefits vest 50% after five years of service plus 10% each additional year.

*Eligibility for Retirement*—For normal retirement, completion of 30 years credited service regardless of age, or 10 years of service and attainment of age 60.

*Annual Retirement Benefit*—2.5% of the average monthly compensation times years of service with a maximum benefit of 75%. Monthly income is payable for the life of the participant, the same income to the surviving spouse for one year, then 60% of the monthly income to the surviving spouse until the earlier of the spouse's death or remarriage. Effective July 2005 participants have the option of a 3% multiplier with a maximum benefit of 90%. Employees selecting this option will contribute an additional 3.45% of earnings. There was also an option of purchasing all or a portion of prior service at the increased multiplier.

*Other Benefits*—The system also provides for optional retirement benefits, early retirement, extended retirement, disability retirement and death benefits.

*Deferred Retirement Option Plan (DROP)*—Employee's with 10 years of credited service and eligible for normal retirement have the option of entering the DROP plan. When entering the DROP plan, the employee will not terminate employment with the City but will cease accruing a benefit and the monthly benefit under the applicable plan, as of the election date will be directed to a self-administered 401(a) Plan. After a maximum of 60 months, the employee must terminate employment with the City.

*Employee Contributions*—Effective October 1, 2003, the plan became contributory after 3 years being noncontributory. The employee contribution rate is 2.50% of an employee's basic annual compensation. If the employee chooses the 3% multiplier, there is an additional contribution of 3.45% (making a total of 5.95%). If an employee leaves covered employment or dies before five years of credited service, accumulated employee contributions are refunded to the employee or the designated beneficiary.

*City Contributions*—City contributions are based upon actuarially determined amounts, which together with earnings and employee contributions, are sufficient to fund the plan.

***Police and Firefighters' Retirement System Fund*** - The benefit provisions and all other requirements of the Police and Firefighters' Retirement System Fund are established by City Ordinance and are summarized as follows:

The funding methods and determination of benefits payable are provided in the various acts of the Florida Legislature, which created the fund. The statutes provide, in general, that funds are to be accumulated from employee contributions, City contributions, state appropriations and income from investment of accumulated funds. The act also provides that, should the accumulated funds at any time be insufficient to meet and pay the benefits due, the City shall supplement the fund by an appropriation from current funds, or from any revenues which may lawfully be used for said purposes in an amount sufficient to make up the deficiency. The investments of the fund are administered, managed and operated by the Fund's Board of Trustees, consisting of two outside commission appointees, two designees from the chief(s), one member of each department elected by the membership and the mayor of the City.

*Vesting*—Benefits fully vest after 10 years of service.

City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2007

**13. Pension Plans (continued)**

*Eligibility for Normal Retirement*—Upon completion of 20 years of service regardless of age.

*Annual Retirement Benefit*—Normal retirement benefits are based upon 2.5% of average monthly earnings times years of service with a maximum benefit of 75% up to 20 years. After 20 years of service, a 3% multiplier is used for each year of service. Employees who were actively employed as of March 15, 2004 may elect a normal retirement benefit of 3.5% multiplier for each year of service once 20 years of service has been attained with a maximum of 87.5%. Employees selecting this option will contribute an additional 3% of earnings. The normal retirement benefit is payable for the life of the member, and upon death 100% of the benefit is payable to the spouse for one year and 60% thereafter until death or remarriage.

*Other Benefits*—The plan also provides for disability retirement and death benefits.

*Deferred Retirement Option Plan (DROP)*—Employee’s with 20 years of credited service have the option of entering the DROP plan. When entering the DROP plan, the employee will not terminate employment with the City, but will cease accruing a benefit under the plan, and the monthly benefit as of the election date will be directed to a self-administered 401(a) plan. After a maximum of 60 months, the employee must terminate employment with the City.

*Employee Contributions*—Effective March 15, 2004, if the employee selected the 3.5% multiplier, the contribution is 6%. If not selected, the employee contribution rate remained at 3% of an employee’s annual compensation. If an employee leaves covered employment prior to vesting, contributions are refunded to the employee with interest.

*State of Florida Contributions*—Pursuant to Chapters 175 and 185 of the Florida Statutes, a premium tax on certain casualty insurance contracts written on the City’s properties is collected by the state and remitted to the City for the Police and Firefighters’ Retirement System Fund.

*City Contributions*—City contributions are based upon actuarially determined amounts which, together with earnings, employee and state contributions, are sufficient to fund the plan.

**Membership**

Membership data of the pension plans as of October 1, 2006, the date of the most recent actuarial valuations are summarized as follows:

	<b>General Employees’ Pension Fund</b>	<b>Police and Firefighters’ Retirement System Fund</b>
Retirees and beneficiaries receiving benefits	160	163
Terminated employees entitled to benefits but not receiving them	53	4
Vested current employees	180	122
Non-vested current employees	213	125

**Related Party Transactions**

There were no City securities included in the assets of the General Employees’ Pension Fund or the Police and Firefighters’ Retirement System Fund.

City of Delray Beach, Florida  
Notes to Financial Statements (continued)  
September 30, 2007

**13. Pension Plans (continued)**

**Actuarial Methods and Significant Assumptions**

	<b>General Employees' Pension Fund</b>	<b>Police and Firefighters' Retirement System Fund</b>
Valuation date	October 1, 2006	October 1, 2006
Actuarial cost method	Aggregate Cost	Entry Age Normal
Post retirement benefit increases	None	Annual increase of 1% for retirees after October 1, 1993
Amortization method	N/A <sup>(1)</sup>	Level Percent of Payroll - Closed
Remaining amortization period	N/A <sup>(1)</sup>	30 years
Asset valuation method	5-year smoothed market	5-year smoothed market
Actuarial assumptions:		
Investment rate of return	7.75%	8.5%
Projected salary increases*	5.0%	6.0%
Cost of living increases	N/A	1.0%
* Includes inflation rate	4.0%	4.0%

<sup>(1)</sup> Use of the Aggregate Cost method does not identify or separately amortize unfunded liabilities.

**Contribution Requirements and Contributions Made**

The Florida Legislature, City Commission and each Pension Board govern the City and employee contribution requirements for both plans. The City's contribution to the plans is an actuarially determined periodic amount to ensure that sufficient assets will be available to pay benefits when due. Annual pension costs and contribution information for the last three fiscal years are as follows:

<b>Year Ended September 30</b>	<b>Annual Pension Cost</b>	<b>Percentage Contributed</b>	<b>Net Pension Obligation (Asset)</b>
<b>General Employees' Pension Fund</b>			
2007	\$ 2,008,058	100%	\$ 0
2006	2,011,383	100	0
2005	1,441,861	100	0
<b>Police and Firefighters' Retirement System Fund</b>			
2007	5,683,527	99.9	(65,861)
2006	5,298,352	99.9	(69,935)
2005	4,682,768	99.9	(74,206)

City of Delray Beach, Florida  
Notes to Financial Statements (continued)  
September 30, 2007

**13. Pension Plans (continued)**

The annual pension cost and net pension asset of the Police and Firefighters' Retirement System Fund for the most recent actuarial valuation are as follows:

Annual required contribution (ARC)	\$ 5,679,453
Interest on net pension obligation (NPO)	(5,944)
Adjustment to ARC	<u>(10,018)</u>
Annual pension cost	5,683,527
Contributions made	<u>5,679,453</u>
Increase in NPO	4,074
NPO (asset) at October 1, 2006	<u>(69,935)</u>
NPO (asset) at September 30, 2007	<u><u>\$ (65,861)</u></u>

**Significant Accounting Policies**

*Basis of Accounting*—The City's financial statements for the two pension funds are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period that contributions are due.

*Method Used to Value Investments*—Investments in the two pension funds are reported at fair value according to the independent custodian for each plan using various third-party pricing sources.

**Pension Plan Financial Statements**

The Police and Firefighters' Retirement System Fund issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the City of Delray Beach, 100 NW 1<sup>st</sup> Avenue, Delray Beach, FL 33444 or by calling (561) 243-7012. The General Employees' Pension Fund does not issue a publicly available financial report, and the separate financial statements for the General Employees' Pension Fund as of and for the year ended September 30, 2007 are as follows:

<b>Statement of Plan Net Assets</b>	
<b>ASSETS</b>	
Investments:	
Interest bearing investments	\$ 688,741
Equity securities	20,553,127
Mutual funds	59,125,773
Prepaid expenses	400
Interest and dividends receivable	<u>54,943</u>
Total assets	<u>80,422,984</u>
 <b>LIABILITIES</b>	
Accounts payable	<u>20,483</u>
Total liabilities	<u>20,483</u>
 <b>NET ASSETS</b> held in trust for pension benefits	 <u><u>\$ 80,402,501</u></u>

City of Delray Beach, Florida  
Notes to Financial Statements (continued)  
September 30, 2007

**13. Pension Plans (continued)**

<b>Statement of Changes in Plan Net Assets</b>	
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 2,008,058
Plan members	<u>728,325</u>
Total contributions	2,736,383
Investment earnings:	
Net appreciation in fair value of investments	6,729,155
Interest	24,508
Dividends	<u>1,852,111</u>
	8,605,774
Less investment expenses – custodian fees	<u>252,219</u>
Net investment gain	<u>8,353,555</u>
Total additions	11,089,938
<b>DEDUCTIONS</b>	
Benefits	2,411,389
Refunds of contributions	51,081
Other operating expenses	<u>13,606</u>
Total deductions	<u>2,476,076</u>
Change in net assets	8,613,862
Net Assets at October 1, 2006	<u>71,788,639</u>
Net Assets at September 30, 2007	<u><u>\$ 80,402,501</u></u>

**Other Employee Benefit Plans**

For employees not covered by one of the City's pension plans, the City contributed 9.5% of the base salary to the ICMA 457 Deferred Compensation Plan up to allowable limits. In 1996 the City instituted a 401(a) plan for department heads with a 3% match (Resolution 17-97). In 2000, this program was opened to certain eligible management and key employees to contribute up to 3% of their base salary to the ICMA Deferred Compensation Plan or 3% of their base salary to the ICMA 401(a) Plan with the City matching the contribution (Administrative Policy EB-15).

Employees who were eligible to participate in the 401(a) Plan could exceed the 3% contribution with after tax dollars. All contributions are in accordance with Internal Revenue Service regulations. Activity in the 401(a) Plan for the year ended September 30, 2007 is summarized as follows:

Balance at October 1, 2006	\$ 386,854
Employer contributions	38,947
Employee contributions	71,081
Investment earnings	54,740
Distributions	<u>(86,000)</u>
Balance at September 30, 2007	<u><u>\$ 465,622</u></u>

The City has implemented a VantageCare Retirement Health Savings Plan which allows employees in the calendar year prior to termination (retirement), an election to deposit tax free part or all of their accumulated sick and vacation pay into the Plan. The Plan would then allow tax free withdrawals if the funds are used for qualified

City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2007

**13. Pension Plans (continued)**

medical expenses. The effective date of the Plan was August 2002. In March, 2007, the City was notified by ICMA, the administrator of VantageCare Retirement Health Savings Plan, that all voluntary contributions must cease immediately. Therefore, contributions were allowed until December 31, 2007 if the employee made the election prior to December 31, 2006.

Balance as of October 1, 2006	\$ 513,708
Contributions	29,485
Earnings	52,906
Service Fees	(2,165)
Distributions	<u>(33,902)</u>
Balance as of September 30, 2007	<u>\$ 560,032</u>

**14. Self-Insurance Program**

The City has a Managed Retention, Protected Self-Insurance Program whereby the City is mainly self-insured for liability coverage. Workers' compensation, fidelity and property coverage are insured with sizeable deductible self-insured retentions. There were no significant changes in insurance coverage from the prior year and the amounts of settlements did not exceed insurance coverage for any of the past three years. A loss fund of \$1,950,000 maximum applies per year over which an aggregate coverage of \$1,000,000 would apply should the loss fund be exhausted in a given year.

The City implemented a self-insured health plan with Cigna as the third party administrator in February 2002. The City is self-insured up to a stop loss of \$100,000 per claim and has purchased excess insurance for claims exceeding the stop loss for individual and aggregate claims.

Contributions from other funds are made as needed to meet the estimated payments resulting from purchased and self-insurance programs, and operating expenses based on the City's historical experience and a case-by-case evaluation of claims. For the year ended September 30, 2007, contributions of \$12,708,749 were made to the Insurance Fund by other funds and are reflected as interfund services provided and used in the accompanying financial statements.

The City has recorded a claims liability of \$5,218,709 (\$1,821,493 current and \$3,397,216 long-term) which is an increase of \$1,276,081 from the prior year. The increase was due to a workers compensation claim that has exceeded the loss threshold, which means the City is directly paying all claims. The liability falls within the actuarially determined range, from an actuarial valuation for all claims based upon the date the loss was incurred and includes a provision for claims incurred but not yet reported. The following summarizes the claims liability activity for the current and prior year:

Balance at September 30, 2005	\$ 4,406,900
Claims expense	7,786,927
Claims paid	<u>(8,251,199)</u>
Balance at September 30, 2006	3,942,628
Claims expense	10,459,886
Claims paid	<u>(9,183,805)</u>
Balance at September 30, 2007	<u>\$ 5,218,709</u>

City of Delray Beach, Florida  
Notes to Financial Statements (continued)  
September 30, 2007

**14. Self-Insurance Program (continued)**

The claims liability at September 30, 2007 and 2006 is summarized as follows:

	2007	2006
Current	\$ 1,821,493	\$ 1,295,651
Non-current	3,397,216	2,646,977
	\$ 5,218,709	\$ 3,942,628

**15. Related Party Transactions**

The CRA is a component unit of the City of Delray Beach, Florida. For the year ended September 30, 2007 the CRA's tax increment revenues include \$9,202,575 received from the City. The CRA paid the City approximately \$700,000 for contractual services provided by the City in connection with various administrative and redevelopment activities of the CRA for the year ended September 30, 2007. In October 2005 the CRA sold a parcel of land to the City for \$6,460,000 in connection with the Old School Square project. As a condition of this sale the CRA was to make a contribution of \$6,500,000 to the City for the Old School Square project. In June 2006 the CRA transferred property with a fair market value of \$6,000,000 to the City for the Old School Square project. The remaining \$500,000 contribution was made through a land sale to the City in November 2006. For the year ended September 30, 2007 the CRA also sold seven properties with an estimated fair value of \$975,727 to the City for \$10 each.

**16. Commitments and Contingencies**

**Contract Commitments**

The City has various long-term contractual obligations for construction projects on which work has not been completed. The remaining commitments on these obligations at September 30, 2007 are as follows:

Capital project funds	\$ 8,598,265
Water and Sewer Fund	3,538,355
	\$ 12,136,620

Payments from the Water and Sewer Fund for work in progress have been capitalized as construction in progress in the Water and Sewer Fund. The projects financed by the capital projects fund have been capitalized in the government-wide financial statements as construction in progress.

**Litigation, Claims and Assessments**

The City is a defendant in certain lawsuits and is involved in other legal matters occurring in the normal course of operations. While the ultimate outcome of these matters cannot be determined at this time, in the opinion of the City and its management, no material losses in excess of estimated liabilities or insured limits are expected to result from the settlement of these claims.



City of Delray Beach, Florida  
Notes to Financial Statements (continued)  
September 30, 2007

**16. Commitments and Contingencies (continued)**

**Grants**

The grant revenues received by the City are subject to audit and adjustment by the grantor agencies, principally the Federal government and the State of Florida. If expenditures are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement would be a liability of the City. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

**17. Prior Period Adjustment**

The Police and Firefighters Retirement System Fund (the "Fund"), a fiduciary fund of the City, which represents 60% of the total assets and 66% of the total additions of the Fiduciary Funds of the City, issued a separate, publicly available financial report for the year ended September 30, 2007 which was audited by another auditor. That financial report included a prior period adjustment and stated that "the net assets at September 30, 2006 incorrectly presented the entire State Chapter 185 annual contributions as available to pay benefits. However, in accordance with Chapter 185.35, a portion of those annual contributions could not be used for benefits until the Fund provided for the minimum benefits described in Chapter 185. The amount of Chapter 185 monies that could only be used for possible future benefits that was held by the Fund at September 30, 2006 was \$842,365. The effect of the misstatement was to overstate the net assets held for pension benefits by \$842,365." The State Chapter 185 monies that are not available for benefits at September 30, 2007 are reported on the Statement of Plan Net Assets as a liability for "State monies held in reserve".

## Required Supplementary Information

CITY OF DELRAY BEACH, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 For the Fiscal Year Ended September 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 73,490,910	\$ 74,497,910	\$ 74,010,119	\$ (487,791)
Licenses and permits	4,109,060	4,152,060	4,325,079	173,019
Intergovernmental	7,876,740	8,413,621	8,103,081	(310,540)
Charges for services	6,327,120	6,102,760	6,605,953	503,193
Fines and forfeitures	1,022,900	953,900	790,074	(163,826)
Miscellaneous	5,228,980	5,643,505	5,782,037	138,532
Total Revenues	<u>98,055,710</u>	<u>99,763,756</u>	<u>99,616,343</u>	<u>(147,413)</u>
<b>EXPENDITURES</b>				
Current:				
General government	21,019,950	20,459,950	19,726,138	733,812
Public safety	52,800,090	53,761,572	52,237,155	1,524,417
Physical environment	3,646,060	3,772,049	3,615,489	156,560
Parks and recreation	11,951,770	12,915,546	12,400,350	515,196
Debt service:				
Principal retirement	2,934,550	2,934,550	2,934,548	2
Interest and fiscal charges	2,428,820	2,173,820	2,149,647	24,173
Total Expenditures	<u>94,781,240</u>	<u>96,017,487</u>	<u>93,063,327</u>	<u>2,954,160</u>
Excess of Revenues Over Expenditures	3,274,470	3,746,269	6,553,016	2,806,747
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,989,050	2,997,435	3,153,386	155,951
Transfers out	(6,263,520)	(7,097,973)	(6,925,481)	172,492
Total Other Financing Sources (Uses)	<u>(3,274,470)</u>	<u>(4,100,538)</u>	<u>(3,772,095)</u>	<u>328,443</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (354,269)</u>	2,780,921	<u>\$ 3,135,190</u>
Fund balance - October 1, 2006			20,576,411	
Difference between GAAP and budgetary basis			<u>28,843</u>	
Fund balance - September 30, 2007			<u>\$ 23,386,175</u>	

The notes to budgetary comparison schedule are an integral part of this schedule.

City of Delray Beach, Florida

Notes to Budgetary Comparison Schedule

September 30, 2007

**1. Budgetary Accounting**

Appropriated budgets have been legally adopted for the General Fund on the same modified-accrual basis used to reflect revenue and expenditures, except that for budgetary purposes, current year encumbrances are treated as expenditures, on-behalf payments from the State for Police and Firefighters pension benefits are not budgeted and capital outlays are reflected as current expenditures within each governmental function. Changes or amendments to the total budgeted expenditures of the City or a department must be approved by the City Commission; however, changes within departments which do not affect the total department expenditures may be approved at the administrative level. Accordingly, the legal level of control is at the department level. All unencumbered appropriations lapse at year end. The City Commission approved budget amendments totaling \$2,070,700 during the year ended September 30, 2007, which increased the original General Fund appropriations (expenditures and transfers out) from \$101,044,760 to a revised total of \$103,115,460.

**2. Budget and Actual Comparisons**

The budgetary comparison schedule for the General Fund is prepared under the basis of accounting used in preparing the appropriated budget. As indicated in Note 1, current year encumbrances are treated as expenditures for budgetary purposes and on-behalf payments are not budgeted. In addition, for budgetary purposes the proceeds from the sale of capital assets are included in miscellaneous revenues, but are considered an other financing source for GAAP. As a result, the General Fund revenue and expenditures reported in the budget and actual statement differ from the expenditures reported on the basis of GAAP. These differences can be reconciled as follows:

	<u>Revenues</u>	<u>Expenditures</u>
Current year encumbrances outstanding at year end	\$ -	\$ 408,194
Prior year encumbrances paid in the current year	-	(379,351)
Net encumbered expenditures	-	28,843
On-behalf payments for pension benefits	(1,784,631)	(1,784,631)
Proceeds from sale of capital assets	62,471	-
Net differences - GAAP and budgetary basis	(1,722,160)	(1,755,788)
GAAP basis	101,338,503	94,819,115
Budgetary basis	<u>\$ 99,616,343</u>	<u>\$ 93,063,327</u>

City of Delray Beach, Florida

Required Supplementary Information—  
Schedule of Pension Funding Progress

September 30, 2007

<b>Police and Firefighters' Retirement System Fund</b>							
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial (AAL)— Entry Age (b)</b>	<b>Unfunded (Assets in Excess of) AAL (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>Unfunded (Assets in Excess of) AAL as a Percentage of Covered Payroll [(b-a)/c]</b>	
10/1/1997	\$ 49,260,808	\$ 49,181,336	\$ (79,472)	100.2%	\$ 10,760,239	(0.7)%	
10/1/1998	55,648,688	53,317,548	(2,331,140)	104.4	10,763,306	(21.7)	
10/1/1999	68,346,786	65,029,144	(3,317,642)	105.1	11,634,080	(28.5)	
10/1/2000	72,943,063	71,254,488	(1,688,575)	102.4	11,896,571	(14.2)	
10/1/2001	75,998,084	79,462,714	3,464,630	95.6	12,405,820	27.9	
10/1/2002	76,285,414	85,909,259	9,623,845	88.0	13,312,406	72.3	
10/1/2003	79,037,463	102,962,143	23,924,680	76.8	14,624,793	163.6	
10/1/2004	82,914,153	112,927,236	30,013,083	73.4	15,512,087	193.5	
10/1/2005	87,160,398	123,307,335	36,146,937	70.7	15,005,297	240.9	
10/1/2006	93,291,628	134,029,918	40,738,290	69.6	15,143,925	269.0	

Note:

A schedule of funding progress is not presented for the General Employees' Pension Fund because the aggregate actuarial cost method does not separately identify unfunded actuarial accrued liabilities.

City of Delray Beach, Florida

Required Supplementary Information—  
Schedules of Employer and State Pension Contributions

For the Fiscal Year Ended September 30, 2007

**General Employees' Pension Fund**

<b>Fiscal Year Ended September 30,</b>	<b>Annual Required Employer Contribution</b>	<b>Percentage Contribution</b>
1998	\$ 770,101	100.0%
1999	-	100.0
2000	-	100.0
2001	-	100.0
2002	84,122	100.0
2003	328,603	100.0
2004	701,388	100.0
2005	1,441,861	100.0
2006	2,011,383	100.0
2007	2,008,058	100.0

**Police and Firefighters' Retirement System Fund**

<b>Fiscal Year Ended September 30,</b>	<b>Annual State Contribution</b>	<b>Annual Required Employer Contribution</b>	<b>Total Annual Required Contribution</b>	<b>Percentage Contribution</b>
1998	\$ 504,922	\$ 1,323,366	\$ 1,828,288	100.0%
1999	504,922	1,327,517	1,832,439	100.0
2000	504,922	1,246,653	1,751,575	100.0
2001	504,922	965,604	1,470,526	100.0
2002	504,922	1,493,263	1,998,185	100.0
2003	504,922	1,818,548	2,323,470	100.0
2004	504,922	2,919,101	3,424,023	100.0
2005	504,922	4,177,846	4,682,768	100.0
2006	504,922	4,789,159	5,294,081	100.0
2007	504,922	5,174,531	5,679,453	100.0

# Combining and Individual Fund Statements and Schedules

# Non-Major Governmental Funds

## **Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

*Law Enforcement Trust Fund* – This fund accounts for revenue received from confiscated and forfeited properties from cases involving the City's police department. Expenditures from this fund are generally for police education and training programs and equipment.

*Developers Land Contribution Fund* – This fund accounts for revenue received from developers operating within the City for projects other than those financed by proprietary funds. The City uses the developer contributions to purchase land or capital improvements for recreation facilities.

*Community Development Fund* – This fund accounts for revenue received from federal, state and local governments under numerous grant programs which are used for various community development and improvement projects within the City.

*SHIP Fund* – This fund accounts for revenue received from the Florida Housing Finance Agency for the State Housing Initiatives Partnership (SHIP) Program to provide for renovation of buildings to be used for affordable multi-family housing within the City.

*HHR Fund* – This fund accounts for revenue received from the Florida Housing Finance Agency for the State Hurricane Housing Recovery (HHR) Program to expand and preserve affordable housing within the City.

*Beautification Fund* – This fund accounts for revenue received from public service taxes, which is used for capital improvements to beautify the City.

*Special Projects Fund* – This fund is used to account for assets held in trust by the City for a variety of earmarked purposes.

*Cemetery Perpetual Care Fund* – This fund is used to account for assets held by the City to provide maintenance for the cemetery grounds. City Ordinance allows for the use of principal in achieving this purpose.

## **Debt Service Fund**

*Utilities Tax Fund* – This fund is used to account for assets held for the repayment of principal and interest on debt reported in the government-wide financial statements. The Debt Service Fund of the City is the Utilities Tax Fund.

## **Capital Projects Fund**

Capital Projects Funds are used to account for financial resources for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and similar trust funds). The capital projects fund used by the City is as follows:

*Beach Restoration Fund* – This fund is used to account for improvements to the municipal beach area of the City.



CITY OF DELRAY BEACH, FLORIDA  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 September 30, 2007

	Special Revenue							Debt Service	Capital Projects	Total Non-Major Governmental Funds	
	Law Enforcement Trust	Developers Land Contribution	Community Development	SHIP	HHR	Beautification	Special Projects	Cemetery Perpetual Care	Utilities Tax	Beach Restoration	
<b>ASSETS</b>											
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 202,081	\$ -	\$ 202,081
Accounts receivable, net	-	-	-	-	-	-	8,089	1,670	-	-	9,759
Notes receivable	-	-	577,014	633,986	-	-	-	-	-	-	1,211,000
Due from other governments	-	-	288,539	-	-	-	37,311	-	-	144,646	470,496
Due from other funds	92,459	327,366	-	972,740	226,644	1,065,412	1,552,552	493,675	486,100	640,528	5,857,476
Prepaid items	-	-	1,700	-	-	-	-	-	-	-	1,700
Due from component units	-	-	3,470	-	-	-	265	-	-	-	3,735
Total Assets	<u>\$ 92,459</u>	<u>\$ 327,366</u>	<u>\$ 870,723</u>	<u>\$ 1,606,726</u>	<u>\$ 226,644</u>	<u>\$ 1,065,412</u>	<u>\$ 1,598,217</u>	<u>\$ 495,345</u>	<u>\$ 688,181</u>	<u>\$ 785,174</u>	<u>\$ 7,756,247</u>
<b>LIABILITIES AND FUND BALANCES</b>											
<b>LIABILITIES</b>											
Accounts payable and accrued items	\$ 208	\$ -	\$ 94,698	\$ 4,414	\$ 23,124	\$ 12,950	\$ 4,554	\$ -	\$ -	\$ 7,800	\$ 147,748
Deferred revenue	-	-	694,422	1,602,312	203,520	-	2,625	-	-	-	2,502,879
Due to component unit	-	-	-	-	-	-	150,000	-	-	-	150,000
Total Liabilities	<u>208</u>	<u>-</u>	<u>789,120</u>	<u>1,606,726</u>	<u>226,644</u>	<u>12,950</u>	<u>157,179</u>	<u>-</u>	<u>-</u>	<u>7,800</u>	<u>2,800,627</u>
<b>FUND BALANCES</b>											
Reserved for:											
Prepaid items	-	-	1,700	-	-	-	-	-	-	-	1,700
Debt Service	-	-	-	-	-	-	-	-	688,181	-	688,181
Unreserved, reported in:											
Capital Projects Funds	-	-	-	-	-	-	-	-	-	777,374	777,374
Special Revenue Funds	92,251	327,366	79,903	-	-	1,052,462	1,441,038	495,345	-	-	3,488,365
Total Fund Balances	<u>92,251</u>	<u>327,366</u>	<u>81,603</u>	<u>-</u>	<u>-</u>	<u>1,052,462</u>	<u>1,441,038</u>	<u>495,345</u>	<u>688,181</u>	<u>777,374</u>	<u>4,955,620</u>
Total Liabilities and Fund Balances	<u>\$ 92,459</u>	<u>\$ 327,366</u>	<u>\$ 870,723</u>	<u>\$ 1,606,726</u>	<u>\$ 226,644</u>	<u>\$ 1,065,412</u>	<u>\$ 1,598,217</u>	<u>\$ 495,345</u>	<u>\$ 688,181</u>	<u>\$ 785,174</u>	<u>\$ 7,756,247</u>

CITY OF DELRAY BEACH, FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 For the Fiscal Year Ended September 30,2007

	Special Revenue							Debt Service	Capital Projects	Total Non-Major Governmental Funds	
	Law Enforcement Trust	Developer Land Contribution	Community Development	SHIP	HHR	Beautification	Special Projects	Cemetery Perpetual Care	Utilities Tax	Beach Restoration	
<b>REVENUES</b>											
Intergovernmental	\$ -	\$ -	\$ 1,848,873	\$ 372,365	\$ 346,041	\$ -	\$ 84,610	\$ -	\$ -	\$ 30,827	\$ 2,682,716
Charges for services	-	-	-	-	-	-	408,756	5,873	-	-	414,629
Fines and forfeitures	61,667	-	-	-	-	-	220,718	-	-	-	282,385
Miscellaneous	1,385	119,362	373,712	3,800	-	23,331	116,943	47,215	30,951	11,634	728,333
Total Revenues	63,052	119,362	2,222,585	376,165	346,041	23,331	831,027	53,088	30,951	42,461	4,108,063
<b>EXPENDITURES</b>											
Current:											
General government	-	-	1,918,700	758,768	346,041	-	108,000	-	-	-	3,131,509
Public safety	43,647	-	-	-	-	-	197,498	-	-	-	241,145
Physical environment	-	-	-	-	-	1,118,802	-	-	-	-	1,118,802
Parks and recreation	-	7,700	-	-	-	-	130,679	-	-	138,385	276,764
Capital outlay	-	2,612	501,987	-	-	212,245	81,035	-	-	-	797,879
Debt service:											
Principal retirement	-	-	-	-	-	-	-	-	1,410,808	-	1,410,808
Interest and fiscal charges	-	-	-	-	-	-	-	-	223,980	-	223,980
Total Expenditures	43,647	10,312	2,420,687	758,768	346,041	1,331,047	517,212	-	1,634,788	138,385	7,200,887
Excess of revenues over (under) expenditures	19,405	109,050	(198,102)	(382,603)	-	(1,307,716)	313,815	53,088	(1,603,837)	(95,924)	(3,092,824)
<b>OTHER FINANCING SOURCES (USES)</b>											
Transfers in	-	-	230,090	-	-	1,145,708	111,167	-	1,636,060	15,000	3,138,025
Transfers out	-	-	-	-	-	(212,410)	(8,385)	-	(30,951)	-	(251,746)
Total Other Financing Sources (Uses)	-	-	230,090	-	-	933,298	102,782	-	1,605,109	15,000	2,886,279
Net change in fund balance	19,405	109,050	31,988	(382,603)	-	(374,418)	416,597	53,088	1,272	(80,924)	(206,545)
Fund balances - October 1, 2006	72,846	218,316	49,615	382,603	-	1,426,880	1,024,441	442,257	686,909	858,298	5,162,165
Fund balances - September 30, 2007	\$ 92,251	\$ 327,366	\$ 81,603	\$ -	\$ -	\$ 1,052,462	\$ 1,441,038	\$ 495,345	\$ 688,181	\$ 777,374	\$ 4,955,620

# Non-Major Enterprise Funds

Enterprise funds are used to account for operations that provide a service to citizens, financed primarily by a user charge, and where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes.

*Delray Beach Municipal Golf Course Fund* – This fund is used to account for the services and activities of the City's municipal golf course.

*Lakeview Golf Course Fund* – This fund is used to account for the services and activities of the City's executive municipal golf course.

*City Marina Fund* – This fund is used to account for the services and activities of the City's municipal marina.

*Sanitation Fund* – This fund is used to account for solid waste removal services for the City's residents and commercial customers.

*Stormwater Utility Fund* – This fund is used to account for the levy of drainage assessments and construction of drainage projects.

CITY OF DELRAY BEACH, FLORIDA  
 COMBINING STATEMENT OF NET ASSETS  
 NON-MAJOR ENTERPRISE FUNDS  
 September 30, 2007

	Municipal Golf Course	Lakeview Golf Course	City Marina	Sanitation	Stormwater Utility	Total Non-Major Enterprise Funds
<b>ASSETS</b>						
<b>Current Assets:</b>						
Cash and cash equivalents	\$ 41,889	\$ 5,564	\$ -	\$ -	\$ 1,000,254	\$ 1,047,707
Accounts receivable, net	3,657	62	-	280,500	60,000	344,219
Due from other funds	-	-	558,078	702,292	26,916	1,287,286
Inventory	79,918	7,405	-	-	-	87,323
Prepaid expenses	80,686	23,020	-	-	-	103,706
Restricted assets						
Cash and cash equivalents	374,838	232,029	-	-	1,000,801	1,607,668
Total Current Assets	580,988	268,080	558,078	982,792	2,087,971	4,477,909
<b>Noncurrent Assets:</b>						
Property, land and equipment						
Land	1,415,483	1,963,894	42,840	-	1,271,853	4,694,070
Buildings	2,324,664	140,718	-	-	1,904,722	4,370,104
Improvements other than buildings	1,271,620	730,895	1,137,419	11,958	10,605,569	13,757,461
Equipment	1,523,873	391,606	32,746	24,711	642,813	2,615,749
Construction in progress	-	-	7,500	-	525,206	532,706
Accumulated depreciation	(2,371,377)	(498,705)	(766,405)	(31,710)	(3,757,362)	(7,425,559)
Other asset						
Bond issue costs, net	47,335	28,986	-	-	-	76,321
Total Noncurrent Assets	4,211,598	2,757,394	454,100	4,959	11,192,801	18,620,852
Total Assets	4,792,586	3,025,474	1,012,178	987,751	13,280,772	23,098,761
<b>LIABILITIES</b>						
<b>Current Liabilities:</b>						
Accounts payable and accrued expenses	78,644	8,074	7,446	194,221	12,127	300,512
Unearned revenue	-	-	11,518	-	-	11,518
Current maturities of installment agreements	32,016	29,627	-	-	-	61,643
Compensated absences payable	-	-	-	-	155	155
Due to other funds	879,607	293,380	-	-	-	1,172,987
Refundable deposits	78,510	-	10,322	-	-	88,832
	1,068,777	331,081	29,286	194,221	12,282	1,635,647
<b>Current Liabilities Payable from Restricted Assets:</b>						
Contract payable and retainages	-	-	-	-	84,613	84,613
Accrued interest on long-term debt	19,558	8,997	-	-	8,321	36,876
Current maturities of revenue bonds	355,280	223,032	-	-	28,870	607,182
	374,838	232,029	-	-	121,804	728,671
Total Current Liabilities	1,443,615	563,110	29,286	194,221	134,086	2,364,318
<b>Noncurrent Liabilities:</b>						
Long-term portion of compensated absences payable	-	-	-	16,825	23,256	40,081
Revenue bonds payable, net	2,664,444	1,365,057	-	-	1,447,083	5,476,584
Installment agreements	73,632	38,568	-	-	-	112,200
Total Noncurrent Liabilities	2,738,076	1,403,625	-	16,825	1,470,339	5,628,865
Total Liabilities	4,181,691	1,966,735	29,286	211,046	1,604,425	7,993,183
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	1,038,891	1,140,319	454,100	4,959	8,744,917	11,383,186
Restricted for:						
Debt service	-	-	-	-	878,997	878,997
Unrestricted	(427,996)	(81,580)	528,792	771,746	2,052,433	2,843,395
Total Net Assets	\$ 610,895	\$ 1,058,739	\$ 982,892	\$ 776,705	\$ 11,676,347	\$ 15,105,578

CITY OF DELRAY BEACH, FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 NON-MAJOR ENTERPRISE FUNDS  
 For the Fiscal Year Ended September 30, 2007

	Municipal Golf Course	Lakeview Golf Course	City Marina	Sanitation	Stormwater Utility	Total Non-Major Enterprise Funds
<b>OPERATING REVENUES</b>						
Charges for services	\$ 3,467,778	\$ 853,654	\$ 160,605	\$ 3,094,658	\$ 2,097,527	\$ 9,674,222
Other operating revenue	167,596	6,171	423	-	362,325	536,515
Total Operating Revenues	<u>3,635,374</u>	<u>859,825</u>	<u>161,028</u>	<u>3,094,658</u>	<u>2,459,852</u>	<u>10,210,737</u>
<b>OPERATING EXPENSES</b>						
Personal services	-	-	-	211,267	343,120	554,387
Other operating expenses	3,079,116	602,458	48,381	2,670,681	537,545	6,938,181
Depreciation	210,079	102,249	71,765	2,015	378,922	765,030
Total Operating Expenses	<u>3,289,195</u>	<u>704,707</u>	<u>120,146</u>	<u>2,883,963</u>	<u>1,259,587</u>	<u>8,257,598</u>
Operating Income	346,179	155,118	40,882	210,695	1,200,265	1,953,139
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest revenue	-	2,402	8,924	10,222	82,181	103,729
Rent revenue	15,200	-	68	115,040	-	130,308
Interest expense	(94,241)	(43,422)	-	-	(57,611)	(195,274)
Loss on disposal of equipment	(57,181)	(420)	-	-	-	(57,601)
Total Nonoperating Revenues (Expenses)	<u>(136,222)</u>	<u>(41,440)</u>	<u>8,992</u>	<u>125,262</u>	<u>24,570</u>	<u>(18,838)</u>
Income Before Transfers	209,957	113,678	49,874	335,957	1,224,835	1,934,301
Transfers in	-	-	-	-	45,000	45,000
Transfers out	(34,500)	(22,500)	(48,400)	(176,180)	(1,096,000)	(1,377,580)
Change In Net Assets	175,457	91,178	1,474	159,777	173,835	601,721
Net Assets - October 1, 2006	435,438	967,561	981,418	616,928	11,502,512	14,503,857
Net Assets - September 30, 2007	<u>\$ 610,895</u>	<u>\$ 1,058,739</u>	<u>\$ 982,892</u>	<u>\$ 776,705</u>	<u>\$ 11,676,347</u>	<u>\$ 15,105,578</u>

CITY OF DELRAY BEACH, FLORIDA  
 COMBINING STATEMENT OF CASH FLOWS  
 NON-MAJOR ENTERPRISE FUNDS  
 For the Fiscal Year Ended September 30, 2007

	Municipal Golf Course	Lakeview Golf Course	City Marina	Sanitation	Stormwater Utility	Total Non-Major Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users	\$ 3,658,069	\$ 858,948	\$ 159,750	\$ 3,035,039	\$ 3,728,112	\$ 11,439,918
Receipts from others	15,200	-	68	115,040	-	130,308
Payments to suppliers	(2,932,358)	(551,823)	(120,342)	(2,773,882)	(594,955)	(6,973,360)
Payments to employees	-	-	-	(209,047)	(342,037)	(551,084)
Net cash provided by operating activities	<u>740,911</u>	<u>307,125</u>	<u>39,476</u>	<u>167,150</u>	<u>2,791,120</u>	<u>4,045,782</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITY</b>						
Transfers from other funds	-	-	-	-	45,000	45,000
Transfers to other funds	(34,500)	(22,500)	(48,400)	(176,180)	(1,096,000)	(1,377,580)
Net cash used in noncapital financing activity	<u>(34,500)</u>	<u>(22,500)</u>	<u>(48,400)</u>	<u>(176,180)</u>	<u>(1,051,000)</u>	<u>(1,332,580)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition and construction of capital assets	(234,501)	-	-	(1,192)	(1,681,545)	(1,917,238)
Bond proceeds	-	-	-	-	1,000,000	1,000,000
Principal paid on capital debt	(372,790)	(244,210)	-	-	(27,122)	(644,122)
Interest paid on capital debt	(73,953)	(37,258)	-	-	(58,085)	(169,296)
Net cash used in capital and related financing activities	<u>(681,244)</u>	<u>(281,468)</u>	<u>-</u>	<u>(1,192)</u>	<u>(766,752)</u>	<u>(1,730,656)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>						
Interest and dividends received	-	2,402	8,924	10,222	82,181	103,729
Net cash provided by investing activity	<u>-</u>	<u>2,402</u>	<u>8,924</u>	<u>10,222</u>	<u>82,181</u>	<u>103,729</u>
Net change in cash and cash equivalents	25,167	5,559	-	-	1,055,549	1,086,275
Cash and cash equivalents - October 1, 2006	391,560	232,034	-	-	945,506	1,569,100
Cash and cash equivalents - September 30, 2007	<u>\$ 416,727</u>	<u>\$ 237,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,001,055</u>	<u>\$ 2,655,375</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>						
Operating income	\$ 346,179	\$ 155,118	\$ 40,882	\$ 210,695	\$ 1,200,265	\$ 1,953,139
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation expense	210,079	102,249	71,765	2,015	378,922	765,030
Miscellaneous revenue	15,200	-	68	115,040	-	130,308
Change in assets and liabilities:						
Accounts receivable	14,996	(62)	-	(59,619)	(36,955)	(81,640)
Due from other funds	-	-	-	(275,223)	-	(275,223)
Inventory	(657)	(1,549)	-	-	-	(2,206)
Prepaid expenses	112	974	-	-	-	1,086
Accounts payable and accrued expenses	23,337	218	7,253	172,022	(57,410)	145,420
Unearned revenue	-	-	(1,559)	-	-	(1,559)
Compensated absences payable	-	-	-	2,220	1,083	3,303
Due to other funds	123,966	50,992	(79,214)	-	1,305,215	1,400,959
Refundable deposits	7,699	(815)	281	-	-	7,165
Total adjustments	<u>394,732</u>	<u>152,007</u>	<u>(1,406)</u>	<u>(43,545)</u>	<u>1,590,855</u>	<u>2,092,643</u>
Net cash provided by operating activities	<u>\$ 740,911</u>	<u>\$ 307,125</u>	<u>\$ 39,476</u>	<u>\$ 167,150</u>	<u>\$ 2,791,120</u>	<u>\$ 4,045,782</u>
<b>Non-cash capital and related financing activities</b>						
Amortization of bond premiums	\$ (6,099)	\$ (3,735)	\$ -	\$ -	\$ -	\$ (9,834)
Amortization of debt issue costs	<u>5,410</u>	<u>3,313</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,723</u>
Amortization of deferred loss on refundings	<u>\$ 24,849</u>	<u>\$ 9,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,849</u>
Installment agreement debt issued	<u>\$ 131,420</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,420</u>

# Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost reimbursement basis.

*Insurance Fund* – This fund is used to account for the payment of insurance claims against the City for certain self-insured coverages and for the payment of health insurance premiums. In addition, expenses related to reinsurance and claims administration are paid from this fund.

*Central Garage Fund* – This fund is used to account for the central garage operation of the City.

CITY OF DELRAY BEACH, FLORIDA  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 September 30, 2007

	Insurance	Central Garage	Total Internal Service Funds
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 5,219,588	\$ 100	\$ 5,219,688
Accounts receivable, net	225,534	-	225,534
Due from other funds	2,296,970	619,444	2,916,414
Inventory	-	53,536	53,536
Prepaid expenses	1,103,158	-	1,103,158
Total Current Assets	8,845,250	673,080	9,518,330
<b>Noncurrent Assets:</b>			
Property, land and equipment			
Buildings	-	909	909
Equipment	23,898	16,257,785	16,281,683
Accumulated depreciation	(17,270)	(8,987,876)	(9,005,146)
Total Noncurrent Assets	6,628	7,270,818	7,277,446
Total Assets	8,851,878	7,943,898	16,795,776
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued expenses	957,169	46,287	1,003,456
Compensated absences payable	1,737	13,628	15,365
Insurance claims payable	1,821,493	-	1,821,493
Total Current Liabilities	2,780,399	59,915	2,840,314
<b>Noncurrent Liabilities:</b>			
Long-term portion of compensated absences payable	31,049	30,927	61,976
Long-term portion of insurance claims payable	3,397,216	-	3,397,216
Total Noncurrent Liabilities	3,428,265	30,927	3,459,192
Total Liabilities	6,208,664	90,842	6,299,506
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	6,628	7,270,818	7,277,446
Unrestricted	2,636,586	582,238	3,218,824
Total Net Assets	\$ 2,643,214	\$ 7,853,056	\$ 10,496,270



CITY OF DELRAY BEACH, FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 INTERNAL SERVICE FUNDS  
 For the Fiscal Year Ended September 30, 2007

	<b>Insurance</b>	<b>Central Garage</b>	<b>Total Internal Service Funds</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 12,708,749	\$ 2,674,638	\$ 15,383,387
Other operating revenue	231,825	1,630,086	1,861,911
Total Operating Revenues	<u>12,940,574</u>	<u>4,304,724</u>	<u>17,245,298</u>
<b>OPERATING EXPENSES</b>			
Personal services	298,102	752,588	1,050,690
Other operating expenses	14,168,290	1,997,684	16,165,974
Depreciation	1,512	1,407,667	1,409,179
Total Operating Expenses	<u>14,467,904</u>	<u>4,157,939</u>	<u>18,625,843</u>
Operating Income (Loss)	(1,527,330)	146,785	(1,380,545)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest revenue	341,034	6,417	347,451
Insurance recoveries	-	67,784	67,784
Loss on disposal of equipment	-	(184,721)	(184,721)
Total Nonoperating Revenues (Expenses)	<u>341,034</u>	<u>(110,520)</u>	<u>230,514</u>
Income (Loss) Before Capital Contributions and Transfers	(1,186,296)	36,265	(1,150,031)
Capital contributions	-	535,048	535,048
Transfers in	-	208,340	208,340
Transfers out	<u>(2,196,426)</u>	<u>-</u>	<u>(2,196,426)</u>
Change In Net Assets	(3,382,722)	779,653	(2,603,069)
Net Assets - October 1, 2006	6,025,936	7,073,403	13,099,339
Net Assets - September 30, 2007	<u>\$ 2,643,214</u>	<u>\$ 7,853,056</u>	<u>\$ 10,496,270</u>

CITY OF DELRAY BEACH, FLORIDA  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 For the Fiscal Year Ended September 30, 2007

	Insurance	Central Garage	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 16,444,328	\$ 3,830,690	\$ 20,275,018
Receipts from others	-	67,784	67,784
Payments to suppliers	(14,021,769)	(2,018,193)	(16,039,962)
Payments to employees	(297,483)	(744,862)	(1,042,345)
Net cash provided by operating activities	<u>2,125,076</u>	<u>1,135,419</u>	<u>3,260,495</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	-	208,340	208,340
Transfers to other funds	(2,196,426)	-	(2,196,426)
Net cash provided by (used in) noncapital financing activities	<u>(2,196,426)</u>	<u>208,340</u>	<u>(1,988,086)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(3,714)	(1,895,224)	(1,898,938)
Proceeds from the sale of capital assets	-	10,000	10,000
Capital contributions	-	535,048	535,048
Net cash used by capital and related financing activities	<u>(3,714)</u>	<u>(1,350,176)</u>	<u>(1,353,890)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>			
Interest received	341,034	6,417	347,451
Net cash provided by investing activity	<u>341,034</u>	<u>6,417</u>	<u>347,451</u>
Net change in cash and cash equivalents	265,970	-	265,970
Cash and cash equivalents - October 1, 2006	4,953,618	100	4,953,718
Cash and cash equivalents - September 30, 2007	<u>\$ 5,219,588</u>	<u>\$ 100</u>	<u>\$ 5,219,688</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ (1,527,330)	\$ 146,785	\$ (1,380,545)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	1,512	1,407,667	1,409,179
Miscellaneous revenue	-	67,784	67,784
Change in assets and liabilities:			
Accounts receivable	131,550	-	131,550
Inventory	-	(23,909)	(23,909)
Prepaid expenses	(1,100,229)	260	(1,099,969)
Accounts payable and accrued expenses	(29,331)	3,140	(26,191)
Due to other funds	3,372,204	(474,034)	2,898,170
Compensated absences payable	619	7,726	8,345
Insurance claims payable	1,276,081	-	1,276,081
Total adjustments	<u>3,652,406</u>	<u>988,634</u>	<u>4,641,040</u>
Net cash provided by operating activities	<u>\$ 2,125,076</u>	<u>\$ 1,135,419</u>	<u>\$ 3,260,495</u>

# Fiduciary Funds

Fiduciary Funds are used to account for assets held in trust or as an agent by the City for others and includes pension trust funds.

*General Employees' Pension Fund* – This fund is used to account for assets held in a trustee capacity for the retirement pensions of all permanent, full-time City employees except those covered by the Police and Firefighters' Retirement System Fund.

*Police and Firefighters' Retirement System Fund* – This fund is used to account for assets held in a trustee capacity for the retirement pensions of all noncivilian police and fire department employees.

CITY OF DELRAY BEACH, FLORIDA  
 COMBINING STATEMENT OF PLAN NET ASSETS  
 PENSION TRUST FUNDS  
 September 30, 2007

	<b>General Employees' Pension</b>	<b>Police and Firefighters' Retirement System</b>	<b>Total Pension Trust Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 500	\$ 500
Investments:			
Bonds and other interest bearing investments	688,741	47,827,903	48,516,644
Equity securities	20,553,127	70,112,189	90,665,316
Mutual funds	59,125,773	6,873,901	65,999,674
Other		2,162,791	2,162,791
Due from broker for securities sold	-	612,931	612,931
Employee contributions receivable	-	41,634	41,634
Due from other governments	-	432,524	432,524
Prepaid expenses	400	162,676	163,076
Interest and dividends receivable	54,943	431,413	486,356
Total Assets	80,422,984	128,658,462	209,081,446
<b>LIABILITIES</b>			
Accounts payable	20,483	74,813	95,296
Due to broker for securities purchased	-	736,558	736,558
State monies held in reserve	-	1,066,447	1,066,447
Deferred retirement option plan payable	-	7,188,343	7,188,343
Total Liabilities	20,483	9,066,161	9,086,644
<b>NET ASSETS</b>			
Held in trust for pension benefits	\$ 80,402,501	\$ 119,592,301	\$ 199,994,802

CITY OF DELRAY BEACH, FLORIDA  
 COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS  
 PENSION TRUST FUNDS  
 For the Fiscal Year Ended September 30, 2007

	<b>General Employees' Pension</b>	<b>Police and Firefighters' Retirement System</b>	<b>Total Pension Trust Funds</b>
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 2,008,058	\$ 5,174,531	\$ 7,182,589
State	-	1,560,549	1,560,549
Plan members	728,325	1,048,604	1,776,929
Total contributions	2,736,383	7,783,684	10,520,067
Investment earnings			
Net appreciation in fair value of investments	6,729,155	11,060,391	17,789,546
Interest and dividends	1,876,619	3,178,879	5,055,498
	8,605,774	14,239,270	22,845,044
Less investment expenses - custodian fees	252,219	585,500	837,719
Net investment gain	8,353,555	13,653,770	22,007,325
Other income	-	49,475	49,475
Total additions	11,089,938	21,486,929	32,576,867
<b>DEDUCTIONS</b>			
Benefits	2,411,389	6,460,910	8,872,299
Refunds of contributions	51,081	30,565	81,646
Other operating expenses	13,606	183,845	197,451
Total deductions	2,476,076	6,675,320	9,151,396
Change In Net Assets	8,613,862	14,811,609	23,425,471
Net Assets - October 1, 2006 as originally reported	71,788,639	105,623,057	177,411,696
Prior period adjustment	-	(842,365)	(842,365)
Net Assets - October 1, 2006 as restated	71,788,639	104,780,692	176,569,331
Net Assets - September 30, 2007	\$ 80,402,501	\$ 119,592,301	\$ 199,994,802

## Other Supplementary Information

City of Delray Beach, Florida

Schedules of Revenue and Other Financing Sources—  
Budget and Actual—General Fund

	Fiscal Year Ended September 30, 2007			Fiscal Year Ended September 30, 2006		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenue:						
Taxes:						
Ad valorem	\$ 59,164,660	\$ 59,091,002	\$ (73,658)	\$ 49,868,000	\$ 49,825,341	\$ (42,659)
Sales and use	1,500,000	1,438,613	(61,387)	1,500,000	1,488,936	(11,064)
Franchise	5,558,250	5,257,560	(300,690)	4,435,250	4,879,168	443,918
Utility	4,475,000	4,349,336	(125,664)	4,370,000	4,372,775	2,775
Communications Services Tax	3,800,000	3,873,608	73,608	4,350,000	4,305,935	(44,065)
Total taxes	74,497,910	74,010,119	(487,791)	64,523,250	64,872,155	348,905
Licenses and permits:						
Professional and occupational licenses	757,000	746,133	(10,867)	716,000	788,288	72,288
Building permits	2,543,000	2,724,654	181,654	2,583,000	2,620,140	37,140
Miscellaneous	849,900	852,137	2,237	972,400	1,305,560	333,160
License fee	2,160	2,155	(5)	2,050	2,052	2
Total licenses and permits	4,152,060	4,325,079	173,019	4,273,450	4,716,040	442,590
Intergovernmental:						
Federal shared revenue:						
State Homeland Security Grant	2,114	2,628	514	94,186	96,405	2,219
FEMA Mutual Aid	448,000	547,284	99,284	852,000	821,377	(30,623)
Forestry Grant	127,003	105,532	(21,471)	172,209	45,206	(127,003)
Hazmat Sustainment	-	22,486	22,486	-	-	-
Emergency Relief Program	3,763	-	(3,763)	46,062	46,062	-
Highway Safety Fund Grant	-	-	-	42,771	42,771	-
Total federal shared revenue	580,880	677,930	97,050	1,207,228	1,051,821	(155,407)
State shared revenue:						
State revenue sharing	2,125,000	1,979,086	(145,914)	2,075,000	2,033,716	(41,284)
Local government sales tax	5,000,000	4,735,171	(264,829)	4,950,000	5,076,180	126,180
Alcoholic beverage licenses tax	65,000	75,817	10,817	70,000	67,024	(2,976)
Municipal fuel tax refund	44,000	46,278	2,278	35,000	48,151	13,151
Mobile home licenses tax	1,000	872	(128)	1,000	946	(54)
Fire incentive	41,040	42,144	1,104	41,520	40,718	(802)
State grants	64,001	48,166	(15,835)	124,797	126,917	2,120
Total state shared revenue	7,340,041	6,927,534	(412,507)	7,297,317	7,393,652	96,335
Shared revenue from local units:						
Children's Services Council grant	315,700	303,030	(12,670)	294,224	284,308	(9,916)
Payments in lieu of taxes	-	-	-	10,500	7,726	(2,774)
County occupational licenses	128,000	139,633	11,633	128,000	141,355	13,355
MacArthur Foundation	-	-	-	23,499	23,499	-
Local Grants	14,000	19,954	5,954	9,000	7,500	(1,500)
PBC Grants	35,000	35,000	-	135,430	55,430	(80,000)
Total shared revenue from local units	492,700	497,617	4,917	600,653	519,818	(80,835)
Total intergovernmental	8,413,621	8,103,081	(310,540)	9,105,198	8,965,291	(139,907)

Continued on next page.

City of Delray Beach, Florida

Schedules of Revenue and Other Financing Sources—  
Budget and Actual—General Fund (continued)

	Fiscal Year Ended September 30, 2007			Fiscal Year Ended September 30, 2006		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenue (continued):						
Charges for services:						
General government	\$ 178,580	\$ 196,206	\$ 17,626	\$ 267,790	\$ 270,297	\$ 2,507
Public safety	4,412,380	4,960,742	548,362	4,506,980	4,522,663	15,683
Physical environment	137,000	144,881	7,881	147,000	175,440	28,440
Parking	482,000	476,220	(5,780)	488,500	463,216	(25,284)
Human services	200	-	(200)	200	-	(200)
Culture and recreation	892,600	827,904	(64,696)	720,710	808,551	87,841
Total charges for services	6,102,760	6,605,953	503,193	6,131,180	6,240,167	108,987
Fines and forfeitures:						
Court	739,400	645,207	(94,193)	746,300	496,260	(250,040)
Penalties on licenses and permits	155,500	100,411	(55,089)	59,000	40,228	(18,772)
Violations of local ordinances	59,000	44,456	(14,544)	150,500	158,352	7,852
Total fines and forfeitures	953,900	790,074	(163,826)	955,800	694,840	(260,960)
Miscellaneous:						
Interest	2,146,000	2,196,575	50,575	1,466,000	1,839,975	373,975
Rents and special assessments	76,590	139,982	63,392	76,590	323,782	247,192
Sale of capital assets	63,100	62,471	(629)	93,780	96,835	3,055
Contributions and donations	1,022,025	1,038,913	16,888	882,350	637,883	(244,467)
Recovery of administrative costs	2,191,370	2,189,753	(1,617)	2,050,000	2,039,120	(10,880)
Other	144,420	154,343	9,923	131,323	76,083	(55,240)
Total miscellaneous	5,643,505	5,782,037	138,532	4,700,043	5,013,678	313,635
Total revenue	99,763,756	99,616,343	(147,413)	89,688,921	90,502,171	813,250
Other financing sources:						
Transfers in:						
Water and Sewer Fund	1,322,910	1,322,910	-	1,374,030	1,374,030	-
Delray Beach Municipal Golf Course Fund	57,000	57,000	-	57,000	57,000	-
City Marina Fund	48,400	48,400	-	44,000	44,000	-
Utilities Tax Fund	1,167,150	1,173,101	5,951	1,079,000	1,089,109	10,109
Beautification Fund	212,410	212,410	-	212,410	212,410	-
Sanitation Fund	85,180	85,180	-	72,250	72,250	-
Stormwater Utility Fund	96,000	96,000	-	90,000	90,000	-
Special Projects Fund	8,385	8,385	-	-	-	-
General Construction Fund	-	150,000	150,000	-	-	-
Other transfers	-	-	-	700,000	500,000	(200,000)
Total other financing sources	2,997,435	3,153,386	155,951	3,628,690	3,438,799	(189,891)
Total revenue and other financing sources	\$ 102,761,191	102,769,729	\$ 8,538	\$ 93,317,611	93,940,970	\$ 623,359
Reconciliation to GAAP basis statements:						
On-behalf payments		1,784,631			1,463,228	
Revenue and other financing sources - GAAP basis		\$ 104,554,360			\$ 95,404,198	



City of Delray Beach, Florida

Schedules of Expenditures, Encumbrances and Other  
Financing Uses—Compared with Appropriations—General Fund

	Fiscal Year Ended September 30, 2007					Fiscal Year Ended September 30, 2006				
	Final Budget	Current Year		Total		Final Budget	Current Year		Total	
		Current Year Expenditures	Encumbrances Outstanding	Expenditures and Encumbrances	Unencumbered Balance Lapsed		Current Year Expenditures	Encumbrances Outstanding	Expenditures and Encumbrances	
General government:										
City commission	\$ 810,470	\$ 537,913	\$ 5,000	\$ 542,913	\$ 267,557	\$ 448,030	\$ 485,594	\$ -	\$ 485,594	
City manager	518,100	512,512	1,950	514,462	3,638	481,588	481,874	-	481,874	
Human resources	966,967	824,953	-	824,953	142,014	705,609	671,181	13,016	684,197	
City clerk	684,430	649,281	22,108	671,389	13,041	563,747	528,035	-	528,035	
Finance	1,625,785	1,584,004	3,510	1,587,514	38,271	1,534,049	1,516,231	13,104	1,529,335	
Information technology	1,664,918	1,459,000	23,689	1,482,689	182,229	1,625,969	1,383,577	111,373	1,494,950	
City attorney	1,084,980	1,041,091	50,906	1,091,997	(7,017)	952,196	951,404	-	951,404	
Administrative services administration	698,446	671,291	263	671,554	26,892	611,287	617,438	571	618,009	
Clean and Safe	226,650	217,733	-	217,733	8,917	154,706	134,204	-	-	
Cemetery	419,100	392,950	3,960	396,910	22,190	364,691	344,082	-	344,082	
Old School Square	240,000	240,000	-	240,000	-	260,000	260,000	-	260,000	
Library	1,800,000	1,800,000	-	1,800,000	-	1,500,000	1,500,000	-	1,500,000	
Miscellaneous grants	392,129	363,717	-	363,717	28,412	430,360	456,428	-	456,428	
Transfers to component units	9,202,580	9,202,575	-	9,202,575	5	6,846,710	6,796,712	-	6,796,712	
Miscellaneous (nondepartmental)	125,395	117,732	-	117,732	7,663	2,336,848	359,071	8,909	367,980	
Total general government	20,459,950	19,614,752	111,386	19,726,138	733,812	18,815,790	16,485,831	146,973	16,632,804	
Public safety:										
Law enforcement	26,740,146	25,812,018	121,598	25,933,616	806,530	24,951,788	24,900,861	53,885	24,954,746	
Fire control	21,564,406	21,055,341	84,173	21,139,514	424,892	19,323,688	19,205,889	70,535	19,276,424	
Community improvement administration	580,241	571,042	1,735	572,777	7,464	475,317	494,654	6,046	500,700	
Planning and zoning	1,873,281	1,658,155	16,231	1,674,386	198,895	1,278,393	1,192,173	10,316	1,202,489	
Building inspection	1,765,488	1,697,974	-	1,697,974	67,514	1,518,053	1,506,586	-	1,506,586	
Code compliance	1,238,010	1,209,373	9,515	1,218,888	19,122	1,181,071	1,170,285	202	1,170,487	
Total public safety	53,761,572	52,003,903	233,252	52,237,155	1,524,417	48,728,310	48,470,448	140,984	48,611,432	
Physical environment:										
Engineering	754,226	684,659	9,020	693,679	60,547	734,151	593,047	27,365	620,412	
Parking facilities	146,581	195,954	-	195,954	(49,373)	114,925	110,472	1,839	112,311	
Public works:										
Traffic operations	409,790	417,938	94	418,032	(8,242)	431,988	453,337	338	453,675	
Administration	200,210	198,044	-	198,044	2,166	192,707	186,227	-	186,227	
Street lighting	891,890	778,614	-	778,614	113,276	837,331	763,531	1,800	765,331	
Street maintenance	831,770	791,224	-	791,224	40,546	738,566	766,254	5,422	771,676	
Building maintenance	537,582	539,942	-	539,942	(2,360)	472,941	473,377	1,061	474,438	
Total physical environment	3,772,049	3,606,375	9,114	3,615,489	156,560	3,522,609	3,346,245	37,825	3,384,070	

Continued on next page.

City of Delray Beach, Florida

Schedules of Expenditures, Encumbrances and Other  
Financing Uses—Compared with Appropriations—General Fund (continued)

	Fiscal Year Ended September 30, 2007					Fiscal Year Ended September 30, 2006				
	Final Budget	Current Year	Encumbrances	Total	Unencumbered Balance Lapsed	Final Budget	Current Year	Encumbrances	Total	
		Expenditures	Outstanding	Expenditures and Encumbrances			Expenditures	Outstanding	Expenditures and Encumbrances	
Parks and recreation:										
Administration	\$ 736,467	\$ 728,223	\$ 2,680	\$ 730,903	\$ 5,564	\$ 583,950	\$ 572,517	\$ -	\$ 572,517	
After school program	704,628	681,100	-	681,100	23,528	638,935	622,885	-	622,885	
Summer day camp program	34,009	2,163	-	2,163	31,846	23,763	2,927	-	2,927	
Teen center	269,075	258,788	-	258,788	10,287	252,936	240,842	-	240,842	
Beach operations	1,409,517	1,369,688	5,167	1,374,855	34,662	1,301,946	1,250,731	13,809	1,264,540	
Catherine Strong Park	205,421	195,130	500	195,630	9,791	205,109	185,476	-	185,476	
Cultural/Facilities Maintenance	410,973	353,042	-	353,042	57,931	398,781	315,661	-	-	
Community center	341,657	338,821	-	338,821	2,836	294,363	290,151	167	290,318	
Veteran's park	160,689	149,552	-	149,552	11,137	163,217	160,433	-	160,433	
C. Spencer Pompey Park	975,803	944,206	6,323	950,529	25,274	846,322	838,867	4,340	843,207	
Parks maintenance	3,658,702	3,510,438	10,471	3,520,909	137,793	3,469,852	3,340,887	4,282	3,345,169	
Soccor Complex	54,192	41,473	-	41,473	12,719	-	-	-	-	
Western Community Center	2,910	2,911	-	2,911	(1)	-	-	-	-	
Tennis centers	1,164,163	1,119,762	2,780	1,122,542	41,621	1,038,406	1,016,686	18,971	1,035,657	
Stadium	1,810,702	1,787,428	18,651	1,806,079	4,623	1,231,840	1,335,462	-	1,335,462	
Aquatics	427,221	357,545	7,870	365,415	61,806	353,011	333,904	12,000	345,904	
Athletics	549,417	505,638	-	505,638	43,779	554,537	498,328	-	498,328	
Total parks and recreation	12,915,546	12,345,908	54,442	12,400,350	515,196	11,356,968	11,005,757	53,569	11,059,326	
Debt service:										
Principal retirement	2,934,550	2,934,548	-	2,934,548	2	2,778,170	2,734,401	-	2,734,401	
Interest and fiscal charges	2,173,820	2,149,647	-	2,149,647	24,173	2,118,920	2,095,818	-	2,095,818	
Total debt service	5,108,370	5,084,195	-	5,084,195	24,175	4,897,090	4,830,219	-	4,830,219	
Total expenditures and encumbrances	96,017,487	92,655,133	408,194	93,063,327	2,954,160	87,320,767	84,138,500	379,351	84,517,851	
Other financing uses:										
Transfers out:										
Community Development Fund	230,090	230,090	-	230,090	-	154,240	154,240	-	154,240	
Beautification Fund	1,310,370	1,137,878	-	1,137,878	172,492	1,291,000	1,232,735	-	1,232,735	
Utilities Tax Fund	1,636,060	1,636,060	-	1,636,060	-	1,633,900	1,633,900	-	1,633,900	
Tennis Stadium	-	-	-	-	-	167,050	167,052	-	167,052	
Capital Improvements Fund	3,270,441	3,270,441	-	3,270,441	-	2,677,899	2,677,899	-	2,677,899	
Special Project Fund	54,817	54,817	-	54,817	-	5,000	5,000	-	5,000	
Beach Restoration	15,000	15,000	-	15,000	-	15,000	15,000	-	15,000	
2004 GO Bond Fund	536,195	536,195	-	536,195	-	-	-	-	-	
Sanitation Fund	-	-	-	-	-	759,180	759,180	-	759,180	
Lakeview Golf Course	-	-	-	-	-	17,661	17,661	-	17,661	
Stormwater Fund	45,000	45,000	-	45,000	-	-	-	-	-	
Total other financing uses	7,097,973	6,925,481	-	6,925,481	172,492	6,720,930	6,662,667	-	6,662,667	
Total expenditures, encumbrances and other financing uses	\$ 103,115,460	\$ 99,580,614	\$ 408,194	99,988,808	\$ 3,126,652	\$ 94,041,697	\$ 90,801,167	\$ 379,351	91,180,518	
Reconciliation to GAAP basis statements:										
Current year encumbrances outstanding				(408,194)					(379,351)	
Prior year encumbrances paid in current year				379,351					290,951	
On-behalf payments				1,784,631					1,463,228	
Expenditures and other financing uses - GAAP basis				\$ 101,744,596					\$ 92,555,346	

## Schedules of Debt Service Requirements

City of Delray Beach, Florida

Summary Schedule of Debt Service Requirements  
(Principal and Interest) to Maturity

<b>Fiscal Year Ending September 30</b>	<b>General Obligation Bonds</b>	<b>Revenue Bonds</b>	<b>Water and Sewer Revenue Bonds</b>	<b>Installment Agreements</b>	<b>Total Requirements</b>
2008	\$ 3,588,403	\$ 4,506,417	\$ 5,474,596	\$ 374,058	\$ 13,943,474
2009	3,587,978	4,797,916	5,844,771	203,840	14,434,505
2010	3,576,615	3,401,384	5,830,675	56,762	12,865,436
2011	3,576,540	3,400,482	5,811,315	5,905	12,794,242
2012	3,573,840	3,401,036	5,934,853	-	12,909,729
2013	3,569,827	3,408,277	5,945,898	-	12,924,002
2014	2,168,937	3,341,602	5,955,037	-	11,465,576
2015	2,167,092	3,343,718	5,952,490	-	11,463,300
2016	2,171,935	3,342,026	2,074,922	-	7,588,883
2017	2,174,200	2,793,154	2,081,452	-	7,048,806
2018	2,179,513	2,793,728	2,089,653	-	7,062,894
2019	2,176,519	2,801,632	2,109,099	-	7,087,250
2020	2,184,761	2,591,500	2,109,793	-	6,886,054
2021	2,188,864	2,587,750	2,111,954	-	6,888,568
2022	2,188,760	2,590,750	2,139,812	-	6,919,322
2023	2,194,413	2,590,000	-	-	4,784,413
2024	2,205,589	2,590,500	-	-	4,796,089
2025	-	2,592,000	-	-	2,592,000
2026	-	2,589,250	-	-	2,589,250
2027	-	2,592,250	-	-	2,592,250
2028	-	2,590,500	-	-	2,590,500
2029	-	2,589,000	-	-	2,589,000
2030	-	2,587,500	-	-	2,587,500
2031	-	2,590,750	-	-	2,590,750
2032	-	2,588,250	-	-	2,588,250
	<u>\$ 45,473,786</u>	<u>\$ 75,001,372</u>	<u>\$ 61,466,320</u>	<u>\$ 640,565</u>	<u>\$ 182,582,043</u>

City of Delray Beach, Florida

Combined Schedule of General Obligation Bond Debt Service Requirements

Fiscal Year Ending September 30	Principal	Interest	Total	Balance Outstanding at End of Fiscal Year
2008	\$ 2,220,000	\$ 1,368,403	\$ 3,588,403	\$ 41,885,383
2009	2,295,000	1,292,978	3,587,978	38,297,405
2010	2,375,000	1,201,615	3,576,615	34,720,790
2011	2,485,000	1,091,540	3,576,540	31,144,250
2012	2,600,000	973,840	3,573,840	27,570,410
2013	2,720,000	849,827	3,569,827	24,000,583
2014	1,410,000	758,937	2,168,937	21,831,646
2015	1,465,000	702,092	2,167,092	19,664,554
2016	1,530,000	641,935	2,171,935	17,492,619
2017	1,595,000	579,200	2,174,200	15,318,419
2018	1,665,000	514,513	2,179,513	13,138,906
2019	1,730,000	446,519	2,176,519	10,962,387
2020	1,810,000	374,761	2,184,761	8,777,626
2021	1,890,000	298,864	2,188,864	6,588,762
2022	1,970,000	218,760	2,188,760	4,400,002
2023	2,060,000	134,413	2,194,413	2,205,589
2024	2,160,000	45,589	2,205,589	-
	<u>\$ 33,980,000</u>	<u>\$ 11,493,786</u>	<u>\$ 45,473,786</u>	

City of Delray Beach, Florida

Schedule of General Obligation Bonds (Series 2002)

Fiscal Year Ending September 30	Principal		Interest		Total	Balance Outstanding at End of Fiscal Year	Interest Rate
	February 1	February 1	February 1	August 1			
2008	\$ 1,655,000	\$ 250,350	\$ 221,388	\$ 2,126,738	\$ 10,571,638	3.50%	
2009	1,715,000	221,388	191,375	2,127,763	8,443,875	3.50	
2010	1,775,000	191,375	147,000	2,113,375	6,330,500	5.00	
2011	1,865,000	147,000	100,375	2,112,375	4,218,125	5.00	
2012	1,960,000	100,375	51,375	2,111,750	2,106,375	5.00	
2013	2,055,000	51,375	-	2,106,375	-	5.00	
	<u>\$ 11,025,000</u>	<u>\$ 961,863</u>	<u>\$ 711,513</u>	<u>\$ 12,698,376</u>			

Original Authorization – \$18,000,000  
 Issued – \$15,685,000  
 Date of Issue – December 13, 2002  
 Maturity Range – Serially February 1, 2004 through February 1, 2013  
 Principal Payment Date – February 1 of each year  
 Interest Payment Dates – February 1 and August 1  
 Denomination – \$5,000  
 Call Features – No optional or mandatory redemption  
 Paying Agent/Registrar – Wells Fargo  
 Coral Springs, Florida  
 Ratings – Moody's Aaa (FSA insured)  
 Standard & Poor's AAA (FSA insured)

Projects: The bonds were issued for financing the cost of partially refunding the General Obligation Bonds (Series 1993A & 1993B).

City of Delray Beach, Florida

Schedule of General Obligation Bonds (Series 2004)

Fiscal Year Ending September 30	Principal		Interest		Total	Balance Outstanding at End of Fiscal Year	Interest Rate
	February 1	February 1	February 1	August 1			
2008	\$ 565,000	\$ 245,070	\$ 236,595	\$ 1,046,665	\$ 16,767,831	3.00%	
2009	580,000	236,595	228,620	1,045,215	15,722,616	2.75	
2010	600,000	228,620	219,620	1,048,240	14,674,376	3.00	
2011	620,000	219,620	209,545	1,049,165	13,625,211	3.25	
2012	640,000	209,545	197,545	1,047,090	12,578,121	3.75	
2013	665,000	197,545	185,907	1,048,452	11,529,669	3.50	
2014	690,000	185,907	172,970	1,048,877	10,480,792	3.75	
2015	715,000	172,970	159,564	1,047,534	9,433,258	3.75	
2016	745,000	159,564	144,664	1,049,228	8,384,030	4.00	
2017	775,000	144,664	130,133	1,049,797	7,334,233	3.75	
2018	805,000	130,133	114,837	1,049,970	6,284,263	3.80	
2019	835,000	114,837	98,555	1,048,392	5,235,871	3.90	
2020	870,000	98,555	81,155	1,049,710	4,186,161	4.00	
2021	905,000	81,155	62,602	1,048,757	3,137,404	4.10	
2022	940,000	62,602	42,863	1,045,465	2,091,939	4.20	
2023	980,000	42,863	22,038	1,044,901	1,047,038	4.25	
2024	1,025,000	22,038	-	1,047,038	-	4.30	
	<u>\$ 12,955,000</u>	<u>\$ 2,552,283</u>	<u>\$ 2,307,213</u>	<u>\$ 17,814,496</u>			

- Original Authorization – \$24,000,000
- Issued – \$14,000,000
- Date of Issue – September 30, 2004
- Maturity Range – Serially February 1, 2005 through February 1, 2024
- Principal Payment Date – February 1 of each year
- Interest Payment Dates – February 1 and August 1
- Denomination – \$5,000
- Call Features – No optional or mandatory redemption
- Paying Agent/Registrar – Wells Fargo  
Coral Springs, Florida
- Ratings – Moody’s Aaa (FSA insured)  
Standard & Poor’s AAA (FSA insured)

Projects: The bonds were issued for the purpose of acquiring land and constructing and developing parks and recreation facilities in the City.

City of Delray Beach, Florida

Schedule of General Obligation Bonds (Series 2005)

Fiscal Year Ending September 30	Principal		Interest		Total	Balance Outstanding at End of Fiscal Year	Interest Rate
	February 1	February 1	February 1	August 1			
2008	\$ -	\$ -	\$ 207,500	\$ 207,500	\$ 415,000	\$ 14,545,914	4.15%
2009	-	-	207,500	207,500	415,000	14,130,914	4.15
2010	-	-	207,500	207,500	415,000	13,715,914	4.15
2011	-	-	207,500	207,500	415,000	13,300,914	4.15
2012	-	-	207,500	207,500	415,000	12,885,914	4.15
2013	-	-	207,500	207,500	415,000	12,470,914	4.15
2014	720,000	-	207,500	192,560	1,120,060	11,350,854	4.15
2015	750,000	-	192,560	176,998	1,119,558	10,231,296	4.15
2016	785,000	-	176,998	160,709	1,122,707	9,108,589	4.15
2017	820,000	-	160,709	143,694	1,124,403	7,984,186	4.15
2018	860,000	-	143,694	125,849	1,129,543	6,854,643	4.15
2019	895,000	-	125,849	107,278	1,128,127	5,726,516	4.15
2020	940,000	-	107,278	87,773	1,135,051	4,591,465	4.15
2021	985,000	-	87,773	67,334	1,140,107	3,451,358	4.15
2022	1,030,000	-	67,334	45,961	1,143,295	2,308,063	4.15
2023	1,080,000	-	45,961	23,551	1,149,512	1,158,551	4.15
2024	1,135,000	-	23,551	-	1,158,551	-	4.15
	<u>\$ 10,000,000</u>	<u>\$ 2,584,207</u>	<u>\$ 2,376,707</u>	<u>\$ 14,960,914</u>			

- Original Authorization – \$24,000,000
- Issued – \$10,000,000
- Date of Issue – August 26, 2005
- Maturity Range – Serially February 1, 2014 through February 1, 2024
- Principal Payment Date – February 1 of each year
- Interest Payment Dates – February 1 and August 1
- Denomination – \$5,000
- Call Features – Penalty with early prepayment
- Paying Agent – SunTrust Bank, NA
- Ratings – N/A

Projects: The bonds were issued for the purpose of acquiring land and constructing and developing parks and recreation facilities in the City.



City of Delray Beach, Florida

Combined Schedule of Revenue Bond  
Debt Service Requirements (Principal and Interest)

<b>Fiscal Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Balance Outstanding at End of Fiscal Year</b>
2008	\$ 2,700,000	\$ 1,806,417	\$ 4,506,417	\$ 70,494,955
2009	2,795,000	2,002,916	4,797,916	65,697,039
2010	1,505,000	1,896,384	3,401,384	62,295,655
2011	1,565,000	1,835,482	3,400,482	58,895,173
2012	1,630,000	1,771,036	3,401,036	55,494,137
2013	1,705,000	1,703,277	3,408,277	52,085,860
2014	1,710,000	1,631,602	3,341,602	48,744,258
2015	1,785,000	1,558,718	3,343,718	45,400,540
2016	1,860,000	1,482,026	3,342,026	42,058,514
2017	1,390,000	1,403,154	2,793,154	39,265,360
2018	1,450,000	1,343,728	2,793,728	36,471,632
2019	1,520,000	1,281,632	2,801,632	33,670,000
2020	1,375,000	1,216,500	2,591,500	31,078,500
2021	1,440,000	1,147,750	2,587,750	28,490,750
2022	1,515,000	1,075,750	2,590,750	25,900,000
2023	1,590,000	1,000,000	2,590,000	23,310,000
2024	1,670,000	920,500	2,590,500	20,719,500
2025	1,755,000	837,000	2,592,000	18,127,500
2026	1,840,000	749,250	2,589,250	15,538,250
2027	1,935,000	657,250	2,592,250	12,946,000
2028	2,030,000	560,500	2,590,500	10,355,500
2029	2,130,000	459,000	2,589,000	7,766,500
2030	2,235,000	352,500	2,587,500	5,179,000
2031	2,350,000	240,750	2,590,750	2,588,250
2032	2,465,000	123,250	2,588,250	-
	<u>\$ 45,945,000</u>	<u>\$ 29,056,372</u>	<u>\$ 75,001,372</u>	

City of Delray Beach, Florida

Schedule of Revenue Bonds (Series 2000)

Fiscal Year Ending September 30	Serial Bond		Interest		Total	Balance Outstanding at End of Fiscal Year	Interest Rate
	Principal June 1	December 1	June 1				
2008	\$ 390,000	\$ 159,055	\$ 159,054	\$ 708,109	\$ 7,554,283	5.245%	
2009	415,000	148,827	148,827	712,654	6,841,629	5.245	
2010	435,000	137,943	137,943	710,886	6,130,743	5.245	
2011	465,000	126,536	126,536	718,072	5,412,671	5.245	
2012	495,000	114,341	114,341	723,682	4,688,989	5.245	
2013	520,000	101,360	101,359	722,719	3,966,270	5.245	
2014	545,000	87,723	87,723	720,446	3,245,824	5.245	
2015	580,000	73,430	73,430	726,860	2,518,964	5.245	
2016	510,000	58,219	58,219	626,438	1,892,526	5.245	
2017	540,000	44,845	44,845	629,690	1,262,836	5.245	
2018	570,000	30,683	30,683	631,366	631,470	5.245	
2019	600,000	15,735	15,735	631,470	-	5.245	
	<u>\$ 6,065,000</u>	<u>\$ 1,098,697</u>	<u>\$ 1,098,695</u>	<u>\$ 8,262,392</u>			

Original Authorization – \$10,000,000  
 Issued – \$10,000,000  
 Date of Issue – February 25, 2000  
 Maturity Range – Serial Bonds: June 1, 1999 through June 1, 2019  
 Principal Payment Date – June 1 of each year  
 Interest Payment Dates – June 1 and December 1 of each year  
 Denomination – N/A  
 Call Features – Penalty for early payment  
 Paying Agent – Bank of America  
 Ratings – N/A

Projects: The bonds were issued to finance all or a portion of the costs of certain roadway improvements including water, sewer and drainage work, and a portion of the costs of a tri-party radio system. Approximately 74% of the bonds are governmental activities debt and 26% is business-type activities debt.

City of Delray Beach, Florida

Schedule of Utility Tax Revenue Bonds (Series 2002)

Fiscal Year Ending September 30	Serial Bond		Interest		Total	Balance Outstanding at End of Fiscal Year	Interest Rate
	Principal June 1	December 1	June 1				
2008	\$ 2,035,000	\$ 123,143	\$ 123,143	\$ 2,281,286	\$ 5,379,056	3.50%	
2009	1,460,000	87,530	87,530	1,635,060	3,743,996	3.50	
2010	450,000	61,980	61,980	573,960	3,170,036	3.40	
2011	470,000	54,330	54,330	578,660	2,591,376	3.60	
2012	485,000	45,870	45,870	576,740	2,014,636	3.70	
2013	510,000	36,898	36,898	583,796	1,430,840	3.85	
2014	420,000	27,080	27,080	474,160	956,680	4.00	
2015	440,000	18,680	18,680	477,360	479,320	4.10	
2016	460,000	9,660	9,660	479,320	-	4.20	
	<u>\$ 6,730,000</u>	<u>\$ 465,171</u>	<u>\$ 465,171</u>	<u>\$ 7,660,342</u>			

- Original Authorization – \$16,500,000
- Issued – \$15,020,000 Serial Bonds
- Date of Issue – December 19, 2002
- Maturity Range – Serial Bonds: June 1, 2003 through June 1, 2016
- Principal Payment Date – June 1 of each year
- Interest Payment Dates – June 1 and December 1 of each year for both serial and term bonds
- Denomination – \$5,000
- Call Features – Serial Bonds: June 1, 2003 through May 31, 2014 -- No redemption  
June 1, 2014 through May 31, 2016 at 100%
- Paying Agent/Registrar – Wells Fargo, Coral Springs, Florida
- Ratings – Moody's Aaa (FSA insured)  
Standard & Poor's AAA (FSA insured)

Projects: The bonds were issued to refund the City's outstanding Utility Tax Revenue Bonds, Series 1992, Series 1994, Series 1995, Series 1996, and Series 1998. Approximately 35% of the bonds are governmental activities debt and approximately 65% of the bonds are business-type activities debt.

City of Delray Beach, Florida

Schedule of Revenue and Refunding Bonds (Series 2003)

Fiscal Year Ending September 30	Serial Bond		Interest		Total	Balance Outstanding at End of Fiscal Year	Interest Rate
	Principal June 1	December 1	June 1				
2008	\$ 275,000	\$ 155,782	\$ 155,782	\$ 586,564	\$ 10,133,716	3.66%	
2009	920,000	150,751	150,751	1,221,502	8,912,214	3.66	
2010	590,000	133,919	133,919	857,838	8,054,376	3.66	
2011	605,000	123,125	123,125	851,250	7,203,126	3.66	
2012	630,000	112,057	112,057	854,114	6,349,012	3.66	
2013	655,000	100,531	100,531	856,062	5,492,950	3.66	
2014	675,000	88,548	88,548	852,096	4,640,854	3.66	
2015	695,000	76,199	76,199	847,398	3,793,456	3.66	
2016	820,000	63,484	63,484	946,968	2,846,488	3.66	
2017	850,000	48,482	48,482	946,964	1,899,524	3.66	
2018	880,000	32,931	32,931	945,862	953,662	3.66	
2019	920,000	16,831	16,831	953,662	-	3.66	
	<u>\$ 8,515,000</u>	<u>\$ 1,102,640</u>	<u>\$ 1,102,640</u>	<u>\$ 10,720,280</u>			

Original Authorization – \$9,685,000  
 Issued – \$9,685,000 Serial Bonds  
 Date of Issue – December 2, 2003  
 Maturity Range – Serial Bonds: June 1, 2003 through June 1, 2019  
 Principal Payment Date – June 1 of each year  
 Interest Payment Dates – June 1 and December 1 of each year for both serial and term bonds  
 Denomination – N/A  
 Call Features – Penalty for early payment  
 Paying Agent – SunTrust Bank  
 Ratings – N/A

Projects: The bonds were issued to current refund Series 1999 and Series 2002 Tax Exempt Bonds, in whole, and Series 2002 Taxable Bonds in part. Approximately 95% of the bonds are governmental activities debt and approximately 5% of the bonds are business-type activities debt.

City of Delray Beach, Florida

Schedule of Revenue Bonds (Series 2005)  
(Tax Exempt Line of Credit)

Fiscal Year Ending September 30	Principal		Interest		Total	Balance Outstanding at End of Fiscal Year	Interest Rate (1)
	June 1	December 1	June 1	June 1			
2008	\$ -	\$ 94,259	\$ -	\$ -	\$ 94,259	\$ -	4.44%

Original Authorization	- \$8,000,000
Issued	- \$50,000
Date of Issue	- August 26, 2005
Maturity	- June 1, 2008
Principal Payment Date	- Required upon maturity
Interest Payment Dates	- June 1 and December 1 of each year
Denomination	- N/A
Call Features	- No prepayment penalty
Paying Agent	- SunTrust Bank
Ratings	- N/A
Interest	- Variable rate based on 77% of 30-day LIBOR plus twenty-eight point five basis points (.285) (London Inter Bank Offered Rate)

Projects: The bonds were issued to provide interim financing for all or a portion of the City's Old School Square Parking Garage Project, including land acquisition and construction costs as well as upfront the cost of the Mangrove (Intracoastal) Project, in part.

(1) Estimated rate for the period.

City of Delray Beach, Florida

Schedule of Utility Tax Revenue Bonds (Series 2007)

Fiscal Year Ending September 30	Serial Bond		Interest		Total	Balance Outstanding at End of Fiscal Year	Interest Rate
	Principal June 1	December 1	June 1				
2008	\$ -	\$ 221,849	\$ 614,350	\$ 836,199	\$ 47,427,900	0.00%	
2009	-	614,350	614,350	1,228,700	46,199,200	0.00	
2010	30,000	614,350	614,350	1,258,700	44,940,500	4.00	
2011	25,000	613,750	613,750	1,252,500	43,688,000	4.00	
2012	20,000	613,250	613,250	1,246,500	42,441,500	4.00	
2013	20,000	612,850	612,850	1,245,700	41,195,800	4.00	
2014	70,000	612,450	612,450	1,294,900	39,900,900	4.00	
2015	70,000	611,050	611,050	1,292,100	38,608,800	4.00	
2016	70,000	609,650	609,650	1,289,300	37,319,500	4.00	
2017	-	608,250	608,250	1,216,500	36,103,000	0.00	
2018	-	608,250	608,250	1,216,500	34,886,500	0.00	
2019	-	608,250	608,250	1,216,500	33,670,000	0.00	
2020	1,375,000	608,250	608,250	2,591,500	31,078,500	5.00	
2021	1,440,000	573,875	573,875	2,587,750	28,490,750	5.00	
2022	1,515,000	537,875	537,875	2,590,750	25,900,000	5.00	
2023	1,590,000	500,000	500,000	2,590,000	23,310,000	5.00	
2024	1,670,000	460,250	460,250	2,590,500	20,719,500	5.00	
2025	1,755,000	418,500	418,500	2,592,000	18,127,500	5.00	
2026	1,840,000	374,625	374,625	2,589,250	15,538,250	5.00	
2027	1,935,000	328,625	328,625	2,592,250	12,946,000	5.00	
2028	2,030,000	280,250	280,250	2,590,500	10,355,500	5.00	
2029	2,130,000	229,500	229,500	2,589,000	7,766,500	5.00	
2030	2,235,000	176,250	176,250	2,587,500	5,179,000	5.00	
2031	2,350,000	120,375	120,375	2,590,750	2,588,250	5.00	
2032	2,465,000	61,625	61,625	2,588,250	-	5.00	
	<u>\$ 24,635,000</u>	<u>\$ 11,618,299</u>	<u>\$ 12,010,800</u>	<u>\$ 48,264,099</u>			

Original Authorization – \$27,000,000  
 Issued – \$24,635,000 Serial Bonds  
 Date of Issue – September 26, 2007  
 Maturity Range – Serial Bonds: June 1, 2010 through June 1, 2027; Term Bond: June 1, 2032  
 Principal Payment Date – June 1 of each year  
 Interest Payment Dates – June 1 and December 1 of each year for both serial and term bonds  
 Denomination – N/A  
 Call Features – Penalty for early payment  
 Paying Agent – Commerce Bank  
 Ratings – S&P: AAA, Moody's Aaa  
 Underlying Ratings – S&P: A, Moody's A2

Projects: The bonds were issued to finance various parks and recreation projects, Fire Station #4, Environmental Services Building (in part), and to refund the City's 2005 Line of Credit (which was used to fund the Old School Square Parking Garage Project). Approximately 96% of the bonds are governmental activities debt and approximately 4% of the bonds are business-type activities debt.

City of Delray Beach, Florida

Combined Schedule of Water and Sewer Revenue Bonds

Fiscal Year Ending September 30	Principal	Interest	Total	Balance Outstanding at End of Fiscal Year
2008	\$ 4,205,000	\$ 1,269,596	\$ 5,474,596	\$ 55,991,724
2009	4,580,000	1,264,771	5,844,771	50,146,953
2010	4,620,446	1,210,229	5,830,675	44,316,278
2011	4,834,635	976,680	5,811,315	38,504,963
2012	2,365,737	3,569,116	5,934,853	32,570,110
2013	2,323,206	3,622,692	5,945,898	26,624,212
2014	2,271,725	3,683,312	5,955,037	20,669,175
2015	2,228,726	3,723,764	5,952,490	14,716,685
2016	1,565,000	509,922	2,074,922	12,641,763
2017	1,640,000	441,452	2,081,452	10,560,311
2018	1,720,000	369,653	2,089,653	8,470,658
2019	1,815,000	294,099	2,109,099	6,361,559
2020	1,895,000	214,793	2,109,793	4,251,766
2021	1,980,000	131,954	2,111,954	2,139,812
2022	2,095,000	44,812	2,139,812	-
	<u>\$ 40,139,475</u>	<u>\$ 21,326,845</u>	<u>\$ 61,466,320</u>	

City of Delray Beach, Florida

Schedule of Water and Sewer Revenue Bonds (Series 1993)

Fiscal Year Ending September 30	Serial Bond		Interest		Total	Balance Outstanding at End of Fiscal Year	Interest Rate
	Principal October 1	October 1	April 1				
2008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,430,000	5.40%
2009	-	-	-	-	-	18,430,000	5.40
2010	105,446	159,554	-	-	265,000	18,165,000	5.75
2011	99,635	165,365	-	-	265,000	17,900,000	5.75
2012	1,575,737	2,899,263	-	-	4,475,000	13,425,000	5.80
2013	1,488,206	2,986,794	-	-	4,475,000	8,950,000	5.80
2014	1,391,725	3,083,275	-	-	4,475,000	4,475,000	5.85
2015	1,313,726	3,161,274	-	-	4,475,000	-	5.85
	<u>\$ 5,974,475</u>	<u>\$ 12,455,525</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,430,000</u>		

- Original Authorization – \$28,104,475
- Issued – \$28,104,475
- Date of Issue – June 1, 1993
- Maturity Range – Capital Appreciation Bonds, Serially October 1, 1999 through October 1, 2014
- Principal Payment Date – October 1 of each year
- Interest Payment Dates – October 1 and April 1
- Denomination – \$5,000
- Call Features – No optional or mandatory redemption.
- Paying Agent/Registrar – Wachovia National Bank  
Jacksonville, Florida
- Ratings – Moody's Aaa (AMBAC insured)  
Standard and Poor's AAA (AMBAC insured)

Projects: The bonds were issued for financing the cost of refunding a portion of the Water and Sewer Revenue Bonds (Series 1988) and (Series 1991), and to provide funds for the acquisition and construction of certain additions, extensions and improvements to the City's combined utility.



City of Delray Beach, Florida

Schedule of Water and Sewer Revenue Bonds (Series 1997)

Fiscal Year Ending September 30	Serial Bond		Interest		Total	Balance Outstanding at End of Fiscal Year	Interest Rate
	Principal	October 1	October 1	April 1			
2008	\$ 3,425,000	\$ 369,948	\$ 291,173	\$ 4,086,121	\$ 12,201,999	4.60%	
2009	3,585,000	291,173	206,925	4,083,098	8,118,901	4.70	
2010	3,750,000	206,925	108,488	4,065,413	4,053,488	5.25	
2011	3,945,000	108,488	-	4,053,488	-	5.50	
	<u>\$ 14,705,000</u>	<u>\$ 976,534</u>	<u>\$ 606,586</u>	<u>\$ 16,288,120</u>			

- Original Authorization – \$15,030,000
- Issued – \$15,030,000
- Date of Issue – December 4, 1998
- Maturity Range – Serially October 1, 2003 through October 1, 2010
- Principal Payment Date – October 1 of each year beginning October 1, 2003
- Interest Payment Dates – October 1 and April 1
- Denomination – \$5,000
- Paying Agent/Registrar – The Bank of New York  
Jacksonville, Florida
- Call Features – Bonds are not subject to optional or mandatory redemption prior to their stated dates of maturity.
- Ratings – Moody's Aaa (AMBAC insured)  
Standard and Poor's AAA (AMBAC insured)

Projects: The bonds were issued for financing the cost of refunding a portion of the Water and Sewer Revenue Bonds, Series 1991.

City of Delray Beach, Florida

Schedule of Water and Sewer Revenue Bonds (Series 2003)

Fiscal Year Ending September 30	Serial Bond		Interest		Total	Balance Outstanding at End of Fiscal Year	Interest Rate
	Principal	October 1	October 1	April 1			
2008	\$ 550,000	\$ 11,800	\$ 6,300	\$ 568,100	\$ 566,300	2.25%	
2009	560,000	6,300	-	566,300	-		
	<u>\$ 1,110,000</u>	<u>\$ 18,100</u>	<u>\$ 6,300</u>	<u>\$ 1,134,400</u>			

- Original Authorization – \$13,500,000
- Issued – \$11,670,000
- Date of Issue – July 9, 2003
- Maturity Range – Serial Bonds: October 1, 2004 through October 1, 2008
- Principal Payment Date – October 1 of each year
- Interest Payment Dates – October 1 and April 1 of each year
- Denomination – N/A
- Call Features – Not subject to redemption
- Paying Agent/Registrar – Wells Fargo
- Ratings – Moody's Aaa (Ambac insured)  
Standard & Poor's AAA (Ambac insured)

Projects: The bonds were issued to finance the cost of refunding a portion of the 1993 Water and Sewer Bonds (Series 1993) and the 1999 Water and Sewer Bonds (Series 1999).

City of Delray Beach, Florida

Schedule of Water and Sewer Revenue Bonds (Series 2006A)

Fiscal Year Ending September 30	Serial Bond		Interest		Total	Balance Outstanding at End of Fiscal Year	Interest Rate
	Principal	October 1	October 1	April 1			
2008	\$ 110,000	\$ 144,200	\$ 141,934	\$ 396,134	\$ 9,113,358	4.12%	
2009	120,000	141,934	139,462	401,396	8,711,962	4.12	
2010	440,000	139,462	130,398	709,860	8,002,102	4.12	
2011	460,000	130,398	120,922	711,320	7,290,782	4.12	
2012	440,000	120,922	111,858	672,780	6,618,002	4.12	
2013	460,000	111,858	102,382	674,240	5,943,762	4.12	
2014	480,000	102,382	92,494	674,876	5,268,886	4.12	
2015	500,000	92,494	82,194	674,688	4,594,198	4.12	
2016	500,000	82,194	71,894	654,088	3,940,110	4.12	
2017	520,000	71,894	61,182	653,076	3,287,034	4.12	
2018	540,000	61,182	50,058	651,240	2,635,794	4.12	
2019	570,000	50,058	38,316	658,374	1,977,420	4.12	
2020	590,000	38,316	26,162	654,478	1,322,942	4.12	
2021	620,000	26,162	13,390	659,552	663,390	4.12	
2022	650,000	13,390	-	663,390	-	4.12	
	<u>\$ 7,000,000</u>	<u>\$ 1,326,846</u>	<u>\$ 1,182,646</u>	<u>\$ 9,509,492</u>			

Original Authorization – \$7,000,000  
 Issued – \$7,000,000  
 Date of Issue – May 6, 2006  
 Maturity Range – Serial Bonds: October 1, 2007 through October 1, 2021  
 Principal Payment Date – October 1 of each year  
 Interest Payment Dates – October 1 and April 1 of each year  
 Denomination – N/A  
 Call Features – Penalty for early payment  
 Paying Agent – Branch Banking and Trust Company  
 Ratings – N/A

Projects: The bonds were issued to finance the total cost of a new Environmental Services Building and for funding the City's share of the back-up redundant Centrifuge Project, Sludge Pelletization Facility Project and the Reclaimed Water Treatment Project at the South Central Regional Wastewater Treatment Facility.

City of Delray Beach, Florida

Schedule of Water and Sewer Revenue Bonds (Series 2006B)

Fiscal Year Ending September 30	Serial Bond		Interest		Total	Balance Outstanding at End of Fiscal Year	Interest Rate
	Principal		October 1	April 1			
2008	\$ 120,000	\$	46,765	\$ 44,377	\$ 211,142	\$ 2,914,369	3.98%
2009	125,000		44,377	41,890	211,267	2,703,102	3.98
2010	125,000		41,890	39,402	206,292	2,496,810	3.98
2011	130,000		39,402	36,815	206,217	2,290,593	3.98
2012	130,000		36,815	34,228	201,043	2,089,550	3.98
2013	135,000		34,228	31,542	200,770	1,888,780	3.98
2014	140,000		31,542	28,756	200,298	1,688,482	3.98
2015	145,000		28,756	25,870	199,626	1,488,856	3.98
2016	165,000		25,870	22,587	213,457	1,275,399	3.98
2017	170,000		22,587	19,204	211,791	1,063,608	3.98
2018	180,000		19,204	15,622	214,826	848,782	3.98
2019	185,000		15,622	11,940	212,562	636,220	3.98
2020	195,000		11,940	8,060	215,000	421,220	3.98
2021	200,000		8,060	4,080	212,140	209,080	3.98
2022	205,000		4,080	-	209,080	-	3.98
	<u>\$ 2,350,000</u>	<u>\$</u>	<u>411,138</u>	<u>\$ 364,373</u>	<u>\$ 3,125,511</u>		

- Original Authorization – \$2,350,000
- Issued – \$2,350,000
- Date of Issue – November 17, 2006
- Maturity Range – Serial Bonds: October 1, 2007 through October 1, 2021
- Principal Payment Date – October 1 of each year
- Interest Payment Dates – October 1 and April 1 of each year
- Denomination – N/A
- Call Features – Penalty for early payment
- Paying Agent – SunTrust Bank
- Ratings – N/A

Projects: The bonds were issued to finance the City's share of the Reclaimed Water Treatment Project at the South Central Regional Wastewater Treatment Facility.

City of Delray Beach, Florida

Schedule of Water and Sewer Revenue Bonds (Series 2007)

Fiscal Year Ending September 30	Serial Bond		Interest		Total	Balance Outstanding at End of Fiscal Year	Interest Rate
	Principal	October 1	October 1	April 1			
2008	\$ -	\$ -	\$ -	\$ 213,099	\$ 213,099	\$ 12,765,698	4.41%
2009	190,000		198,450	194,260	582,710	12,182,988	4.41
2010	200,000		194,260	189,850	584,110	11,598,878	4.41
2011	200,000		189,850	185,440	575,290	11,023,588	4.41
2012	220,000		185,440	180,590	586,030	10,437,558	4.41
2013	240,000		180,590	175,298	595,888	9,841,670	4.41
2014	260,000		175,298	169,565	604,863	9,236,807	4.41
2015	270,000		169,565	163,611	603,176	8,633,631	4.41
2016	900,000		163,611	143,766	1,207,377	7,426,254	4.41
2017	950,000		143,766	122,819	1,216,585	6,209,669	4.41
2018	1,000,000		122,819	100,768	1,223,587	4,986,082	4.41
2019	1,060,000		100,768	77,395	1,238,163	3,747,919	4.41
2020	1,110,000		77,395	52,920	1,240,315	2,507,604	4.41
2021	1,160,000		52,920	27,342	1,240,262	1,267,342	4.41
2022	1,240,000		27,342	-	1,267,342	-	4.41
	<u>\$ 9,000,000</u>	<u>\$ 1,982,074</u>	<u>\$ 1,996,723</u>	<u>\$ 12,978,797</u>			

Original Authorization – \$9,000,000  
 Issued – \$9,000,000  
 Date of Issue – September 18, 2007  
 Maturity Range – Serial Bonds: October 1, 2008 through October 1, 2021  
 Principal Payment Date – October 1 of each year  
 Interest Payment Dates – October 1 and April 1 of each year  
 Denomination – N/A  
 Call Features – Penalty for early payment  
 Paying Agent – Branch Banking and Trust Company  
 Ratings – N/A

Projects: The bonds were issued to finance the City's share of the Reclaim and Deepwell Project at the South Central Regional Wastewater Treatment Facility.

City of Delray Beach, Florida

Schedule of Installment Agreements (Capital Leases)

Fiscal Year Ending September 30	Principal	Interest	Total	Balance Outstanding at End of Fiscal Year
2008	\$ 359,112	\$ 14,946	\$ 374,058	\$ 266,507
2009	198,700	5,140	203,840	62,667
2010	55,704	1,058	56,762	5,905
2011	5,877	28	5,905	-
	\$ 619,393	\$ 21,172	\$ 640,565	

Schedule of installment agreements consists of the following:

- SunTrust Leasing                   – Original amount of principal—\$581,420, 60-month term, 2.97% interest, dates June 20, 2004 through May 20, 2009—IBM I Series computer upgrade.
- Fifth Third Leasing               – Original amount of principal—\$487,077, 36-month term, 3.37% interest, dates August 10, 2005 through July 10, 2008—Laptops.
- Bank of America Leasing       – Original amount of principal—\$117,540, 48-month term, 3.6112% interest, dates January 10, 2006 through December 10, 2009—golf carts at Lakeview Golf Course.
- Bank of America Leasing       – Original amount of principal—\$199,573, 48-month term, 3.6112% interest, dates January 10, 2006 through December 10, 2009—Telephone system at Police Department.
- Regions Financial Corporation   – Original amount of principal—\$131,420, 48-month term, 3.7696% interest, dates December 21, 2007 through December 21, 2011—golf carts at Delray Beach Golf Course

City of Delray Beach, Florida

Combined Schedule of Community Redevelopment Agency Tax Increment  
Redevelopment Revenue Bonds (Series 2004 and Series 1999)

Fiscal Year Ending September 30	Principal		Interest		Total	Balance Outstanding at End of Fiscal Year	Interest Rate
	September 1	September 1	Sept. 1/Mar. 1	Sept. 1/Mar. 1			
2008	\$ 1,300,000	\$ 776,350	\$ 2,076,350	\$ 19,467,620	4.2982% - 5.9095%		
2009	1,365,000	715,292	2,080,292	17,387,328	4.2982 - 5.9095		
2010	1,425,000	651,128	2,076,128	15,311,200	4.2982 - 5.9095		
2011	1,520,000	584,076	2,104,076	13,207,124	4.2982 - 5.9095		
2012	1,595,000	512,558	2,107,558	11,099,566	4.2982 - 5.9095		
2013	1,670,000	437,454	2,107,454	8,992,112	4.2982 - 5.9095		
2014	1,750,000	358,764	2,108,764	6,883,348	4.2982 - 5.9095		
2015	1,420,000	276,274	1,696,274	5,187,074	4.2982 - 5.9095		
2016	1,250,000	209,746	1,459,746	3,727,328	4.2982 - 5.9095		
2017	1,090,000	151,440	1,241,440	2,485,888	4.2982 - 4.8000		
2018	1,140,000	103,184	1,243,184	1,242,704	4.2982 - 4.8000		
2019	1,190,000	52,704	1,242,704	-	4.2982 - 4.8000		
	<u>\$ 16,715,000</u>	<u>\$ 4,828,970</u>	<u>\$ 21,543,970</u>				

- Original Authorization – \$10,000,000 (Series 2004A - Tax-exempt)  
– \$1,925,000 (Series 2004B - Taxable)  
– \$9,715,000 (Series 1999A - Tax-exempt)
- Issued – \$10,000,000 (\$5,000,000 issued before September 30, 2004 and \$5,000,000 issued from October 1, 2004 to December 31, 2004 - Series 2004A - Tax-exempt)  
– \$1,925,000 (Series 2004B - Taxable)  
– \$9,715,000 (Series 1999A - Tax-exempt)
- Date of Issue – May 19, 2004 (2004 Series), and June 25, 1999 (1999 Series)
- Maturity Range – Serially September 1, 2001 through September 1, 2019 (Series 2004A&B, & 1999)
- Principal Payment Date – Series 2004A: September 1 of each year, commencing September 1, 2005  
– Series 2004B: September 1 of each year, commencing September 1, 2005  
– Series 1999A: September 1 of each year, commencing September 1, 2001
- Interest Rate – Series 2004A: 4.2982% until September 1, 2019  
– Series 2004B: 5.9095% until September 1, 2016  
– Series 1999A: 4.80% until September 1, 2019
- Denomination – N/A
- Call Features – No penalty for early payment for taxable debt only
- Paying Agent/Registrar – Bank of America (Series 2004A &B, & 1999)
- Ratings – Not rated
- Project: The Series 2004A and 1999A proceeds were issued for the purpose of financing the costs of acquisition and construction of certain redevelopment projects. Proceeds of the Series 2004B Bonds were used to refund the 1999B Series Bonds.

The CRA issued a \$7,000,000 variable rate taxable line of credit with Regions Bank on October 5, 2006 for the purpose of financing the costs of acquisition and construction of certain redevelopment projects. The line of credit matures October 6, 2009 and has a current rate of 5.86%. There was no outstanding liability on the line of credit at September 30, 2007.

# Statistical Section



# STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends.....	103
<i>These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</i>	
Revenue Capacity.....	111
<i>These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.</i>	
Debt Capacity.....	114
<i>These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.</i>	
Demographic and Economic Information .....	118
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.</i>	
Operating Information.....	120
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City of Delray Beach provides and the activities it performs.</i>	

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

# CITY OF DELRAY BEACH, FLORIDA

Net Assets by Component

Last Five Fiscal Years

Accrual Basis of Accounting

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$ 25,996,353	\$ 15,130,555	\$ 24,817,964	\$ 55,464,989	\$ 51,049,876
Restricted	5,992,593	24,530,625	22,855,797	8,014,482	20,850,170
Unrestricted	8,359,365	13,393,763	20,185,194	22,245,386	23,371,450
<b>Total governmental activities net assets</b>	<b>\$ 40,348,311</b>	<b>\$ 53,054,943</b>	<b>\$ 67,858,955</b>	<b>\$ 85,724,857</b>	<b>\$ 95,271,496</b>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	\$ 53,818,297	\$ 54,347,706	\$ 59,315,335	\$ 59,024,376	\$ 54,782,750
Restricted	5,387,916	4,859,275	4,469,621	1,338,263	7,038,221
Unrestricted	20,023,794	23,182,592	23,565,069	34,032,926	40,529,960
<b>Total business-type activities net assets</b>	<b>\$ 79,230,007</b>	<b>\$ 82,389,573</b>	<b>\$ 87,350,025</b>	<b>\$ 94,395,565</b>	<b>\$ 102,350,931</b>
<b>Primary government</b>					
Invested in capital assets, net of related debt	\$ 79,814,650	\$ 69,478,261	\$ 84,133,299	\$ 114,489,365	\$ 105,832,626
Restricted	11,380,509	29,389,900	27,325,418	9,352,745	27,888,391
Unrestricted	28,383,159	36,576,355	43,750,263	56,278,312	63,901,410
<b>Total primary government net assets</b>	<b>\$ 119,578,318</b>	<b>\$ 135,444,516</b>	<b>\$ 155,208,980</b>	<b>\$ 180,120,422</b>	<b>\$ 197,622,427</b>

# CITY OF DELRAY BEACH, FLORIDA

Changes in Net Assets

Last Five Fiscal Years

Accrual Basis of Accounting

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Expenses</b>					
Governmental activities:					
General government	\$ 12,615,732	\$ 13,504,963	\$ 16,634,186	\$ 20,944,239	\$ 25,304,576
Public safety	41,494,100	42,413,760	44,818,400	49,389,129	55,930,194
Physical environment	4,129,748	4,154,255	4,569,904	5,931,521	7,194,134
Culture/recreation	10,804,249	10,608,918	11,164,817	12,428,343	14,723,853
Interest on long-term debt	1,715,063	2,476,264	2,078,244	2,755,249	1,389,786
<b>Total governmental activities expenses</b>	<u>70,758,892</u>	<u>73,158,160</u>	<u>79,265,551</u>	<u>91,448,481</u>	<u>104,542,543</u>
Business-type activities:					
Water/Sewer Utility	18,865,811	22,835,889	19,975,077	20,432,143	22,407,194
Municipal Golf Course	2,942,377	3,381,336	3,382,942	3,467,334	3,440,617
Lakeview Golf Course	700,932	696,573	709,142	653,116	748,549
City Marina	103,101	104,143	109,026	114,222	120,146
Sanitation	2,354,354	4,338,426	3,788,232	9,053,052	2,897,768
Stormwater Utility	1,429,557	1,078,343	1,111,291	1,050,275	1,331,003
<b>Total business-type activities expenses</b>	<u>26,396,132</u>	<u>32,434,710</u>	<u>29,075,710</u>	<u>34,770,142</u>	<u>30,945,277</u>
<b>Total primary government expenses</b>	<u>\$ 97,155,024</u>	<u>\$ 105,592,870</u>	<u>\$ 108,341,261</u>	<u>\$ 126,218,623</u>	<u>\$ 135,487,820</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 3,826,407	\$ 3,623,697	\$ 4,367,332	\$ 4,986,337	\$ 4,521,285
Public safety	6,041,301	5,481,990	5,823,023	5,310,373	6,033,201
Physical environment	615,657	633,729	598,019	641,251	626,974
Parks and recreation	1,264,769	1,092,586	1,157,013	1,143,867	1,236,660
Operating grants and contributions:					
General government	1,326,703	1,975,397	1,829,154	3,260,394	3,165,420
Public safety	784,980	1,868,212	2,006,827	1,825,883	2,033,988
Physical environment	238,877	360,352	427,188	1,226,975	547,284
Parks and recreation	97,473	57,955	398,307	3,137,386	1,345,900
Capital grants and contributions:					
General government	-	1,611,519	1,184,058	342,025	1,383,440
Physical environment	202,031	152,477	470,063	-	-
Parks and recreation	150,000	1,641,635	479,116	-	-
<b>Total governmental activities program revenues</b>	<u>14,548,198</u>	<u>18,499,549</u>	<u>18,740,100</u>	<u>21,874,491</u>	<u>20,894,152</u>
Business-type activities:					
Charges for services:					
Water/Sewer	22,716,982	23,635,054	24,426,939	25,748,645	29,162,001
Municipal Golf Course	2,475,728	3,294,989	3,300,439	3,437,934	3,467,778
Lakeview Golf Course	828,116	827,397	823,777	768,299	853,654
City Marina	109,352	150,644	155,200	149,294	160,605
Sanitation	2,521,938	2,602,241	2,538,402	2,615,981	3,094,658
Stormwater Utility	1,629,589	1,661,505	1,672,635	1,702,322	2,097,527
Operating Capital grants and contributions:					
Water/Sewer	323,978	2,038,967	786,217	1,913,869	951,487
Municipal Golf Course	92,298	113,720	130,408	131,171	182,796
Lakeview Golf Course	4,336	17,165	35,502	55,415	6,171
City Marina	205	56,912	2,177	273	491
Sanitation	103,703	1,790,775	1,237,680	5,663,671	115,040
Stormwater Utility	260,465	30,435	20,552	45,157	362,325
Capital grants and contributions:					
Water/Sewer	1,909,473	1,968,840	1,290,786	967,462	1,424,878
Municipal Golf Course	10,508	-	-	-	-
Stormwater Utility	-	-	-	146,026	-
<b>Total business-type activities program revenues</b>	<u>32,986,671</u>	<u>38,188,644</u>	<u>36,420,714</u>	<u>43,345,519</u>	<u>41,879,411</u>
<b>Total primary government program revenues</b>	<u>\$ 47,534,869</u>	<u>\$ 56,688,193</u>	<u>\$ 55,160,814</u>	<u>\$ 65,220,010</u>	<u>\$ 62,773,563</u>
<b>Net (expense)/revenue</b>					
Governmental activities	\$ (56,210,694)	\$ (54,658,611)	\$ (60,525,451)	\$ (69,573,990)	\$ (83,648,391)
Business-type activities	6,590,539	5,753,934	7,345,004	8,575,377	10,934,134
<b>Total primary government net expense</b>	<u>\$ (49,620,155)</u>	<u>\$ (48,904,677)</u>	<u>\$ (53,180,447)</u>	<u>\$ (60,998,613)</u>	<u>\$ (72,714,257)</u>

Note: Pg 1 of 2

**CITY OF DELRAY BEACH, FLORIDA**

*Changes in Net Assets  
Last Five Fiscal Years  
Accrual Basis of Accounting*

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Taxes:					
Property taxes	\$ 32,069,034	\$ 36,055,993	\$ 41,581,718	\$ 49,825,341	\$ 59,091,002
Franchise fees	3,467,379	3,817,080	3,989,989	4,879,168	5,257,560
Utility service taxes	8,093,064	7,704,692	8,088,142	8,678,710	8,222,944
Sales taxes	1,715,268	1,806,689	1,895,507	1,488,936	1,438,613
Intergovernmental, unrestricted	5,827,651	6,443,433	6,928,194	7,393,652	6,927,534
Investment earnings	460,913	462,340	1,543,167	2,561,044	2,816,429
Gain on disposal of capital assets	(4,872,674)	36,514	1,112,107	19,532	-
Miscellaneous	3,490,308	7,273,876	7,612,229	10,616,990	5,724,228
Transfers	2,586,058	2,672,550	2,575,410	1,976,519	3,716,720
<b>Total governmental activities</b>	<u>52,837,001</u>	<u>66,273,167</u>	<u>75,326,463</u>	<u>87,439,892</u>	<u>93,195,030</u>
Business-type activities					
Investment earnings	128,491	78,182	190,858	446,682	737,952
Transfers	(2,586,058)	(2,672,550)	(2,575,410)	(1,976,519)	(3,716,720)
<b>Total business-type activities</b>	<u>(2,457,567)</u>	<u>(2,594,368)</u>	<u>(2,384,552)</u>	<u>(1,529,837)</u>	<u>(2,978,768)</u>
<b>Total primary government</b>	<u>\$ 50,379,434</u>	<u>\$ 63,678,799</u>	<u>\$ 72,941,911</u>	<u>\$ 85,910,055</u>	<u>\$ 90,216,262</u>
<b>Changes in Net Assets</b>					
Governmental activities	\$ (3,373,694)	\$ 11,914,556	\$ 14,804,012	\$ 17,865,902	\$ 9,546,639
Business-type activities	4,132,972	3,159,566	4,960,452	7,045,540	7,955,366
<b>Total primary government</b>	<u>\$ 759,278</u>	<u>\$ 15,074,122</u>	<u>\$ 19,764,464</u>	<u>\$ 24,911,442</u>	<u>\$ 17,502,005</u>

Note: Pg 2 of 2

**CITY OF DELRAY BEACH, FLORIDA**

*Governmental Activities Tax Revenues by Source*

*Last Five Fiscal Years*

*Accrual Basis of Accounting*

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<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Franchise Fees</b>	<b>Utility Service Tax</b>	<b>Sales and Use Tax</b>	<b>Total</b>
<b>2003</b>	\$ 32,069,034	\$ 3,467,379	\$ 8,093,064	\$ 1,715,268	\$ 45,344,745
<b>2004</b>	36,355,993	3,817,080	7,704,692	1,806,689	49,684,454
<b>2005</b>	41,584,718	3,989,989	8,088,142	1,895,507	55,558,356
<b>2006</b>	49,825,341	4,879,168	8,678,710	1,488,936	64,872,155
<b>2007</b>	59,091,002	5,257,560	8,222,944	1,438,613	74,010,119

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**CITY OF DELRAY BEACH, FLORIDA**

*Fund Balances of Governmental Funds*

*Last Ten Fiscal Years*

*Modified Accrual Basis of Accounting*

	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>General fund</b>										
Reserved	\$ 6,143,137	\$ 5,911,405	\$ 5,682,365	\$ 5,448,234	\$ 5,124,437	\$ 4,947,799	\$ 4,967,938	\$ 4,966,646	\$ 4,678,873	\$ 4,557,940
Unreserved	6,674,086	7,190,887	9,452,964	9,927,500	9,063,157	9,833,986	9,755,423	12,760,913	15,897,538	18,828,235
Total General Fund	<u>\$ 12,817,223</u>	<u>\$ 13,102,292</u>	<u>\$ 15,135,329</u>	<u>\$ 15,375,734</u>	<u>\$ 14,187,594</u>	<u>\$14,781,785</u>	<u>\$ 14,723,361</u>	<u>\$17,727,559</u>	<u>\$ 20,576,411</u>	<u>\$ 23,386,175</u>
 <b>All other governmental funds</b>										
Reserved	\$ 122,961,282	\$ 134,341,285	\$ 152,147,593	#####	\$ 126,308,825	\$ 1,054,524	\$ 691,647	\$ 685,255	\$ 686,909	\$ 744,096
Unreserved, reported in:										
Capital Project Funds	-	-	-	-	-	1,034,344	23,844,943	22,170,982	7,327,573	20,161,989
Fiduciary Funds	469,809	511,529	761,210	845,185	1,071,679	-	-	-	-	-
Special revenue funds	1,147,546	1,152,749	265,808	462,148	990,931	3,903,725	4,069,657	5,027,645	3,764,814	3,488,365
Total all other governmental funds	<u>\$ 124,578,637</u>	<u>\$ 136,005,563</u>	<u>\$ 153,174,611</u>	<u>#####</u>	<u>\$ 128,371,435</u>	<u>\$ 5,992,593</u>	<u>\$ 28,606,247</u>	<u>\$27,883,882</u>	<u>\$ 11,779,296</u>	<u>\$ 24,394,450</u>

**CITY OF DELRAY BEACH, FLORIDA**

*Changes in Fund Balances of Governmental Funds*

*Last Ten Fiscal Years*

*Modified Accrual Basis of Accounting*

	<b>Fiscal Year</b>									
	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Revenues</b>										
Taxes	\$ 31,292,062	\$ 32,833,645	\$ 34,529,500	\$ 37,901,604	\$ 41,875,982	\$ 45,344,745	\$ 49,684,454	\$ 55,558,356	\$ 64,872,155	\$ 74,010,119
Licenses and permits	2,154,164	2,206,244	2,658,152	2,689,644	2,596,400	3,325,436	3,382,038	4,089,257	4,716,040	4,325,079
Intergovernmental	7,393,409	7,647,410	7,747,815	8,594,786	13,660,832	8,627,715	11,018,541	12,538,849	16,844,290	14,020,126
Charges for services	4,202,597	4,554,182	4,974,724	5,384,744	5,365,513	6,373,274	6,307,636	6,788,919	6,578,078	7,020,582
Fines and forfeitures	1,040,381	887,255	823,568	743,651	1,551,790	2,049,424	1,142,328	1,067,211	787,710	1,072,459
Miscellaneous	3,766,049	3,744,719	5,378,911	5,113,771	4,043,066	3,555,725	7,669,984	9,608,131	13,246,356	8,132,308
<b>Total revenues</b>	<b>49,848,662</b>	<b>51,873,455</b>	<b>56,112,670</b>	<b>60,428,200</b>	<b>69,093,583</b>	<b>69,276,319</b>	<b>79,204,981</b>	<b>89,650,723</b>	<b>107,044,629</b>	<b>108,580,673</b>
<b>Expenditures</b>										
Current										
General government	5,419,457	6,005,033	5,291,451	6,579,953	8,465,083	10,999,876	12,311,018	15,298,763	19,346,064	22,952,680
Public safety	27,130,549	28,772,733	30,259,947	32,959,058	36,784,874	39,212,634	42,399,400	45,841,687	49,739,465	53,662,961
Physical environment	1,882,551	2,076,474	2,186,680	2,216,914	2,439,392	2,844,727	2,743,039	3,158,099	4,550,030	5,355,092
Parks and recreation	6,297,975	6,831,458	7,021,350	7,383,700	7,889,455	9,315,681	9,484,527	10,197,131	11,208,994	12,460,242
Grants	1,250,803	1,316,622	1,369,685	1,471,684	1,600,243	-	-	-	-	-
Capital Outlay	4,481,819	2,978,660	8,834,536	8,881,668	32,425,089	5,457,998	4,280,554	20,826,381	31,840,070	21,042,901
Debt service										
Principal retirement	1,921,715	2,076,768	2,251,488	2,772,413	2,818,783	16,588,754	10,973,807	4,159,139	4,102,788	11,345,356
Interest and other fiscal charges	2,035,289	1,934,665	1,999,899	2,271,475	2,086,935	1,767,662	1,793,518	2,011,900	2,360,879	2,373,627
Bond issue costs	-	-	-	-	-	316,194	102,520	22,000	-	353,104
<b>Total expenditures</b>	<b>50,420,158</b>	<b>51,992,413</b>	<b>59,215,036</b>	<b>64,536,865</b>	<b>94,509,854</b>	<b>86,503,526</b>	<b>84,088,383</b>	<b>101,515,100</b>	<b>123,148,290</b>	<b>129,545,963</b>
Excess of revenues over (under) expenditures	(571,496)	(118,958)	(3,102,366)	(4,108,665)	(25,416,271)	(17,227,207)	(4,883,402)	(11,864,377)	(16,103,661)	(20,965,290)
<b>Other financing sources (uses)</b>										
Bonds issued	-	-	11,627,583	-	26,098,902	26,694,728	23,723,914	10,050,000	575,000	30,770,787
Proceeds from sale of capital assets	-	-	-	-	-	11,462,000	7,998,210	1,133,170	96,835	62,471
Proceeds of refunding note	-	-	-	-	-	-	581,420	487,977	199,573	-
Redemption of bonds	-	-	-	-	-	(27,245,147)	(7,372,000)	-	-	-
Premium on bond debt	-	-	-	-	-	-	67,413	-	-	-
Transfers in	6,627,442	7,273,834	7,373,500	8,240,447	7,686,084	8,763,402	10,795,139	9,580,467	10,337,375	13,086,133
Transfers out	(5,308,245)	(6,144,092)	(6,427,623)	(7,876,795)	(7,448,036)	(5,889,224)	(8,355,464)	(7,105,404)	(8,360,856)	(7,381,327)
<b>Total other financing sources (uses)</b>	<b>1,319,197</b>	<b>1,129,742</b>	<b>12,573,460</b>	<b>363,652</b>	<b>26,336,950</b>	<b>13,785,759</b>	<b>27,438,632</b>	<b>14,146,210</b>	<b>2,847,927</b>	<b>36,538,064</b>
Net change in fund balances	\$ 747,701	\$ 1,010,784	\$ 9,471,094	\$ (3,745,013)	\$ 920,679	\$ (3,441,448)	\$ 22,555,230	\$ 2,281,833	#####	\$ 15,572,774
Debt service as a percentage of non-capital expenditures	9.72%	9.18%	9.50%	10.26%	8.83%	29.94%	19.23%	8.31%	7.62%	14.90%

**CITY OF DELRAY BEACH, FLORIDA***General Governmental Tax Revenues By Source**Last Ten Fiscal Years**Modified Accrual Basis of Accounting*

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<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Franchise Fees</b>	<b>Utility Service Tax</b>	<b>Sales Tax</b>	<b>Total</b>
<b>1998</b>	\$ 21,017,595	\$ 3,144,047	\$ 5,678,400	\$ 1,452,020	\$ <b>31,292,062</b>
<b>1999</b>	22,032,615	3,279,639	6,052,382	1,469,009	<b>32,833,645</b>
<b>2000</b>	23,429,259	3,207,320	6,442,358	1,450,563	<b>34,529,500</b>
<b>2001</b>	26,042,931	3,663,331	6,671,200	1,524,142	<b>37,901,604</b>
<b>2002</b>	29,011,246	3,426,725	7,875,835	1,562,176	<b>41,875,982</b>
<b>2003</b>	32,069,034	3,467,379	8,093,064	1,715,268	<b>45,344,745</b>
<b>2004</b>	36,355,993	3,817,080	7,704,692	1,806,689	<b>49,684,454</b>
<b>2005</b>	41,584,718	3,989,989	8,088,142	1,895,507	<b>55,558,356</b>
<b>2006</b>	49,825,341	4,879,168	8,678,710	1,488,936	<b>64,872,155</b>
<b>2007</b>	59,091,002	5,257,560	8,222,944	1,438,613	<b>74,010,119</b>

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**CITY OF DELRAY BEACH, FLORIDA**

Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year Ending September 30,	Tax Roll Year	Just Value			Total	Less		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Total Taxable Assessed Value as a % of Estimated Actual Value
		Real Property	Personal Property	Assessed Property		Tax Exempt Property	Total Taxable				
1998	1997	\$ 3,188,517,450	\$ 246,627,949	\$ 1,602,085	\$ 3,436,747,484	\$ 677,811,088	\$ 2,758,936,396	7.8000	\$ 3,190,803,492	86.47%	
1999	1998	3,422,516,631	253,051,639	1,538,111	3,677,106,381	713,279,412	2,963,826,969	7.7000	3,423,093,741	86.58%	
2000	1999	3,690,354,704	278,046,654	1,625,553	3,970,026,911	800,203,057	3,169,823,854	7.6500	3,697,063,386	85.74%	
2001	2000	3,932,322,945	298,959,219	1,622,853	4,232,905,017	839,331,381	3,393,573,636	7.9500	3,963,289,121	85.63%	
2002	2001	4,514,242,147	308,721,797	1,589,665	4,824,553,609	1,064,952,700	3,759,600,909	8.0000	3,760,079,452	99.99%	
2003	2002	5,132,464,519	304,048,307	1,623,001	5,438,135,827	1,286,673,169	4,151,462,658	8.0000	5,127,441,633	80.97%	
2004	2003	5,976,557,462	287,867,486	2,013,779	6,266,438,727	1,560,635,598	4,705,803,129	8.0000	5,911,220,501	79.61%	
2005	2004	6,954,954,190	291,470,970	2,159,862	7,248,585,022	1,870,893,294	5,377,691,728	8.0000	6,884,493,821	78.11%	
2006	2005	8,530,762,079	292,523,818	1,929,130	8,825,215,027	2,373,715,664	6,451,499,363	8.0000	8,411,930,488	76.69%	
2007	2006	11,615,147,721	319,788,615	2,135,457	11,937,071,793	3,574,481,397	8,362,590,396	7.3000	11,380,589,015	73.48%	

Note: The basis of assessed value is approximately one hundred percent (100%) of actual value. For each fiscal year ending September 30, property is valued as of January 1st of the preceding calendar year.

Source: Palm Beach County Property Appraiser-Form DR-403 (Revised Recapitulation of the Ad Valorem Assessment Rolls of DeLray Beach, Palm Beach County, Florida).

## CITY OF DELRAY BEACH, FLORIDA

Property Tax Rates - Direct and Overlapping Governments  
Last Ten Fiscal Years

Fiscal Year Ending September 30,	General Fund	Debt Service	Total City of Delray Beach	School District	Palm Beach County	Special Taxing Districts	Total All
1998	6.9500	0.8500	7.8000	9.5570	4.6000	1.8570	23.8140
1999	6.9100	0.7900	7.7000	9.6820	4.6000	1.7470	23.7290
2000	6.9100	0.7400	7.6500	9.0430	4.6000	1.6720	22.9650
2001	7.2600	0.6900	7.9500	8.9180	4.6000	1.7170	23.1850
2002	7.3700	0.6300	8.0000	8.9480	4.5500	1.8470	23.3450
2003	7.4400	0.5600	8.0000	8.7790	4.5000	1.8230	23.1020
2004	7.5200	0.4800	8.0000	8.5710	4.7910	1.8270	23.1890
2005	7.4500	0.5500	8.0000	8.4320	4.7677	1.7970	22.9967
2006	7.4500	0.5500	8.0000	8.1060	5.4464	1.7770	23.3294
2007	6.8600	0.4400	7.3000	7.8720	4.2800	1.6670	21.1190

Tax rate limits	- Ten mills per Florida Statute 200.81 (one mill equals \$1 per \$1,000 of assessed valuation).
Scope of tax rate limit	- No municipality shall levy ad valorem taxes for real and tangible personal property in excess of ten mills of the assessed value, except for special benefits and debt service on obligations issued with the approval of those taxpayers subject to ad valorem taxes.
Taxes assessed	- January 1
Taxes due	- March 31
Taxes delinquent	- April 1
Discount allowed	- 4% November; 3% December; 2% January; 1% February
Penalties for delinquent	- 2.5% after April 1, increase .5% each ten days; maximum 5%
Tax collector	- Palm Beach County
Tax collector's commission	- None

**CITY OF DELRAY BEACH, FLORIDA**

Principal Property Taxpayers  
 Current Year and Nine Years Ago  
 September 30, 2007

	2007				1998			
	Taxable Assessed Valuation	Taxes Levied	Rank	Percentage of Total Taxes Levied	Taxable Assessed Valuation	Taxes Levied	Rank	Percentage of Total Taxes Levied
MS LPC South Congress Holdings LLC	\$ 70,630,137	\$ 515,600	1	0.87%				
Linton Delray LLC	49,065,479	358,178	2	0.61%				
Tenet Healthcare Corp.	39,070,822	285,217	3	0.48%				
Citation Club Investors	38,064,658	277,872	4	0.47%				
Spring Harbor Land Trust	35,460,137	258,859	5	0.44%				
Ocean Properties Ltd.	33,342,055	243,397	6	0.41%				
Pineapple Grove Village LLC	31,755,068	231,812	7	0.39%				
Life Care Retirement Communities Inc.	30,884,795	225,459	8	0.38%				
Linton Lake Land Trust	24,604,521	179,613	9	0.30%				
125 Via Deste Apartments Investors LLC	23,969,452	174,977	10	0.30%				
Delray Intracoastal					\$ 34,049,872	\$ 265,589	1	1.28%
St. Stephen Limited Partnership					24,200,000	188,760	2	0.91%
Office Depot Inc.					20,985,000	163,683	3	0.79%
Arbors Association Ltd.					17,130,897	133,621	4	0.64%
Morse Operations Inc.					16,814,744	131,155	5	0.63%
Palm Beach County Health					16,158,333	126,035	6	0.61%
Minto Builders Florida, Inc.					12,587,949	98,186	7	0.47%
Delray I Limited Partnership					11,895,897	92,788	8	0.45%
Jafto Management Company					11,494,231	89,655	9	0.43%
Walsh Sales Corp.					10,889,615	84,939	10	0.41%
Totals	<u>\$ 376,847,123</u>	<u>\$ 2,750,984</u>		<u>4.65%</u>	<u>\$ 176,206,538</u>	<u>\$ 1,374,411</u>		<u>6.60%</u>

\*Source: Palm Beach County Property Appraiser's Office

\*Total taxes levied:

Fiscal Year 2007 \$ 59,150,165

Fiscal Year 1998 \$ 20,821,315

\*City Millage Rate:

Fiscal Year 2007 7.3000

Fiscal Year 1998 7.8000

## CITY OF DELRAY BEACH, FLORIDA

### Property Tax Levies and Collections

#### Last Ten Fiscal Years

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<b>Fiscal Year Ending September 30,</b>	<b>Net Tax Levy*</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Property Tax Collections</b>	<b>Collections as a Percent of Current Levy</b>
1998	\$20,821,315	\$20,731,763	99.57%	\$ 35,853	\$20,767,616	99.74%
1999	22,099,064	21,996,762	99.54%	84,164	22,080,926	99.92%
2000	23,465,518	23,345,095	99.49%	74,076	23,419,171	99.80%
2001	26,105,220	25,968,855	99.48%	73,040	26,041,895	99.76%
2002	29,084,111	28,938,206	99.50%	115,526	29,053,732	99.90%
2003	32,099,240	31,953,508	99.55%	46,171	31,999,679	99.69%
2004	36,399,203	36,309,822	99.75%	70,069	36,379,891	99.95%
2005	41,606,999	41,514,649	99.78%	66,409	41,581,058	99.94%
2006	49,828,444	49,758,932	99.86%	68,388	49,827,320	100.00%
2007	59,150,165	59,021,614	99.78%	-	59,021,614	99.78%

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Note: All property taxes are assessed and collected by Palm Beach County without charge to the City.  
Collections are distributed in full as collected.

\* Tax levy, net of allowance for discounts.

**CITY OF DELRAY BEACH, FLORIDA**

*Ratios of Outstanding Debt by Type*

*Last Ten Fiscal Years*

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Population	Per Capita
	General Obligation Bonds	Revenue Bonds	Obligation Under Installment Agreements	Revenue Bonds	Obligation Under Installment Agreements			
1998	\$ 23,320,000	\$ 13,294,966	\$ 60,455	\$ 50,483,587	\$ 160,804	\$ 87,319,812	53,471	\$ 1,633
1999	22,260,000	12,351,877	584,359	51,791,004	172,010	87,159,250	53,589	1,626
2000	21,135,000	22,386,460	451,869	50,810,443	112,541	94,896,313	53,589 *	1,771
2001	19,950,000	18,886,017	316,318	48,527,126	112,540	87,792,001	60,645	1,448
2002	18,705,000	43,540,238	192,215	44,212,490	53,228	106,703,171	61,527	1,734
2003	17,035,000	28,099,770	166,785	41,568,665	103,940	86,974,160	62,578	1,390
2004	29,620,000	21,032,245	608,837	40,950,104	71,691	92,282,877	63,439	1,455
2005	37,925,000	18,804,696	910,224	36,909,770	38,071	94,587,761	63,888	1,481
2006	36,045,000	17,491,783	774,922	39,647,694	99,774	94,059,173	64,095	1,467
2007	33,980,000	38,550,798	445,551	47,533,675	173,843	120,683,867	64,360	1,875

**Note:** Details about the City's outstanding debt can be found in the notes to the financial statements.

\*Population not available due to 2000 being a census year. Used 1999 for per capita calculation.

**CITY OF DELRAY BEACH, FLORIDA**

*Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years*

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Assessed Value of Taxable Property</b>	<b>Percentage of Assessed Value of Taxable Property</b>	<b>Population</b>	<b>Per Capita</b>
<b>1998</b>	\$ 23,320,000	\$ -	\$ 23,320,000	\$ 2,758,936,396	0.85%	53,471	\$ 436.12
<b>1999</b>	22,260,000	-	22,260,000	2,963,826,969	0.75%	53,589	415.38
<b>2000</b>	21,135,000	-	21,135,000	3,169,823,854	0.67%	60,020	352.13
<b>2001</b>	19,950,000	-	19,950,000	3,393,573,636	0.59%	60,645	328.96
<b>2002</b>	18,705,000	-	18,705,000	3,759,600,909	0.50%	61,527	304.01
<b>2003</b>	17,035,000	-	17,035,000	4,151,462,658	0.41%	62,578	272.22
<b>2004</b>	29,620,000	-	29,620,000	4,705,803,129	0.63%	63,439	466.91
<b>2005</b>	37,925,000	-	37,925,000	5,377,691,728	0.71%	63,888	593.62
<b>2006</b>	36,045,000	-	36,045,000	6,451,499,363	0.56%	64,095	562.37
<b>2007</b>	33,980,000	-	33,980,000	8,362,590,396	0.41%	64,360	527.97

**Note:** The basis of assessed value is approximately one hundred percent (100%) of actual value. For each fiscal year ending September 30, property is valued as of January 1st of the preceding calendar year.

**CITY OF DELRAY BEACH, FLORIDA**

*Direct and Overlapping Governmental Activities Debt  
September 30, 2007*

	<b>Total Outstanding</b>	<b>Percentage Applicable to City of Delray Beach<sup>(1)</sup></b>	<b>Amount Applicable to City of Delray Beach</b>
Direct:			
City of Delray Beach	\$ 34,425,551	100.00%	\$ 34,425,551
Overlapping:			
Palm Beach County	313,515,000	5.00%	15,675,750
Palm Beach County School District	38,580,000	5.00%	1,929,000
Total overlapping debt	352,095,000		17,604,750
<b>Total direct and overlapping debt payable from ad valorem taxes</b>	<b>\$ 386,520,551</b>		<b>\$ 52,030,301</b>
Population			64,360
Total direct and overlapping debt per capita			\$ 808.43

<sup>(1)</sup> Estimates based on 2000 ratio of assessed taxable values.

Note: The City of Delray Beach has no legal debt margin.

Source: Finance Department, City of Delray Beach, Florida  
Palm Beach County Property Appraiser  
School Board of Palm Beach County

## CITY OF DELRAY BEACH, FLORIDA

Water and Sewer Pledged Revenue Coverage  
Last Ten Fiscal Years

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<b>Fiscal Year</b>	<b>Gross Revenue (1)</b>	<b>Operating Expenses(2)</b>	<b>Revenue Available for Debt Coverage</b>	<b>Current Debt Service</b>	<b>Current Coverage</b>
1998	\$ 20,310,334	\$ 10,796,061	\$ 9,514,273	\$ 3,891,048	2.45
1999	20,682,069	10,902,452	9,779,617	3,730,710	2.62
2000	21,070,554	12,683,495	8,387,059	3,907,642	2.15
2001	20,698,190	10,254,472	10,443,718	4,153,440	2.51
2002	21,432,405	12,244,207	9,188,198	4,823,090	1.91
2003 (3)	23,105,173	12,812,339	10,292,834	1,430,379	7.20
2004	25,726,277	15,443,253	10,283,024	4,745,800	2.17
2005	25,365,483	15,553,998	9,811,485	4,742,560	2.07
2006	28,040,630	19,288,632	8,751,998	4,845,913	1.81
2007	30,747,711	20,432,772	10,314,939	5,338,475	1.93

---

(1) Includes interest revenue and rents (does not include capital contributions)

(2) Excludes depreciation expense, interest expense and amortization expense.

(3) The reduction of debt service is due to the partial refunding of the 1993 Water and Sewer Revenue Bonds.



# CITY OF DELRAY BEACH, FLORIDA

Principal Employers

September 30, 2007

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	Fiscal Year 2007		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
<b>Employer</b>			
Office Depot	2,620	1	N/A
Delray Medical Center	1,500	2	N/A
Publix Supermarkets	754	3	N/A
Addison Reserve Main Gate	500	4	N/A
JET Flite Inc.	425	5	N/A
Levenger	401	6	N/A
Hardrives of Delray Inc.	365	7	N/A
Home Depot	357	8	N/A
Delray Lincoln Mercury Kia	350	9	N/A
Alcohol Treatment Center	301	10	N/A
Totals	<u>7,573</u>		

Source: Florida Agency for Workforce Innovation (AWI)

Note: Data is not available for 1998

Note: Total City Employees - 822

## CITY OF DELRAY BEACH, FLORIDA

*Demographic and Economic Statistics  
Last Ten Fiscal Years*

<b>Fiscal Year</b>	<b>City Population<sup>(1)</sup></b>	<b>County Population<sup>(1)</sup></b>	<b>County Per Capita Personal Income<sup>(2)</sup></b>	<b>Median Age<sup>(2)</sup></b>	<b>School Enrollment<sup>(3)</sup></b>	<b>Unemployment Rate<sup>(4)</sup></b>
<b>1998</b>	53,471	1,020,521	\$ 36,057	N/A	9,175	8.1%
<b>1999</b>	53,589	1,042,196	36,057	N/A	9,634	7.4%
<b>2000</b>	60,020	1,131,184	40,044	N/A	10,141	5.3%
<b>2001</b>	60,645	1,154,464	41,907	N/A	8,950	6.3%
<b>2002</b>	61,527	1,183,197	42,430	N/A	8,321	7.6%
<b>2003</b>	62,578	1,211,448	43,626	41.8	8,186	7.1%
<b>2004</b>	63,439	1,242,270	43,830	41.8	7,852	6.3%
<b>2005</b>	63,888	1,265,900	44,050	41.8	8,652	3.8%
<b>2006</b>	64,095	1,287,967	44,518	41.7	8,100	3.1%
<b>2007</b>	64,360	1,295,033	46,630	38.1	7,839	3.6%

### Data Sources:

- (1) The Population data is from the U. S. Bureau of Census as of April for the year 2000 & the University of Florida, Bureau of Economic Business for all other years.
- (2) Business Development Board of Palm Beach County. Data is for Palm Beach County, Florida. Information is not available for the City.
- (3) The School Enrollment is from the Palm Beach County School Board.
- (4) The Unemployment Rate data is from the U.S. Department of Labor, Bureau of Labor Statistics.

N/A: Information is not available for these years.

## CITY OF DELRAY BEACH, FLORIDA

Full-time Equivalent Government Employees by Function  
Last Ten Fiscal Years

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government	64	64	64	66	66	65	68	66	69	71
Public Safety										
Community Improvement	3	3	3	3	4	4	4	4	5	5
Planning & Zoning	13	13	13	15	15	15	15	15	15	17
Building Inspection	20	20	20	20	20	20	20	21	21	23
Code Compliance	16	16	16	16	16	16	17	17	17	17
Law Enforcement	227	228	229	234	234	237	233	234	236	238
Fire Control	138	138	138	139	144	144	148	149	154	154
Community Development										
Block Grant	6	7	8	9	9	6	6	6	5	7
Insurance	3	3	3	4	4	4	4	4	4	4
City Garage	11	10	10	10	10	11	12	12	12	12
Physical Environment										
Public Works	22	22	22	22	22	24	24	25	25	25
Engineering	6	7	7	7	7	7	7	7	8	8
Sanitation	3	3	3	4	4	4	4	4	4	4
Stormwater Utility	6	6	6	6	6	6	6	6	6	6
Parks and Recreation	89	88	89	93	94	98	98	108	108	114
Water & Sewer Utility	104	102	103	107	107	108	110	114	115	117
<b>Total</b>	<b>731</b>	<b>730</b>	<b>734</b>	<b>755</b>	<b>762</b>	<b>769</b>	<b>776</b>	<b>792</b>	<b>804</b>	<b>822</b>

**CITY OF DELRAY BEACH, FLORIDA**

*Capital Asset Statistics by Function*

*Last Ten Fiscal Years*

Function	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Public Safety</b>										
<b>Police</b>										
Stations	4	4	4	4	4	4	3	3	3	3
Patrol Units	N/A	N/A	N/A	N/A	90	123	136	144	151	159
<b>Fire</b>										
Fire Stations	6	6	6	6	6	6	6	6	6	6 <sup>(1)</sup>
Fire trucks	12	12	12	12	13	15	15	15	15	16
ALS Rescue Vehicles	8	8	8	8	8	8	8	8	8	9
<b>Leisure Services</b>										
Ballfields - lighted	20	20	16	23	23	23	23	22	22	15
Basketball courts	13	13	4	2	2	2	2	4	4	5
Soccer fields	0	0	0	0	0	0	0	0	0	7
Tennis courts	26	26	26	28	28	28	28	47	47	47
Parks	13	13	13	13	17	17	17	17	17	17
<b>Roads and Streets</b>										
Lane miles	N/A	N/A	N/A	N/A	N/A	299	299	299	299	299 <sup>(2)</sup>

Sources: City departments

The following data is not available:

- Sanitation - Garbage/Trash Trucks
- Roads & Streets - Street lights
- Water/Sewer Utility - Water Mains/Sanitary sewers/Storm Sewers (all by miles)
- Fire hydrants

(1) Fire - The total number of Fire Stations include Highland Beach where the City provides Fire and EMS Service.

(2) The number of lane miles was provided by the City's Engineering Department for 2007 based on the newly installed GIS system which provides a more accurate figure for reporting purposes. Prior years have been restated.

**CITY OF DELRAY BEACH, FLORIDA**

*Operating Indicators by Function  
Last Six Fiscal Years*

Function	Fiscal Year					
	2002	2003	2004	2005	2006	2007
<b>Public Safety</b>						
<b>Police</b>						
Physical arrests	2,171	2,486	2,476	2,444	2,875	3,108
Traffic violations	231	12,880	14,471	12,040	13,928	10,962
<b>Fire</b>						
Number of calls	11,074	10,744	11,960	11,591	12,024	11,772
<b>Parks and Recreation</b>						
<b>Library</b>						
Circulation	N/A	253,835	233,106	227,820	228,871	257,656
Programs offered	N/A	625	642	650	910	1,112
Program attendance	N/A	20,818	22,742	20,056	32,873	32,852
<b>Leisure Services</b>						
Youth athletic participants	744	927	1,904	2,343	2,655	10,597
Camp program participants	660	670	365	358	322	625
Class participants	15,224	14,376	14,007	11,090	10,634	15,093
<b>Water/Sewer Utility</b>						
Water customers	19,013	19,436	19,760	20,135	20,437	20,963
Water main breaks	None	None	None	None	None	None
Sewer customers	18,900	19,300	19,600	20,000	20,400	20,900
Avg daily water consumption (millions of gallons)	8,456	11,930	10,963	12,746	12,348	11,602

Sources: City departments/Delray Beach Public Library

**N/A The following data is not available:**

- Public Safety** - Parking violations
- Sanitation** - Refuse & Recyclables collected (tons)
- Roads & Streets** - Street Resurfacing (miles)/Pot holes Repairs

## CITY OF DELRAY BEACH, FLORIDA

Schedule of Insurance in Force

September 30, 2007

Company	Type of Coverage	Property/Risk Covered	Amount of Coverage
State National	Workers' Compensation	On-the-job injury	Statutory
State National	Primary General/Auto Liability	Legal liabilities	\$1 million/occurrence
			\$2 million/aggregate
Princeton Surplus Lines	Primary Property	Property & contents	
		Fire, flood, VM&M, etc. (all risk)	\$925,000
		Wind (hurricane)	\$500,000
Princeton Surplus Lines	Excess General/Auto Liability	Excess of primary general/auto liability	\$5 million
Lexington	1st Excess Property	Excess of primary	\$5 million
Axis & Liberty Mutual	2nd Excess Property	Excess of 1st excess	\$5 million
RSUI/Landmark & Endurance	3rd Excess Property	Excess of 2nd excess	\$11 million
Hartford Steam Boiler	Boiler and Machinery	Boiler & machinery	\$50,000
Hartford Insurance	Primary Crime	Public employee dishonesty	\$500,000/occurrence
Hartford Accident & Indemnity	Life & AD & D (statutory)	Fire and police, life & accident	Statutory
Chubb/Federal Insurance	Fiduciary Liability	General Employees Pension	\$1 million/loss
AIG/American Home	Fiduciary Liability	Police & Fire Pension	\$1 million/loss
Essex	General Liability	City flags on FPL poles & parking lot use (as required)	\$1 million/occurrence
			\$2 million/ aggregate
Aspen	Railroad Liability	RR crossings and easement legal liability	\$2 million/occurrence
			\$4 million/ aggregate

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Independent Auditor's 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*

The Honorable Mayor and  
City Commission  
City of Delray Beach, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Delray Beach, Florida, as of and for the year ended September 30, 2007, which collectively comprise the basic financial statements of the City of Delray Beach, Florida, and have issued our report thereon dated March 20, 2008. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Police and Firefighters Retirement System Fund, a fiduciary fund of the City, and the Delray Beach Downtown Development Authority, a discretely presented component unit of the City, as described in our report on the financial statements of the City of Delray Beach, Florida. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the internal control over financial reporting of the City of Delray Beach, Florida, as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting of the City of Delray Beach, Florida. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting of the City of Delray Beach, Florida.

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.



Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe that none of the significant deficiencies described in the accompanying Schedule of Findings and Questioned Costs are a material weakness.

***Compliance and Other Matters***

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

We also noted certain additional matters that we reported to management in a separate management letter dated March 20, 2008.

This report is intended solely for the information and use of the City Commission and management of the City of Delray Beach, Florida, federal and state awarding and pass-through agencies, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

*Calder, Donten, Levine,  
Dunker, Porter & Veil, P.A.*

March 20, 2008

## CITY OF DELRAY BEACH, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE

For the Fiscal Year Ended September 30, 2007

Grantor/ Program Title	CFDA Number	Contract/Grantor Number	2007 Program Expenditures	Transfers to Subrecipients
<b>Federal Awards</b>				
<b>U.S. Department of Agriculture</b>				
Pass-through Award from the State of Florida Department of Agriculture Cooperative Forestry Assistance	10.664	10324	\$ 105,532	\$ 0
<b>U.S. Department of Defense</b>				
Pass-through Award from Palm Beach County Department of the Army Beach Erosion Control Projects	12.101	R92-1283D	22,079	0
<b>U.S. Department of Housing and Urban Development</b>				
Direct Awards				
Community Development Block Grants/Entitlement Grants	14.218	B-04-MC-12-0033	78,167	21,155
Community Development Block Grants/Entitlement Grants	14.218	B-05-MC-12-0033	663,871	155,057
Community Development Block Grants/Entitlement Grants	14.218	B-06-MC-12-0033	<u>53,566</u>	<u>18,103</u>
Total U.S. Department of Housing and Urban Development			<u>795,604</u>	<u>194,315</u>
<b>U.S. Department of Justice</b>				
Direct Awards				
Bulletproof Vest Partnership Grant	16.607	2006-BOBX06132740	27,741	0
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005-DJ-BX-1067	<u>7,262</u>	<u>0</u>
Total U.S. Department of Justice			<u>35,003</u>	<u>0</u>
<b>U.S. Department of Homeland Security</b>				
Direct Award				
Assistance to Firefighters Grant	97.044	EMW-2005-F6-02621	1,029	
Pass-through Awards from the State of Florida				
Department of Financial Services				
Homeland Security Grant Program	97.067	05DS-2N-13-00-16-317	514	0
Homeland Security Grant Program	97.067	06DS-3W-05-52-16-318	2,115	0
Homeland Security Grant Program	97.067	07DS-5N-13-00-16-217	<u>22,486</u>	<u>0</u>
Total U.S. Department of Homeland Security			<u>26,144</u>	<u>0</u>
<b>Total Federal Awards</b>			<u>\$ 984,362</u>	<u>\$ 194,315</u>

CITY OF DELRAY BEACH, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE (Continued)

For the Fiscal Year Ended September 30, 2007

Grantor/ State Project Title	CSFA Number	Contract/Grantor Number	2007 Program Expenditures	Transfers to Subrecipients
<b>State Financial Assistance</b>				
<b>Florida Department of Environmental Protection</b>				
Direct Awards				
Florida Recreation Development Assistance Program	37.017	A8063	\$ 200,000	\$ 0
Statewide Surface Water Restoration and Wastewater Projects	37.039	LP6019	<u>266,000</u>	<u>0</u>
Total Florida Department of Environmental Protection			<u>466,000</u>	<u>0</u>
<b>Florida Housing Finance Corporation</b>				
Direct Awards				
State Housing Initiatives Partnership Program	52.901	JF-093	754,969	17,924
Hurricane Housing Recovery Program	52.902	N/A	<u>296,480</u>	<u>0</u>
Total Florida Housing Finance Corporation			<u>1,051,449</u>	<u>17,924</u>
<b>Florida Department of Transportation</b>				
Direct Awards				
State Highway Project Reimbursement	55.023	AOQ54	275	0
State Highway Project Reimbursement	55.023	ANO14	<u>238,145</u>	<u>0</u>
Total Florida Department of Transportation			<u>238,420</u>	<u>0</u>
<b>Florida Department of Health</b>				
Pass-through Award from Palm Beach County				
County Grant Awards	64.005	C6050	<u>42,001</u>	<u>0</u>
<b>Total State Financial Assistance</b>			<u>\$ 1,797,870</u>	<u>\$ 17,924</u>

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

City of Delray Beach, Florida

Notes to Schedule of Expenditures of Federal Awards  
and State Financial Assistance

September 30, 2007

**Note 1 - Significant Accounting Policies**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal awards and state financial assistance of the City of Delray Beach, Florida, for the year ended September 30, 2007 and is presented in accordance with the requirements of the provisions of OMB Circular A-133 and the requirements of the Florida Single Audit Act and Chapter 10.550, Rules of the Auditor General. The Schedule of Expenditures of Federal Awards and State Financial Assistance has been prepared on the modified accrual basis of accounting.

**Note 2 - Scope of Single Audit**

The federal programs and state financial assistance projects have been audited in accordance with the provisions of OMB Circular A-133, the Florida Single Audit Act and Chapter 10.550, Rules of the Auditor General, for program transactions occurring during the year ended September 30, 2007. The City had one federal program meeting the definition of a Type A program under the provisions of OMB Circular A-133. The following Type A program was audited as a major federal program:

	<u>CFDA Number</u>
<b>U.S. Department of Housing and Urban Development</b>	
Community Development Block Grants/ Entitlement Grants	14.218

The following were audited as major state projects:

	<u>CSFA Number</u>
<b>Florida Housing Finance Corporation</b>	
State Housing Initiatives Partnership Program	52.901
Hurricane Housing Recovery Program	52.902

The State Housing Initiatives Partnership Program met the definition of a Type A project under the provisions of the Florida Single Audit Act. The Hurricane Housing Recovery Program was a high-risk Type B project audited as a major state project to achieve audit coverage of at least 50% of the City's total expenditures of State financial assistance.

**Note 3 - Contingency**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies. Any disallowed claims, including amounts already received, might constitute a liability of the City for the return of those funds. In the opinion of management, all grant expenditures were in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.



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## Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Federal Program and State Project and on Internal Control Over Compliance in Accordance with OMB Circular A-133

The Honorable Mayor and  
City Commission  
City of Delray Beach, Florida

### ***Compliance***

We have audited the compliance of the City of Delray Beach, Florida, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2007. The major federal programs and state projects of the City of Delray Beach, Florida, are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and state projects is the responsibility of the management of the City of Delray Beach, Florida. Our responsibility is to express an opinion on compliance by the City of Delray Beach, Florida, based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and, Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about compliance by the City of Delray Beach, Florida, 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. Our audit does not provide a legal determination on compliance by the City of Delray Beach, Florida, with those requirements.

In our opinion, the City of Delray Beach, Florida, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2007. However, the results of our auditing procedures disclosed one instance of noncompliance with the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement that are applicable to its major state projects, which is required to be reported in accordance with the Rules of the Auditor General and which is described in the accompanying schedule of findings and questioned costs as finding number 2007-3.

### ***Internal Control Over Compliance***

The management of the City of Delray Beach, Florida, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program or state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state project that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City Commission and management of the City of Delray Beach, Florida, federal and state awarding and pass-through agencies, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

*Caler, Donten, Levine,  
Dunker, Porter & Veil, P.A.*

March 20, 2008

CITY OF DELRAY BEACH, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
FEDERAL AWARD PROGRAMS AND STATE PROJECTS

Year Ended September 30, 2007

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued:

*Unqualified Opinion*

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_ Yes X No

Significant deficiency (ies) identified that are not  
considered to be material weakness?

X Yes \_\_\_ None reported

Noncompliance material to financial statements noted?

\_\_\_ Yes X No

**Federal Award Programs and State Financial Assistance Projects**

Internal control over major Federal Award Programs and  
State Financial Assistance Projects:

Material weakness(es) identified?

\_\_\_ Yes X No

Significant deficiency (ies) identified that are not  
considered to be material weakness?

\_\_\_ Yes X None reported

Type of auditor’s report issued on compliance for major Federal  
Award Program and major State Financial Assistance Project:

*Unqualified Opinion*

Any audit findings disclosed that are required to be  
reported in accordance with Section 510(a) of  
OMB Circular A-133?

\_\_\_ Yes X No

Any audit findings disclosed that are required to be  
reported in accordance with Rule 10.557,  
Rules of the Auditor General?

\_\_\_ Yes X No

**Identification of Major Federal Award Programs:**

**Federal Award Program**

**CFDA No.**

U.S. Department of Housing and Urban Development  
Community Development Block Grant/Entitlement Grants

14.218

Dollar threshold used to distinguish between Type A and  
Type B Federal award programs:

\$ 300,000

Auditee qualified as low-risk auditee?

\_\_\_ Yes X No

CITY OF DELRAY BEACH, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
FEDERAL AWARD PROGRAMS AND STATE PROJECTS (Continued)

Year Ended September 30, 2007

Identification of Major State Financial Assistance Projects

<u>State Project</u>	<u>State CSFA No.</u>
Florida Housing Finance Corporation	
State Housing Initiatives Partnership Program	52.901
Hurricane Housing Recovery Program	52.902
 Dollar threshold used to distinguish between Type A and Type B State financial assistance projects:	 <u>\$ 300,000</u>

**SECTION II - FINANCIAL STATEMENT FINDINGS**

SIGNIFICANT DEFICIENCIES

<u>Finding Number</u>	<u>Finding</u>
---------------------------	----------------

**2007-1 Segregation of Duties**

*Criteria:* Internal controls should provide for segregation of duties in the accounts payable process such that one individual is not responsible for the entire process.

*Condition:* The senior accounting clerks are responsible for processing vendor invoices, entering those invoices into the general ledger, printing the checks for those invoices and delivering the checks for signature. The signed checks are then returned to the same senior accounting clerks to place the checks into envelopes for mailing.

*Effect:* Because the signed checks are returned to the same individuals that are responsible for processing vendor invoices and entering the invoices into the general ledger, it is possible for the signed checks to be modified without the knowledge of management.

*Recommendation:* Procedures should be implemented that require the signed checks to be returned to another individual, unrelated to the accounts payable process, for mailing.

*Management Response:* Management concurs with the audit finding and will implement the recommended action.

**2007-2 Capital Assets**

*Criteria:* Internal controls should provide for the proper recording of capital asset disposals and the safeguarding of the capital assets until disposed of.

*Condition:* Each City department performs an annual physical inventory of capital assets and the Department Heads sign off on the inventory sheets, including notations of disposals. The capital asset records of the City's Central Garage indicated that vehicles and other



CITY OF DELRAY BEACH, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
FEDERAL AWARD PROGRAMS AND STATE PROJECTS (Continued)

Year Ended September 30, 2007

**SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)**

<b>Finding Number</b>	<b>Finding</b>
---------------------------	----------------

**2007-2 Capital Assets (Continued)**

garage equipment with an original cost of approximately \$722,000 were auctioned or otherwise disposed of in the year ended September 30, 2007. However, these disposals did not match the auction proceeds, Palm Beach County thrift shop proceeds, or title changes on record with the City Clerk. After further investigation, it was noted that the disposals reported for 2007 actually included a substantial amount of disposals related to prior years that were not properly reported or recorded in those years.

*Effect:* Because the disposals of capital assets were not properly reported to the City's Finance Department, the capital assets of the Central Garage were overstated in prior years and proper accountability for capital assets of the Central Garage was not maintained for several years.

*Cause:* This occurred because inadequate procedures were in place at the Central Garage to ensure that disposals of capital assets were reported in a timely and accurate manner to the Finance Department. In addition, there was no reconciliation of the capital asset disposals with the auction proceeds, Palm Beach County thrift shop proceeds, or title changes on record with the City Clerk.

*Population and Items Tested:* The original cost and accumulated depreciation of capital asset disposals for 2007 in the Central Garage Fund were \$722,194 and \$656,202, respectively, and the net book value of the disposals was \$65,992.

*Recommendation:* Procedures should be implemented that require a capital asset disposal form to be completed for each asset disposal by the Central Garage and other City departments. The disposal form should be prepared for any capital assets that are removed from service, including capital assets that are junked, cannibalized, sold or otherwise disposed of. The disposal form should be signed by the preparer and reviewed and signed as approved by the Department head. In addition, all capital asset records should be computerized on a standard reporting system and all capital asset disposals should be reconciled to the auction proceeds, Palm Beach County thrift shop proceeds, or title changes on record with the City Clerk, as well as the annual physical inventory of capital assets. Capital assets with titles should require an approved disposal form before the title is transferred out of the City's name.

*Management Response:* Management concurs with the audit finding and will implement the recommended actions.

CITY OF DELRAY BEACH, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
FEDERAL AWARD PROGRAMS AND STATE PROJECTS (Continued)

Year Ended September 30, 2007

**SECTION III - FEDERAL AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE  
PROJECTS FINDINGS AND QUESTIONED COSTS**

None

**SECTION IV - OTHER MATTERS**

1. A Summary Schedule of Prior Audit Findings is not required because there were no unresolved prior audit findings related to Federal Award Programs and State Financial Assistance Projects.



## CORRECTIVE ACTION PLAN

The City of Delray Beach, Florida, respectfully submits the following corrective action plan for the fiscal year ended September 30, 2007. The findings from the schedule of findings and questioned costs for the year ended September 30, 2007 are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and questioned costs.

### A. FINANCIAL STATEMENT FINDINGS – SIGNIFICANT DEFICIENCIES

<b>Finding Number</b>	<b>Finding</b>
-----------------------	----------------

**2007-1 Segregation of Duties**

*Criteria:* Internal controls should provide for segregation of duties in the accounts payable process such that one individual is not responsible for the entire process.

*Condition:* The senior accounting clerks are responsible for processing vendor invoices, entering those invoices into the general ledger, printing the checks for those invoices and delivering the checks for signature. The signed checks are then returned to the same senior accounting clerks to place the checks into envelopes for mailing.

*Effect:* Because the signed checks are returned to the same individuals that are responsible for processing vendor invoices and entering the invoices into the general ledger, it is possible for the signed checks to be modified without the knowledge of management.

*Recommendation:* Procedures should be implemented that require the signed checks to be returned to another individual, unrelated to the accounts payable process, for mailing.

*Action Taken:* The process was changed in December 2007 when this matter was initially identified by the auditors. The revised process provides for improved segregation of duties. The senior accounting clerks enter all payables data and balance the payable batches. Once this has been completed the Expenditure Approval Listing, check registers and checks are reviewed and printed by an administrative assistant. The signed checks are then verified to the payables back up documentation and mailed by an administrative assistant.

**A. FINANCIAL STATEMENT FINDINGS – SIGNIFICANT DEFICIENCIES (Continued)**

**Finding  
Number**

**Finding**

---

**2007-2 Capital Assets**

*Criteria:* Internal controls should provide for the proper recording of capital asset disposals and the safeguarding of the capital assets until disposed of.

*Condition:* Each City department performs an annual physical inventory of capital assets and the Department Heads sign off on the inventory sheets, including notations of disposals. The capital asset records of the City's Central Garage indicated that vehicles and other garage equipment with an original cost of approximately \$722,000 were auctioned or otherwise disposed of in the year ended September 30, 2007. However, these disposals did not match the auction proceeds, Palm Beach County thrift shop proceeds, or title changes on record with the City Clerk. After further investigation, it was noted that the disposals reported for 2007 actually included a substantial amount of disposals related to prior years that were not properly reported or recorded in those years.

*Effect:* Because the disposals of capital assets were not properly reported to the City's Finance Department, the capital assets of the Central Garage were overstated in prior years and proper accountability for capital assets of the Central Garage was not maintained for several years.

*Cause:* This occurred because inadequate procedures were in place at the Central Garage to ensure that disposals of capital assets were reported in a timely and accurate manner to the Finance Department. In addition, there was no reconciliation of the capital asset disposals with the auction proceeds, Palm Beach County thrift shop proceeds, or title changes on record with the City Clerk.

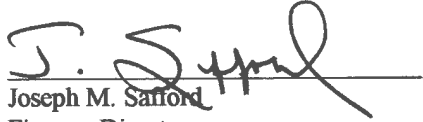
*Population and Items Tested:* The original cost and accumulated depreciation of capital asset disposals for 2007 in the Central Garage Fund were \$722,194 and \$656,202, respectively, and the net book value of the disposals was \$65,992.

*Recommendation:* Procedures should be implemented that require a capital asset disposal form to be completed for each asset disposal by the Central Garage and other City departments. The disposal form should be prepared for any capital assets that are removed from service, including capital assets that are junked, cannibalized, sold or otherwise disposed of. The disposal form should be signed by the preparer and reviewed and signed as approved by the Department head. In addition, all capital asset records should be computerized on a standard reporting system and all capital asset disposals should be reconciled to the auction proceeds, Palm Beach County thrift shop proceeds, or title changes on record with the City Clerk, as well as the annual physical inventory of capital assets. Capital assets with titles should require an approved disposal form before the title is transferred out of the City's name.

*Action Taken:* The City's Fixed Asset policy requires completion of a disposal form whenever an asset is sold, donated or removed from service. When departments are asked to verify the assets on the capital asset listing, Finance assumes due diligence was performed. This was not the case with the Garage. Most of the disposals in question were in the 1990's and researching the data was difficult. Finance intends to test a random sample of capital assets throughout the year. Management is reviewing options to determine the best method to coordinate efforts between the Garage, City Clerk and Finance departments to record and reconcile disposals.

If you have any additional questions concerning this corrective action plan adopted by the City, please call me at (561) 243-7000

Sincerely,

  
Joseph M. Safford  
Finance Director

# Management Letter



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## Management Letter

The Honorable Mayor and  
City Commission  
City of Delray Beach, Florida

We have audited the financial statements of the City of Delray Beach, Florida, as of and for the year ended September 30, 2007, and have issued our report thereon dated March 20, 2008.

We conducted our audit in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditor's 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*; Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Federal Program and State Project and on Internal Control Over Compliance in Accordance With OMB Circular A-133; and Schedule of Findings and Questioned Costs. Disclosures in those reports, which are dated March 20, 2008 should be considered in assessing the results of our audit. Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in the management letter.

### **CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

The Rules of the Auditor General require disclosure in the management letter of the following matters if not already addressed in the Independent Auditor's 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*; Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Federal Program and State Project and on Internal Control Over Compliance in Accordance With OMB Circular A-133; and Schedule of Findings and Questioned Costs, unless clearly inconsequential: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures; (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. The Rules of the Auditor General also require that we address in the management letter any other findings or recommendations noted during our audit. In addition to findings 2007-1 *Segregation of Duties* and 2007-2 *Capital Assets* described in the accompanying Schedule of Findings and Questioned Costs, our audit for the year ended September 30, 2007 disclosed the following additional matters that are required to be disclosed.



### **2007-3 Cash Receipts**

*Criteria:* Internal controls should provide for the timely deposit of all funds received by the City in order to safeguard the funds and minimize the potential for loss or theft.

*Condition:* Cash of \$203 and checks of \$1,080 were received and recorded by the Police Department on December 27, 2006 but not deposited into the City's bank account until January 18, 2007, or approximately 15 business days after receipt.

*Effect:* Receipts were not reported to the City's Finance Department and recorded as revenue until deposited into the bank account, thereby increasing the risk of loss to the City.

*Cause:* No apparent reason for the delay.

*Population and Items Tested:* One cash receipt for the Police Department was selected in our random sample of 25 cash receipts for the year ended September 30, 2007. A similar finding was reported in the prior fiscal year as *Cash Receipts (2006-2)*.

*Recommendation:* All City funds should be deposited into the bank within five business days after receipt.

### **2007-4 Fund Equity Journal Entries**

*Criteria:* Generally accepted accounting principles provide that direct entries to fund equity are usually made only for the purpose of correcting errors made in prior fiscal years.

*Condition:* We noted several journal entries to fund equity accounts during the year for current period transactions. While several entries were identified and reversed as part of the year end closing, one was not corrected until after closing.

*Effect:* Beginning fund equity did not reconcile to the audited balance from the prior fiscal year.

*Cause:* Journal entries to fund equity were prepared incorrectly.

*Population and Items Tested:* We noted one entry to fund equity that was not subsequently corrected during the year.

*Recommendation:* Journal entries made to fund equity should require specific approval of the assistant finance director before being posted, to minimize the risk of incorrect journal entries to fund equity.

## **PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

The Rules of the Auditor General require that we address in the management letter, if not already addressed in the auditor's report on internal control over financial reporting and on compliance and other matters, whether or not inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules, regulations and contractual provisions reported in the preceding annual financial audit report have been corrected. Additionally, the Rules of the Auditor General require that we address in the management letter, if not already addressed in the auditor's report on internal control over financial reporting and on compliance and other matters, whether or not recommendations made in the preceding management letter have been followed or otherwise no longer apply. We noted that the findings in our prior year management letter relating to *Held Checks (2006-1)* and *Grant Funding (2006-3)* were adequately addressed by the City or no longer apply. However, our prior year findings relating to *Cash Receipts (2006-2)* and *Disposal of Surplus Assets (2006-4)* require further consideration as discussed in finding *2007-4 Cash Receipts* reported above and finding *2007-2 Capital Assets* reported in the accompanying Schedule of Findings and Questioned Costs.



## OTHER MATTERS

### Consideration of Financial Emergency Criteria

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, regarding financial emergencies. In connection with our audit, we determined that the City of Delray Beach, Florida, did not meet any of the conditions described in Section 218.503(1), Florida Statutes, for the fiscal year ended September 30, 2007.

### Financial Condition Assessment Procedures

In connection with our audit of the City of Delray Beach, Florida, we applied financial condition assessment procedures, pursuant to Rule 10.556(7), Rules of the Auditor General, for the year ended September 30, 2007. The results of our procedures disclosed no matters that are required to be reported.

### Annual Financial Report

In connection with our audit, we reviewed the Annual Financial Report of Units of Local Government filed by the City of Delray Beach, Florida, with the Florida Department of Financial Services pursuant to Section 218.32, Florida Statutes, for the year ended September 30, 2007. We noted that the amounts reported in the Annual Financial Report were in substantial agreement with the audited financial statements for the year ended September 30, 2007.

### Investment of Public Funds

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the City of Delray Beach, Florida, complied with Section 218.415, Florida Statutes for the year ended September 30, 2007.

This report is intended solely for the information and use of the City Commission and management of the City of Delray Beach, Florida, federal and state awarding and pass-through agencies, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

*Caler, Donten, Levine,  
Dunker, Porter & Veil, P.A.*

March 20, 2008

# CITY OF DELRAY BEACH



100 N.W. 1st AVENUE • DELRAY BEACH, FLORIDA 33444 • 561/243-7000

March 21, 2008

Auditor General's Office  
Local Government Audits/342  
Claude Pepper Building, Room 401  
111 West Madison Street  
Tallahassee, FL 32399-1450

Subject: Response to the Management Letter Comments  
Comprehensive Annual Financial Report - September 30, 2007

Our response to current year comments and recommendations are listed below:

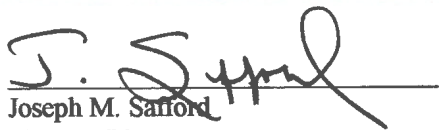
**2007-1 Segregation of Duties** – See Corrective Action Plan.

**2007-2 Capital Assets** – See Corrective Action Plan.

**2007-3 Cash Receipts** – The Police Department had previously been notified of the delay in depositing cash receipts.

**2007-4 Fund Equity Journal Entries** – Future journal entries to fund balance will require the specific approval of the Finance Director or Assistant Finance Director.

Sincerely,

  
\_\_\_\_\_  
Joseph M. Sanford  
Finance Director

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