



Early Morning On Delray Beach

**CITY OF DELRAY BEACH, FLORIDA**  
**Comprehensive Annual Financial Report**  
**For the Year Ended**  
**September 30, 2008**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**City of Delray Beach, Florida**

Year Ended September 30, 2008  
with Report of Independent Certified Public Accountants



# Comprehensive Annual Financial Report

## City of Delray Beach, Florida

Year Ended September 30, 2008  
with Report of Independent Certified Public Accountants

Prepared by the

Finance Department

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Lisa Hartman

City of Delray Beach, Florida  
 Comprehensive Annual Financial Report  
 Year Ended September 30, 2008

**Contents**

**I. INTRODUCTORY SECTION**

Transmittal Letter .....	i
Certificate of Achievement.....	viii
List of Principal Officials .....	x
City of Delray Beach Organizational Chart.....	xi

**II. FINANCIAL SECTION**

Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	3

**Basic Financial Statements**

**Government-Wide Financial Statements**

Statement of Net Assets.....	16
Statement of Activities.....	17

**Fund Financial Statements**

Balance Sheet – Governmental Funds .....	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets.....	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities .....	21
Statement of Net Assets – Proprietary Funds.....	22
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds.....	23
Statement of Cash Flows – Proprietary Funds .....	24
Statement of Fiduciary Net Assets – Fiduciary Funds.....	25
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds .....	26

<b>Notes to Financial Statements.....</b>	<b>27</b>
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**Required Supplementary Information**

Budgetary Comparison Schedule – General Fund .....	60
Notes to Budgetary Comparison Schedule.....	61
Schedule of Pension Funding Progress.....	62
Schedules of Employer and State Pension Contributions .....	63

**Combining And Individual Fund Statements And Schedules**

**Non-Major Governmental Funds**

Descriptions .....	64
Combining Balance Sheet.....	65
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	66

City of Delray Beach, Florida  
 Comprehensive Annual Financial Report  
 Year Ended September 30, 2008

**Contents**

**II. FINANCIAL SECTION (continued)**

**Non-Major Enterprise Funds**

Descriptions .....	67
Combining Statement of Net Assets .....	68
Combining Statement of Revenues, Expenses, and Changes in Net Assets .....	69
Combining Statement of Cash Flows .....	70

**Internal Service Funds**

Descriptions .....	71
Combining Statement of Net Assets .....	72
Combining Statement of Revenues, Expenses, and Changes in Net Assets .....	73
Combining Statement of Cash Flows .....	74

**Fiduciary Funds**

Descriptions .....	75
Combining Statement of Plan Net Assets – Pension Trust Funds .....	76
Combining Statement of Changes in Plan Net Assets – Pension Trust Funds .....	77

**Other Supplementary Information**

**General Fund**

Schedules of Revenue and Other Financing Sources – Budget and Actual .....	78
Schedules of Expenditures, Encumbrances, and Other Financing Uses – Compared with Appropriations .....	80

**Debt Service Requirements**

Summary Schedule of Debt Service Requirements (Principal and Interest) to Maturity .....	82
Combined Schedule of General Obligation Bond Debt Service Requirements .....	83
Schedule of General Obligation Bonds (Series 2002) .....	84
Schedule of General Obligation Bonds (Series 2004) .....	85
Schedule of General Obligation Bonds (Series 2005) .....	86
Combined Schedule of Revenue Bond Debt Service Requirements (Principal and Interest) .....	87
Schedule of Revenue Bonds (Series 2000) .....	88
Schedule of Utility Tax Revenue Bonds (Series 2002) .....	89
Schedule of Revenue and Refunding Bonds (Series 2003) .....	90
Schedule of Utility Tax Revenue Bonds (Series 2007) .....	91
Schedule of Revenue Bonds (Series 2008 Taxable) .....	92
Combined Schedule of Water and Sewer Revenue Bonds .....	93
Schedule of Water and Sewer Revenue Bonds (Series 1993) .....	94
Schedule of Water and Sewer Revenue Bonds (Series 1997) .....	95
Schedule of Water and Sewer Revenue Bonds (Series 2003) .....	96
Schedule of Water and Sewer Revenue Bonds (Series 2006A) .....	97
Schedule of Water and Sewer Revenue Bonds (Series 2006B) .....	98
Schedule of Water and Sewer Revenue Bonds (Series 2007) .....	99
Schedule of Installment Agreements (Capital Leases) .....	100
Combined Schedule of Community Redevelopment Agency Tax Increment Redevelopment Revenue Bonds (Series 2004 and Series 1999) .....	101

City of Delray Beach, Florida  
 Comprehensive Annual Financial Report  
 Year Ended September 30, 2008

**Contents**

**III. STATISTICAL SECTION**

**Descriptions** ..... 102

**Financial Trends**

  Net Assets by Component.....103

  Changes in Net Assets.....104

  Governmental Activities Tax Revenues by Source.....106

  Fund Balances of Governmental Funds .....107

  Changes in Fund Balances of Governmental Funds .....108

  General Governmental Tax Revenues by Source.....109

  Assessed Value and Estimated Actual Value of Taxable Property .....110

**Revenue Capacity**

  Property Tax Rates - Direct and Overlapping Governments .....111

  Principal Property Taxpayers.....112

  Property Tax Levies and Collections .....113

**Debt Capacity**

  Ratios of Outstanding Debt by Type.....114

  Ratios of General Bonded Debt Outstanding.....115

  Direct and Overlapping Governmental Activities Debt .....116

  Water and Sewer Pledged Revenue Coverage .....117

**Demographic and Economic Information**

  Principal Employers.....118

  Demographic and Economic Statistics.....119

**Operating Information**

  Full-time Equivalent Government Employees by Function .....120

  Capital Asset Statistics by Function.....121

  Operating Indicators by Function.....122

  Schedule of Insurance in Force.....123

**IV. COMPLIANCE SECTION**

**Compliance With the Single Audit Act and the Rules of the Auditor  
 General for the State of Florida**

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*..... 124

Schedule of Expenditures of Federal Awards and State Financial Assistance .....126

Notes to Schedule of Expenditures of Federal Awards and State Financial  
 Assistance.....128

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..... 129

Schedule of Findings and Questioned Costs ..... 131

City Corrective Action Plan .....134

City of Delray Beach, Florida  
Comprehensive Annual Financial Report  
Year Ended September 30, 2008

**Contents**

**IV. COMPLIANCE SECTION (Continued)**

**Management Letter**

Management Letter .....	136
City Response to Management Letter .....	141

# Introductory Section



# CITY OF DELRAY BEACH



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



April 6, 2009

1993  
2004  
To the Honorable Mayor and  
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, 2008. 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 Management Discussion and Analysis (MD&A) which is an overview and analysis of financial activities for the fiscal year ended September 30, 2008. **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 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 64,220 (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 (67%) with a balance of commercial (10%), light industrial (4%), vacant and agricultural (1%), recreation and open space (13%) and education and government facilities (5%). It is a mature community with 99.1% 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, the 19<sup>th</sup> Annual Police Academy, a Speaker's Bureau and special meetings along with neighborhood newsletters and information provided monthly on customer utility bills. This fiscal year the City Commission initiated a new Budget Task Force Committee (9-member citizen task force to evaluate and make recommendations on the budget) and a Green Task Force Committee (7-member citizen task force to make recommendations on improving environmental sustainability of City programs, service, equipment and facilities, conservation, and best practices regarding efficient use of resources).

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 (every Saturday from October-May), 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 10<sup>th</sup> Annual ATP International Tennis Championships (ITC) featuring James Blake (USA) and Tommy Haas (Germany), the 18<sup>th</sup> Annual Chris Evert/Raymond James Pro-Celebrity Tennis Classic charity tournament including former President George H.W. Bush and golf pro Greg Norman. 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 Tennis Center is a full-service tennis facility with 14 clay courts, 7 hard courts, and an 8,200 seat tennis stadium. The facility include 19 lit courts, a pavilion and conference room, pro shop and locker room offering a wide range of adult and junior programs as well as professional events.

The Delray Beach Golf Club, designed by Donald Ross in 1923, is one of Palm Beach County's finest public golf courses which includes a par 72-6,907 yard golf course, driving ranges, putting areas, clubhouse, restaurant, bar and lounge area and pro shop facilities. The Lakeview Golf Course is another public golf course which is an executive course favored by many beginners, senior citizens and casual golfers. It is a par 60-3,006 yard executive course and a snack bar.

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 the 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 four (24) 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 was completed this year. This station was damaged in Hurricane Wilma. The Fire Department moved its personnel and equipment to a temporary station site on Barwick Road during the construction phase of this project.

Fire Chief David James was honored to receive the Harvard fellowship to attend the Harvard University Senior Executives in State and Local Government Program. The Hazardous Materials Response Team was the only team to receive a perfect score on the State of Florida assessment this past year.

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 City promoted Anthony Strianese as the new Police Chief following the retirement of Police Chief Larry Schroeder after his 30 years of service. Chief Strianese holds an Associates Degree in Criminal Justice, a Bachelor of Arts Degree in Political Science, and a Masters Degree in Educational Leadership and has over 20 years of service.

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 City hired Linda R. Karch as the new Parks & Recreation Director in July, 2008 replacing retiring director Joe Weldon. Linda has a Bachelor of Science Degree in Recreation Education with over 29 years of experience.

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.

The **Environmental Services Department** conducted an open house on their new 11,000 square foot Administration facility which includes offices, conference rooms, and a public meeting room.

### **CURRENT MAJOR INITIATIVES**

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. The City instituted a free shuttle bus service (Downtown Roundabout service) in December, 2006 which now consists of three 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 37,000 customers since it has been initiated.

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.

### **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** 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, utility rates and includes links to major city and private organizations. The site allows for citizen comments, inquiries and complaints, 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 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 8th 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 and a 3<sup>rd</sup> place award. These awards have been presented to the City at the National League of Cities conferences.

The City recently completed a new Information Technology building just north of City Hall. This building is a hurricane-hardened facility with modern computer racks with built-in air conditioning, separate backup generator, and updated CAT6 cabling.

The Finance Department Utility Customer Service Division has completed the installation of radio-read water meters east of the Intracoastal Waterway and is installing these meters west of the Intracoastal east of Swinton.

The Finance Department recently completed implementation of pension administration software which also includes 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, 2008 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, 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, 2007. This was the 24th 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

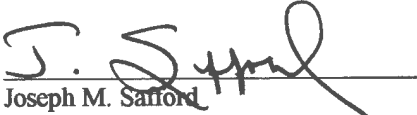



Finance Director, and her entire Financial Services Division and Rebecca O'Connor, Treasurer, deserve special individual recognition.

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, 2007.

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 requirements, 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 Del Ray Beach  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2007

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



President

Executive Director

**CITY OF DELRAY BEACH, FLORIDA**

**LIST OF PRINCIPAL OFFICIALS**

**September 30, 2008**

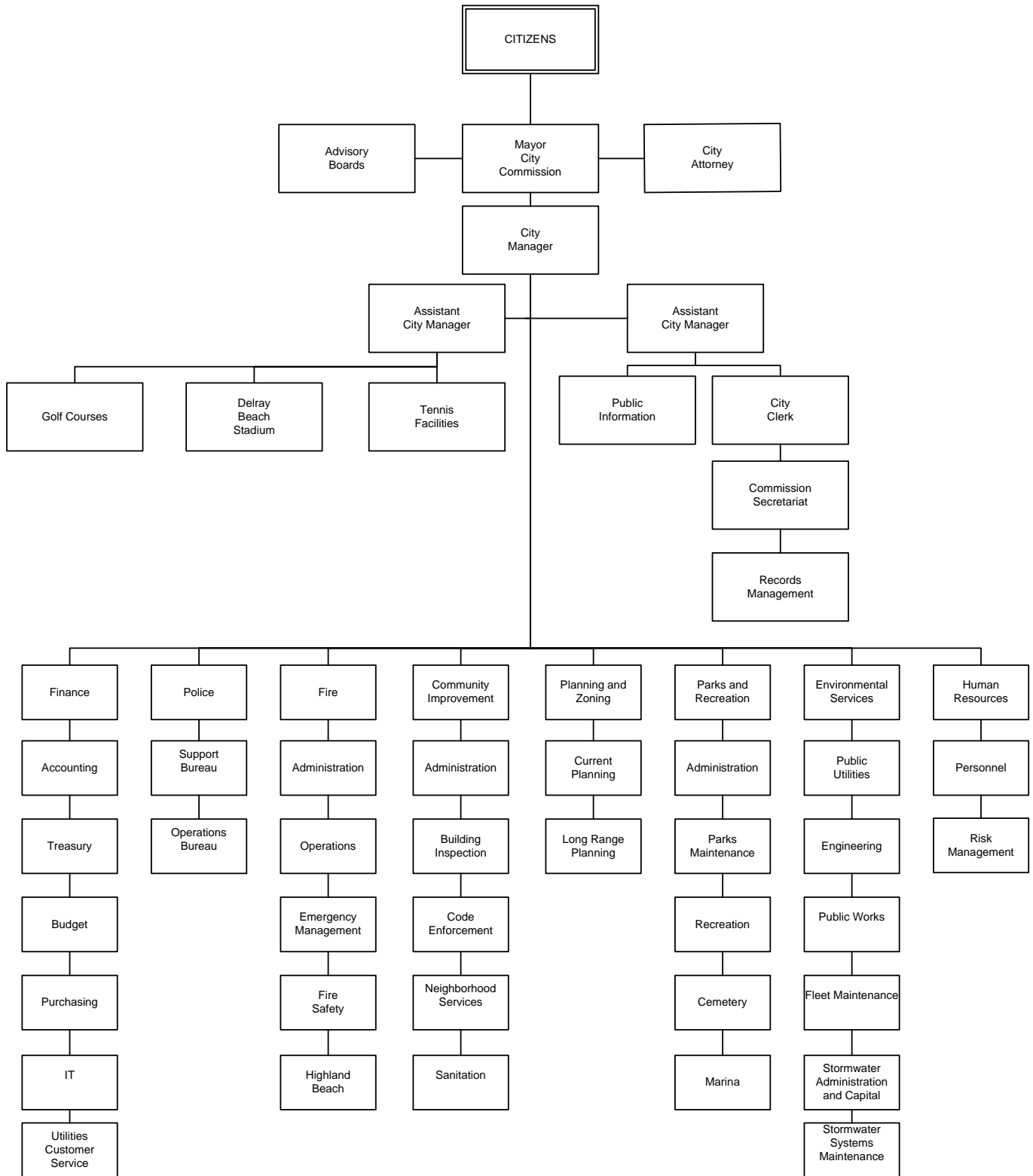
**CITY COMMISSION**

**Mayor ..... Rita Ellis**  
**Vice-Mayor.....Woodie McDuffie**  
**Deputy Vice-Mayor ..... Gary Eliopoulos**  
**Commissioner.....Fred Fetzer**  
**Commissioner..... Mackenson Bernard**

**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..... David C. James**  
**Human Resources Director .....Bruce Koeser**  
**Parks and Recreation Director .....Linda Karch**  
**Planning and Zoning Director ..... Paul Dorling**  
**Police Chief..... Anthony W. Strianese**

# City Organizational Chart



# Financial Section





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

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM K. CALER, JR., CPA  
LOUIS M. COHEN, CPA  
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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, 2008, 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 61% and 63%, 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 .4% of the net assets and .2% 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, 2008, 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 April 2, 2009 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,  
Porter & Veil, P.A.*

April 2, 2009

## 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, 2008. 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 influenced by the real estate market, the current state of the economy and State tax reform legislation. The impact of all three factors has led to the current 5.64% decrease in taxable assessed property values, from \$8,692,058,600 to \$8,201,560,130 or a decrease of \$490,498,470. This is the first decrease in the City's taxable assessed value since 1994. Prior to fiscal year 2008 the City had six consecutive years of double digit increases in taxable assessed property values.

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

<b>Fiscal Year</b>	<b>Taxable Assessed Value</b>	<b>% Increase/decrease</b>	<b>Tax Revenue**</b>
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	\$8,692,058,600	3.94%	\$55,302,837
2009*	\$8,201,560,130	-5.64%	\$53,450,370

\* Projected

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

The problems with property taxes started in 1994 when the State passed the "Save Our Homes" amendment which capped homesteaded residential properties to the lower of 3% or the Consumer Price Index. By capping one segment of the tax base, the other segments (non-homesteaded property and commercial property) were inordinately impacted with subsequent increases in property values and millage increases.

In 2006 the State of Florida established the Property Tax Reform Committee. The committee was charged with making recommendations on how to improve property taxation in Florida. Many new residents to the State wishing to purchase their own home were finding the taxes on many properties to be unaffordable. Many residents were "locked in" their own homes, unable to relocate within the State because a change in

homeownership would result in a loss of substantial tax benefits. In addition, commercial properties were paying high taxes since they were not homestead properties.

Even though the State had experienced several years of double-digit increases in property values, there were minimal offsets or reductions in tax millage rates levied annually by local governments. Therefore, as part of the FY 2006 property tax reform, the State of Florida imposed a millage rollback rate in FY 2008 to FY 2007 millage rates less a 9% additional reduction on the City of Delray Beach operating millage rate, thereby reducing the total millage tax rate from 7.3000 mills in FY 2007 to 6.5783 mills for 2008. In addition, homestead properties were limited to the State personal income rate in future years.

In FY 2008, the State drafted Amendment One and this tax reform initiative was approved by a State-wide referendum on January 29, 2008. This amendment provided for an additional homestead exemption of up to \$25,000 off the taxable assessed value of homestead property valued above \$50,000, (school districts excluded); allows for portability wherein homesteaded property owners are allowed to transfer all or a portion of their "Save Our Homes" tax benefit (up to \$500,000) to a new homestead within the State of Florida; and establishes a 10% tax increase limit on non-homesteaded properties (school districts excluded).

- The millage tax rate for FY 2009 increased from 6.5783 to 6.8504 or 4.13%. Combined with the decrease in taxable assessed value for the year, the property tax collections actually dropped \$1,852,467, from \$55,302,837 to \$53,450,370.

**City of Delray Beach- Millage Rates**

<b>Fiscal Year</b>	<b>Operating Millage</b>	<b>Debt Service Millage</b>	<b>Total Millage</b>
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
2009	6.3900	.4604	6.8504

- 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 of Delray Beach and Palm Beach County. The City initially receives all municipal 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 from \$1,653,248,923 in FY 2007 to \$1,741,335,128 in FY 2008 but the actual revenues decreased by \$442,041 (\$9,173,445 to \$8,731,404) because the City operating millage rate was reduced to the FY 2007 rollback rate less 9% for FY 2008.

For FY 2009, the taxable assessed value decreased by \$127,713,004 or 7.33%, from \$1,741,335.128 in FY 2008 to \$1,613,622,124 in FY 2009. When this value less the 1985

value of \$245,631,067 is applied to the operating millage of 6.3900 the tax revenue from the City to the CRA is reduced from the prior year from \$8,731,404 to \$8,304,390.

**CRA- Taxable Assessed Value and Revenue**

<b>Fiscal Year</b>	<b>Taxable Assessed Value</b>	<b>% Increase/Decrease</b>	<b>Tax Revenue</b>
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	\$578,492,563	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	\$1,653,248,923	37.09%	\$9,173,445
2008	\$1,741,335,128	5.33%	\$8,731,404
2009*	\$1,613,622,124	-7.33%	\$8,304,390

\*Projected

- The assets of the City (Primary Government) exceeded its liabilities at September 30, 2008 by \$217,186,545 (Total Net Assets) compared to \$197,622,427 at September 30, 2007. Of this amount, \$61,856,520 (Unrestricted Net Assets) may be used to meet the government's ongoing obligations to citizens and creditors compared to \$63,901,410 last year. Of this amount, \$23,695,418 is from governmental funds and \$38,161,102 is from business-type funds. These balances are shown on the table entitled "Statement of Net Assets".
- The total net assets of the City (Primary Government) increased by \$19,564,118 of which \$11,589,826 of this increase is attributable to governmental activities and the remaining \$7,974,292 to business-type activities. This change in net assets is shown on the table entitled "Statement of Activities".
- At September 30, 2008, the City's governmental funds reported combined ending fund balances of \$40,460,739 compared to \$47,780,625 at September 30, 2007, a decrease of \$7,319,886. The increase in 2007 was largely due to the sale of the 2007 Utility Tax Revenue Bonds in the amount of \$24,635,000 and original issue premium of \$792,485 for total proceeds of \$25,427,485. In addition, the City had draws on the 2006 Old School Square Revenue Note in the amount of \$6,375,000. Approximately 82.96% of the \$40,460,739 combined ending fund balances for 2008 or a total amount of \$33,568,122 is available for spending at the government's discretion (Unreserved Fund Balance). Of this amount, \$18,593,915 is in the General Fund, \$11,584,321 is in Capital Projects Funds and \$3,389,886 is in Special Revenue Funds. These balances are shown on the table entitled "Balance Sheet- Governmental Funds".
- At September 30, 2008, Unreserved Fund Balance for the General Fund was \$18,593,915 or 19.54% of total 2008 General Fund expenditures of \$95,180,578. This compares to \$18,828,235 in Unreserved Fund Balance last year which represented 19.86% of total expenditures of \$94,819,115. 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 revenues and earned but unused 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 and 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 government-wide financial statements to 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 and Capital Improvement 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, sanitation operations and 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. Individual fund data for each of the fiduciary funds is provided in the form of *combining statements* elsewhere in this report. 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 concerning the City's progress in funding its obligation to provide pension benefits to its employees. Additionally, the City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided as required supplementary information for the General Fund to demonstrate compliance with these budgets. 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, non-major proprietary and the 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 net assets during the year. 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	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$58.8	\$67.0	\$55.3	\$50.9	\$114.1	\$117.9
Capital assets	142.7	124.8	103.0	103.0	245.7	227.8
<b>Total Assets</b>	<b>201.5</b>	<b>191.8</b>	<b>158.3</b>	<b>153.9</b>	<b>359.8</b>	<b>345.7</b>
Current liabilities	9.2	9.9	10.1	8.3	19.3	18.2
Non-current liabilities	85.4	86.6	37.9	43.2	123.3	129.8
<b>Total Liabilities</b>	<b>94.6</b>	<b>96.5</b>	<b>48.0</b>	<b>51.5</b>	<b>142.6</b>	<b>148.0</b>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	70.5	51.0	65.5	54.8	136.0	105.8
Restricted	12.7	20.9	6.6	7.1	19.3	28.0
Unrestricted	23.7	23.4	38.2	40.5	61.9	63.9
<b>Total Net Assets</b>	<b>\$106.9</b>	<b>\$95.3</b>	<b>\$110.3</b>	<b>\$102.4</b>	<b>\$217.2</b>	<b>\$197.7</b>

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

As shown in Table A-1 net assets amounted to \$217.2 million in FY 2008 compared to \$197.7 million in FY 2007. A significant portion of the City's net assets (\$136.0 million or 62.62% 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.

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	
	2008	2007	2008	2007	2008	2007
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$13.1	\$12.4	\$39.1	\$38.9	\$52.2	\$51.3
Operating grants, contributions	7.3	7.1	3.0	1.6	10.3	8.7
Capital grants, contributions	9.6	1.4	1.0	1.4	10.6	2.8
General Revenues:						
Property Taxes	55.3	59.1	.0	.0	55.3	59.1
Other taxes	15.0	14.9	.0	.0	15.0	14.9
Intergovernmental	6.5	6.9	.0	.0	6.5	6.9
Other	9.4	8.6	.5	.7	9.9	9.2
<b>Total Revenues</b>	<b>116.2</b>	<b>110.3</b>	<b>43.6</b>	<b>42.6</b>	<b>159.8</b>	<b>152.9</b>
<b>Expenses</b>						
General government	25.1	25.3	0	0	25.1	25.3
Public safety	56.8	55.9	0	0	56.8	55.9
Physical environment	8.1	7.2	0	0	8.1	7.2
Parks and recreation	14.5	14.7	0	0	14.5	14.7
Interest on long-term debt	2.8	1.3	0	0	2.8	1.3
Water and sewer	.0	.0	23.9	22.4	23.9	22.4
Municipal golf course	.0	.0	3.3	3.4	3.3	3.4
Lakeview golf course	.0	.0	.7	.7	.7	.7
City marina	.0	.0	.1	.1	.1	.1
Sanitation	.0	.0	3.5	2.9	3.5	2.9
Stormwater utility	.0	.0	1.5	1.3	1.5	1.3
<b>Total Expenses</b>	<b>107.3</b>	<b>104.4</b>	<b>33.0</b>	<b>30.8</b>	<b>140.3</b>	<b>135.2</b>
Change in Net Assets Before Transfers	8.9	5.9	10.6	11.8	19.5	17.7
Transfers	2.7	3.7	(2.7)	(3.7)	.0	.0
<b>Increase in Net Assets</b>	<b>11.6</b>	<b>9.6</b>	<b>7.9</b>	<b>8.1</b>	<b>19.5</b>	<b>17.7</b>
<b>Beginning 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>
<b>Ending Net Assets</b>	<b>\$106.9</b>	<b>\$95.3</b>	<b>\$110.3</b>	<b>\$102.4</b>	<b>\$217.2</b>	<b>\$197.7</b>

Governmental activities increased the City's net assets by \$11.6 million. This net increase in net assets is a result of the following:

- Decrease of \$3.8 million in property tax revenues, due mainly to a decrease in 2008 taxable assessed valuations. Taxable assessed valuations decreased 5.64%, from \$8.7 million in 2007 to \$8.2 million in 2008.
- Increase of \$8.2 million in capital grants and contributions revenue which includes \$8,250,000 to record the one-time donation of the Robert Federspiel Garage to the City by a developer.

- Increase of \$2.9 million in governmental expenses which include \$1.5 million increase in interest on long-term debt. This increase was due to partial interest due dates in the prior year. Interest due on the 2007 Utility Tax revenue bonds in 2007 was \$213,099 (partial year) compared to 2008 of \$582,710.
- Decrease of \$1.0 million in transfers which includes the transfer to the General Construction Fund for the City's "pay-as-you-go" Five Year Capital Improvement Program that was reduced from \$3.3 million (original budget) in the previous year to \$1.7 million in the current year. The transfer to the Beautification Trust Fund was reduced by \$.3 million in the current year due to a change in the allocation formula.

Business-type activities increased the City's net assets by \$7.9 million. This net increase in assets is a result of the following:

- The Water/Sewer Fund increased net assets by \$7.0 million, which included \$7.4 million from the City's percentage share of the South Central Wastewater and Disposal Plant net income.
- Increase of \$1.4 million in operating grants and contributions that included a South Florida Water Management grant for \$.5 million and developer capital contributions of \$1.1 million.
- The City increased the water rates by 5% and the sewer rates by 5%. The slight increase in revenues was due in part to the rate increase and the water surcharge rates in place due to water restrictions imposed by the South Florida Water Management District. The Phase II water restrictions called for a 30% surcharge on water consumption rates over 15,000 gallons per month.
- Increase of \$578,895 in Sanitation expenses due to an increase in waste collection expenses. A rate increase of 2.6% in the collection portion of the rates offset the increase in waste collection expenses. Sanitation Fund revenues also included \$.3 million from FEMA representing an increase in the Agency's contribution from 95% to 100% for Hurricane Wilma reimbursable claims.

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

#### **Governmental Funds**

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

	<b>General Fund</b>	<b>Capital Improvement Fund</b>
<b>Fiscal Year 2008</b>		
Revenues	\$ 97.0	\$ 3.5
Expenditures	(95.2)	(10.0)
Other financing sources (uses)	(2.3)	(.0)
<b>Decrease in Fund Balance</b>	<b>(\$ .5)</b>	<b>(\$ 6.5)</b>
<b>Fiscal Year 2007</b>		
Revenues	\$ 101.3	\$ 1.7
Expenditures	(94.8)	(5.3)
Other financing sources (uses)	(3.7)	17.5
<b>Increase in Fund Balance</b>	<b>\$ 2.8</b>	<b>(\$ 13.9)</b>

### **General Fund**

The General Fund, which is the primary operating fund of the City not supported by user fees, recognized \$97,038,155 in total revenues offset with \$95,180,578 in expenditures and \$2,321,076 in net other financing uses. This resulted in a decrease in fund balance of \$463,499. The Fund Balance decreased from \$23,386,175 in 2007 to \$22,922,676 in 2008. Of this amount, \$18,593,915 is in Unreserved Fund Balance which represents 19.54% of our present expenditure levels. This compares to an Unreserved Fund Balance last year of \$18,828,235 which represented 19.85% 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 other emergency purposes.

### **Capital Improvement Fund**

The Capital Improvement Fund recognized \$3,518,643 in total revenues and \$10,024,193 in expenditures and net other financing uses of \$25,860. This resulted in a decrease in fund balance of \$6,531,410. Fund Balance at the beginning of the year was \$17,799,078 and, when combined with the current year, resulted in an end of year Fund Balance of \$11,267,668.

### **Proprietary Funds**

<b>\$ in Millions</b>	<b>Operating Income</b>		<b>Change in Net Assets</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>Enterprise Funds</b>				
Water/Sewer	\$2.3	\$6.2	\$6.9	\$7.6
Municipal Golf Course	.3	.3	.2	.2
Lakeview Golf Course	.0	.2	.2	.1
City Marina	.1	.0	.0	.0
Sanitation	.2	.2	.2	.2
Stormwater Utility	.7	1.2	.6	.2
<b>Internal Service Funds</b>				
Insurance	(\$ .9)	(\$1.5)	(\$ .8)	(\$3.4)
Central Garage	.1	.1	.2	.8

### **Water and Sewer Fund**

Water/sewer service fee revenues increased slightly from \$29.1 million to \$29.2 million. The City increased its water rates and sewer rates by 5% effective October 1, 2007 primarily due to the planned improvements for expanded reclaimed water use. Billed water consumption decreased by 570 million gallons for the year ended September 30, 2008 or 13.45% 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, the water restrictions caused a surcharge to be imposed on our water rates (30% surcharge for Phase II restrictions on consumption over 15,000 gallons per month), effective April, 2008.

### **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 **Municipal Golf Course** has an operating income this year of \$305,342 compared to \$346,179 last year.

The **Lakeview Golf Course** has an operating income of \$45,660 versus \$155,118 last fiscal year. The decrease in operating income was due to the course being closed from May to November for the reclaimed water irrigation capital improvement project.

The **Marina Fund** has an operating income this year of \$88,400 compared to \$40,882 last year. A new rate structure went into effect October, 2007, increasing the cost for live aboard dockage by 56% and non-live aboard increased by 34%.

The **Sanitation Fund** generated an operating income of \$205,578 this year compared to \$210,695 last year. Revenue from service charges included a 2.6% increase in the collection portion of current rates. Operating income also included a \$298,742 adjustment from FEMA representing a change in the agency's reimbursement formula from 95% funding to 100% for eligible cost due to Hurricane Wilma damages.

The **Stormwater Utility Fund** has an operating income this year of \$695,730 compared to \$1,200,265 last fiscal year. Stormwater fees are billed and received on the property tax bills. Prior year revenues included one time intergovernmental grant receipts of \$326,000. Operating expenses increased to \$1,411,925 from \$1,259,587.

### **Internal Service Funds**

The Insurance Fund is used to account for all personnel insurances (health, life, disability) and property and casualty insurance. Also in years 2004-2007, all property claims from Hurricane Frances, Jeanne and Wilma were processed through this fund, with claims costs essentially paid for either from FEMA, the State of Florida, or from our property insurance carrier.

The **Insurance Fund** recorded an increase in our required self-insured "Incurred but Not Reported" (IBNR) claims liability from \$5,218,709 to \$5,815,988 for property, health and worker's compensation claims. All required reserves are established by outside actuaries. The Health Insurance premium rates, renewable in June 2008-09 policy year increased 7.2% over the prior year. The Insurance Fund has \$1,878,643 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 and Other Financing Sources increased from \$100,559,690 to \$107,903,411 from the original to the final budget which included \$8,250,000 for the donation of Robert Federspiel Garage. The City actually recorded \$98,073,065 in revenues and other financing sources compared to the final budget. The Robert Federspiel Garage donation of \$8,250,000 was capitalized and therefore was not recorded as revenue. Current year revenues were greatly impacted by the slowing economy, and decline in private and commercial construction. Revenues were therefore \$9,830,346 under the final budget, which included the developer contribution of the parking garage of \$8,250,000. Building permit revenues were \$521,728 under budget, air condition and heating permits were \$100,850 over budget and electric permits \$86,435 over budget. Electric franchise fees were \$381,322 under budget, franchise towing fees were \$141,250 over budget, and fire emergency transport fees were \$585,752 over budget.

The City's budgeted expenditures and other net financing uses increased from \$101,384,690 to \$109,757,436 from the original to the final budget which also included the \$8,250,000 for the

Robert Federspiel Garage. The City actually recorded \$98,381,085 in expenditures, including encumbrances and other financing uses. Expenditures were therefore \$11,376,351 under budget including the \$8,250,000 parking garage item.

General Government- The departments in this category were \$8,650,227 under budget for the year which includes a non-departmental expense of \$8,213,618 primarily for the donated Robert Federspiel Garage. Human Resources Department budget was \$53,940 under budget. The department reduced the cost of the HR Administration software package by sharing user cost with the Police Department. The Information Technology Division was \$109,169 under budget primarily from lower maintenance and equipment rental and lease costs.

Public Safety- The departments in this category were \$2,209,880 under budget for the year. Planning and Zoning was \$134,407 under budget with Fire at \$732,412, Police at \$1,241,293 and Community Improvement at \$101,768.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

As of September 30, 2008, the City had \$245.7 million invested in a variety of capital assets, as reflected in Table A-3 below, which represents a net increase of \$18.0 million or 8% 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)**

	<b>Beginning Balance 10/01/2007</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance 9/30/2008</b>
<b>Governmental Activities:</b>				
Land	\$36.8	\$1.2	(\$).2	\$37.8
Construction in Progress	20.7	6.6	(17.6)	9.7
Non-Depreciable Assets	<b>57.5</b>	<b>7.8</b>	<b>(17.8)</b>	<b>47.5</b>
Buildings	31.2	2.0	(.1)	33.1
Improvements Other	73.9	30.2	(.4)	103.7
Equipment	33.2	4.3	(2.1)	35.4
Less: Accumulated Depreciation	(71.0)	(7.8)	1.8	(77.0)
Depreciable Assets- Net	<b>67.3</b>	<b>28.7</b>	<b>(.8)</b>	<b>95.2</b>
Capital Assets- Governmental	<b>\$124.8</b>	<b>\$36.5</b>	<b>(\$18.6)</b>	<b>\$142.7</b>
<b>Business-Type Activities:</b>				
Land	\$5.6	\$.0	\$.0	\$5.6
Construction in Progress	5.0	1.6	(3.5)	3.1
Non-Depreciable Assets	<b>10.6</b>	<b>1.6</b>	<b>(3.5)</b>	<b>8.7</b>
Buildings	10.6	3.0	.0	13.6
Improvements Other	149.1	2.7	.0	151.8
Equipment	12.9	.7	(.2)	13.4
Less: Accumulated Depreciation	(80.3)	(4.4)	(.2)	(84.5)
Depreciable Assets- Net	<b>92.3</b>	<b>2.0</b>	<b>.0</b>	<b>94.3</b>
Capital Assets- Business-Type	<b>\$102.9</b>	<b>\$3.6</b>	<b>(\$3.5)</b>	<b>\$103.0</b>

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

## **Debt Administration**

As of September 30, 2008, the City had total debt outstanding of \$128.6 million compared to \$134.6 million as of September 30, 2007. Of this \$128.6 million amount, and gross of any related unamortized premium, discounts or losses on refunding, \$31.8 million is general obligation bond debt which is debt backed by the full faith and credit of the City, \$39.5 million is revenue 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, \$42.6 million is revenue bonds that are backed by a pledge of water and sewer system, \$8.2 million is for compensated absences, \$5.8 million is insurance claims reserves and \$.3 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)**

	<b>Beginning Balance 10/01/2007</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance 9/30/2008</b>
<b>Governmental Activities:</b>				
Revenue Bonds	\$38.5	\$ 3.0	(\$2.0)	\$39.5
General Obligation Bonds	34.0	.0	(2.2)	31.8
Unamortized Premium	1.4	.0	(.2)	1.2
Unamortized Loss on Refinancing	(.6)	.0	.1	(.5)
Total Bonds Payable	73.3	3.0	(4.3)	72.0
Installment Agreements	.5	.0	(.3)	.2
Compensated Absences	7.6	.2	(.4)	7.4
Insurance Claims Payable	5.2	9.1	(8.5)	5.8
<b>Governmental Activities</b>	<b>\$86.6</b>	<b>\$12.3</b>	<b>(\$13.5)</b>	<b>\$85.4</b>
<b>Business-Type Activities:</b>				
Revenue Bonds	\$47.5	.0	(\$4.9)	\$42.6
Unamortized Premium	.3	.0	(.2)	.1
Unamortized Loss on Refinancing	(.7)	.0	.3	(.4)
Total Bonds Payable	47.1	.0	(4.8)	42.3
Installment Agreements	.2	.0	(.1)	.1
Compensated Absences	.7	.1	.0	.8
<b>Business Type Activities</b>	<b>\$48.0</b>	<b>\$.1</b>	<b>(\$4.9)</b>	<b>\$43.2</b>
<b>Total Debt Outstanding</b>	<b>\$134.6</b>	<b>\$12.4</b>	<b>(\$18.4)</b>	<b>\$128.6</b>

In 2008, the City issued a revenue bond for \$3,000,000 to provide interim financing for a portion of the City's Old School Square Parking Garage project including land acquisition.

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 2008-09 Budget and Rates**

- ❖ The City millage rate was increased from 6.5783 mills to 6.8504 mills for the FY 2009 budget for property tax purposes. This was in accordance with the State-imposed rollback less



9% tax reform legislation that allowed the City to increase future rates by the State personal income index.

- ❖ The electorate passed Amendments 3, 4 and 6 in November, 2008. Amendment 3 provided for changes and improvements not affecting the assessed value of residential property. Amendment 4 required the legislature to provide a property tax exemption for land permanently dedicated for conservation purposes. Amendment 6 provided for the assessment of working waterfronts at "current use" instead of market value based on "highest and best use". The over-all impact of these amendments on the City's property tax base cannot be determined at the time of this report.
- ❖ The City increased its water rates by 5% and the sewer rates by 15% effective October 1, 2008 to cover anticipated costs of a sewer plant expansion and increased treatment for the water reuse program.
- ❖ The sanitation collection rates increased substantially for both residential and commercial customers effective October 1, 2008. These rate increases were a result of the renegotiated contract with Waste Management, and reflect their cost increases due to the impact of oil prices and the fact that their previous five year contract restricted them to the CPI not to exceed 3%.
- ❖ The City has appealed a \$494,000 FEMA closeout adjustment for Hurricane Frances. This reverses a decision of the State three years ago. If this appeal is not reversed, the City will have to recover this amount from the debris contractor. We were denied in the first appeal and are now filing our second appeal.

### **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, 2008

	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	\$ 6,211,742	\$ 16,869	\$ 6,228,611	\$ 9,566,405	\$ 82,058
Investments	41,730,499	1,690,136	43,420,635	-	-
Receivables:					
Accounts, net	3,032,067	4,687,408	7,719,475	1,784,569	1,938
Unbilled accounts	-	1,102,768	1,102,768	-	-
Notes receivable	5,537,734	-	5,537,734	-	-
Interest receivable	918,233	-	918,233	-	-
Due from primary government	-	-	-	150,000	-
Due from other governments	1,370,503	-	1,370,503	-	-
Internal balances	(4,343,367)	4,343,367	-	-	-
Inventory	115,401	308,076	423,477	-	-
Prepaid items	3,263,503	191,356	3,454,859	-	177
Net Pension Asset	65,861	-	65,861	-	-
Deposits	-	-	-	4,085	-
Due from component units	144,344	-	144,344	-	-
Bond issuance costs, net	773,727	148,731	922,458	23,837	-
Restricted assets	-	12,492,058	12,492,058	62,667	-
Capital assets:					
Non-depreciable capital assets	47,462,130	8,743,673	56,205,803	22,107,880	-
Depreciable capital assets, net	95,239,406	94,167,828	189,407,234	2,600,100	-
Other asset:					
Investment in regional plant (joint venture)	-	30,362,820	30,362,820	-	-
Total Assets	201,521,783	158,255,090	359,776,873	36,299,543	84,173
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	4,940,018	1,858,542	6,798,560	336,940	1,575
Deposits	336,320	1,085,207	1,421,527	39,458	-
Unearned revenue	3,804,709	33,027	3,837,736	6,154	-
Due to component units	150,000	-	150,000	-	-
Due to primary government	-	-	-	144,344	-
Payable from restricted assets	-	6,975,654	6,975,654	-	-
Long-term debt:					
Due within one year	7,114,515	108,541	7,223,056	1,365,000	-
Due in more than one year	78,314,899	37,868,896	116,183,795	14,050,000	-
Total Liabilities	94,660,461	47,929,867	142,590,328	15,941,896	1,575
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	70,521,186	65,505,859	136,027,045	9,292,980	-
Restricted for:					
Debt service	833,967	5,144,122	5,978,089	23,209	-
Capital Projects	11,584,321	1,514,140	13,098,461	-	-
Specific purposes	226,430	-	226,430	-	-
Unrestricted	23,695,418	38,161,102	61,856,520	11,041,458	82,598
Total Net Assets	\$ 106,861,322	\$ 110,325,223	\$ 217,186,545	\$ 20,357,647	\$ 82,598

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, 2008

	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	\$ 25,137,520	\$ 4,622,167	\$ 3,945,992	\$ 622,993	(15,946,368)	\$ -	\$ (15,946,368)	\$	\$
Public Safety	56,742,719	6,543,112	2,292,523	749,250	(47,157,834)	-	(47,157,834)		
Physical Environment	8,130,445	649,216	103,357	8,250,000	872,128	-	872,128		
Parks and Recreation	14,457,336	1,282,353	997,425	-	(12,177,558)	-	(12,177,558)		
Interest on Long-term Debt	2,832,011	-	-	-	(2,832,011)	-	(2,832,011)		
<b>Total Governmental Activities</b>	<b>107,300,031</b>	<b>13,096,848</b>	<b>7,339,297</b>	<b>9,622,243</b>	<b>(77,241,643)</b>	<b>-</b>	<b>(77,241,643)</b>		
<b>Business-type Activities:</b>									
Water and Sewer	23,932,410	29,245,949	2,595,258	996,447	-	8,905,244	8,905,244		
Municipal Golf Course	3,265,478	3,459,044	43,969	-	-	237,535	237,535		
Lakeview Golf Course	704,782	681,561	5,410	-	-	(17,811)	(17,811)		
City Marina	121,004	208,598	884	-	-	88,478	88,478		
Sanitation	3,476,663	3,383,499	417,250	-	-	324,086	324,086		
Stormwater Utility	1,506,764	2,090,146	17,509	-	-	600,891	600,891		
<b>Total Business-type Activities</b>	<b>33,007,101</b>	<b>39,068,797</b>	<b>3,080,280</b>	<b>996,447</b>	<b>-</b>	<b>10,138,423</b>	<b>10,138,423</b>		
<b>Total Primary Government</b>	<b>\$ 140,307,132</b>	<b>\$ 52,165,645</b>	<b>\$ 10,419,577</b>	<b>\$ 10,618,690</b>	<b>(77,241,643)</b>	<b>10,138,423</b>	<b>(67,103,220)</b>		
<b>COMPONENT UNITS</b>									
Community Redevelopment Agency (CRA)	\$ 8,658,936	\$ 187,431	\$ 43,711	\$ -				(8,427,794)	-
Downtown Development Authority (DDA)	506,850	-	-	-				-	(506,850)
<b>Total Component Units</b>	<b>\$ 9,165,786</b>	<b>\$ 187,431</b>	<b>\$ 43,711</b>	<b>\$ -</b>				<b>(8,427,794)</b>	<b>(506,850)</b>
<b>General Revenues:</b>									
Taxes:									
Property Taxes					55,302,837	-	55,302,837	14,075,037	509,906
Franchise Fees					5,247,442	-	5,247,442	-	-
Utilities Service Taxes					8,338,282	-	8,338,282	-	-
Sales Taxes					1,365,552	-	1,365,552	-	-
Intergovernmental not restricted to specific programs					6,532,854	-	6,532,854	-	-
Investment earnings					2,064,705	495,237	2,559,942	349,110	2,332
Miscellaneous					7,320,429	-	7,320,429	-	5,971
Transfers					2,659,368	(2,659,368)	-	-	-
<b>Total General Revenues and Transfers</b>					<b>88,831,469</b>	<b>(2,164,131)</b>	<b>86,667,338</b>	<b>14,424,147</b>	<b>518,209</b>
Change in Net Assets					11,589,826	7,974,292	19,564,118	5,996,353	11,359
Net Assets - October 1, 2007, as restated					95,271,496	102,350,931	197,622,427	14,361,294	71,239
Net Assets - September 30, 2008					<b>\$ 106,861,322</b>	<b>\$ 110,325,223</b>	<b>\$ 217,186,545</b>	<b>\$ 20,357,647</b>	<b>\$ 82,598</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, 2008

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Non-Major Governmental Funds</u>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,639,994	\$ 76	\$ 356,962	\$ 5,997,032
Investments	28,413,102	8,288,424	-	36,701,526
Accounts receivable, net	2,881,347	-	38,774	2,920,121
Notes receivable	3,874,786	-	1,662,948	5,537,734
Interest receivable	918,233	-	-	918,233
Due from other governments	796,929	119,717	453,857	1,370,503
Due from other funds	-	2,094,505	6,586,672	8,681,177
Inventory	41,908	-	-	41,908
Prepaid items	394,867	1,500,457	3,002	1,898,326
Due from component units	-	-	144,344	144,344
Total Assets	<u>\$ 42,961,166</u>	<u>\$ 12,003,179</u>	<u>\$ 9,246,559</u>	<u>\$ 64,210,904</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued items	\$ 2,430,197	\$ 601,511	\$ 418,743	\$ 3,450,451
Deposits	336,320	-	-	336,320
Due to other funds	14,655,293	-	25,110	14,680,403
Deferred revenue	2,616,680	134,000	2,382,311	5,132,991
Due to component units	-	-	150,000	150,000
Total Liabilities	<u>20,038,490</u>	<u>735,511</u>	<u>2,976,164</u>	<u>23,750,165</u>
<b>FUND BALANCES</b>				
Reserved for:				
Inventory	41,908	-	-	41,908
Prepaid items	394,867	1,500,457	3,002	1,898,326
Long-term notes receivables	3,633,286	-	-	3,633,286
Encumbrances	252,715	-	-	252,715
Debt Service	-	-	833,967	833,967
Capital projects	5,985	-	-	5,985
Special purposes	-	-	226,430	226,430
Unreserved, undesignated reported in:				
General Fund	18,593,915	-	-	18,593,915
Capital Projects Funds	-	9,767,211	1,817,110	11,584,321
Special Revenue Funds	-	-	3,389,886	3,389,886
Total Fund Balances	<u>22,922,676</u>	<u>11,267,668</u>	<u>6,270,395</u>	<u>40,460,739</u>
Total Liabilities and Fund Balances	<u>\$ 42,961,166</u>	<u>\$ 12,003,179</u>	<u>\$ 9,246,559</u>	<u>\$ 64,210,904</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, 2008

<b>Total Fund Balances - Governmental Funds</b>		\$ 40,460,739
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	\$ 202,252,396	
Less accumulated depreciation	<u>(67,405,960)</u>	134,846,436
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Interest receivable	918,233	
Long-term receivables	<u>410,049</u>	1,328,282
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	773,727	
Loss on refunding	517,200	
Bond premium	<u>(1,264,746)</u>	26,181
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	(390,293)	
Bonds and installment agreements payable	(71,432,804)	
Compensated absences	<u>(7,344,975)</u>	(79,168,072)
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	9,981,131	
Less amount allocated to business-type activities	<u>(679,236)</u>	<u>9,301,895</u>
<b>Total Net Assets - Governmental Activities</b>		<u><u>\$ 106,861,322</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, 2008

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Non-Major Governmental Funds</u>	
<b>REVENUES</b>				
Taxes	\$ 65,006,671	\$ -	\$ -	\$ 65,006,671
Licenses and permits	9,693,973	-	-	9,693,973
Intergovernmental	9,065,897	165,941	4,640,313	13,872,151
Charges for services	7,539,234	-	446,739	7,985,973
Fines and forfeitures	411,217	-	253,127	664,344
Miscellaneous	5,321,163	3,352,702	497,244	9,171,109
Total Revenues	<u>97,038,155</u>	<u>3,518,643</u>	<u>5,837,423</u>	<u>106,394,221</u>
<b>EXPENDITURES</b>				
Current:				
General government	18,330,010	372,472	4,154,355	22,856,837
Public safety	54,531,180	454,940	288,485	55,274,605
Physical environment	4,203,835	746,149	1,031,193	5,981,177
Parks and recreation	11,682,037	390,682	229,772	12,302,491
Capital outlay	1,343,715	8,059,950	6,002,862	15,406,527
Debt service:				
Principal retirement	3,081,851	-	1,461,694	4,543,545
Interest and fiscal charges	2,007,950	-	979,160	2,987,110
Bond issuance costs	-	-	25,365	25,365
Total Expenditures	<u>95,180,578</u>	<u>10,024,193</u>	<u>14,172,886</u>	<u>119,377,657</u>
Excess of revenues over (under) expenditures	1,857,577	(6,505,550)	(8,335,463)	(12,983,436)
<b>OTHER FINANCING SOURCES (USES)</b>				
Revenue bonds issued	-	-	3,000,000	3,000,000
Proceeds from sale of capital assets	2,590	-	-	2,590
Transfers in	2,952,714	1,685,100	5,069,460	9,707,274
Transfers out	(5,276,380)	(1,710,960)	(58,974)	(7,046,314)
Total Other Financing Sources (Uses)	<u>(2,321,076)</u>	<u>(25,860)</u>	<u>8,010,486</u>	<u>5,663,550</u>
Net change in fund balances	(463,499)	(6,531,410)	(324,977)	(7,319,886)
Fund balances - October 1, 2007	23,386,175	17,799,078	6,595,372	47,780,625
Fund balances - September 30, 2008	<u>\$ 22,922,676</u>	<u>\$ 11,267,668</u>	<u>\$ 6,270,395</u>	<u>\$ 40,460,739</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, 2008

**Net Change in Fund Balances - Total Governmental Funds** \$ (7,319,886)

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	\$ 15,406,527	
Depreciation expense	<u>(6,409,845)</u>	8,996,682

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. (972,227)

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	9,285,736	
Change in long-term receivables	<u>7,732</u>	9,293,468

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	-	
Compensated absences	224,432	
Change in accrued interest payable	<u>115,179</u>	339,611

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		(3,000,000)

Debt Retirement and Issue Costs		
Principal paid	4,543,545	
Debt issue costs paid	25,365	
Amortization of debt costs	<u>39,920</u>	4,608,830

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	(515,139)	
Less allocation to business type activities	<u>158,487</u>	<u>(356,652)</u>

**Change in Net Assets of Governmental Activities** \$ 11,589,826

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, 2008

	<u>Major Fund</u> <u>Water</u> <u>and</u> <u>Sewer</u> <u>Fund</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	\$ 2,098	\$ 14,771	\$ 16,869	\$ 214,710
Investments	1,690,136	-	1,690,136	5,028,973
Accounts receivable, net	4,230,873	456,535	4,687,408	111,946
Unbilled accounts receivable	1,102,768	-	1,102,768	-
Due from other funds	882,191	4,057,936	4,940,127	2,335,095
Inventory	210,444	97,632	308,076	73,493
Prepaid expenses	470	190,886	191,356	1,365,177
Restricted assets:				
Cash and cash equivalents	10,320,274	657,644	10,977,918	-
Investments	1,514,140	-	1,514,140	-
Total Current Assets	<u>19,953,394</u>	<u>5,475,404</u>	<u>25,428,798</u>	<u>9,129,394</u>
<b>Noncurrent Assets:</b>				
Property, land and equipment:				
Land	882,792	4,694,070	5,576,862	-
Buildings	9,220,950	4,370,104	13,591,054	909
Improvements other than buildings	137,049,406	14,708,691	151,758,097	-
Equipment	10,524,743	2,826,686	13,351,429	17,456,184
Construction in progress	3,107,339	59,472	3,166,811	-
Accumulated depreciation	(76,294,468)	(8,238,284)	(84,532,752)	(9,601,993)
Other assets:				
Bond issue costs, net	81,132	67,599	148,731	-
Investment in regional plant joint venture	30,362,820	-	30,362,820	-
Total Noncurrent Assets	<u>114,934,714</u>	<u>18,488,338</u>	<u>133,423,052</u>	<u>7,855,100</u>
Total Assets	<u>134,888,108</u>	<u>23,963,742</u>	<u>158,851,850</u>	<u>16,984,494</u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable and accrued expenses	1,263,842	594,700	1,858,542	1,099,274
Unearned revenue	15,435	17,592	33,027	-
Current maturities of installment agreements	-	63,955	63,955	-
Compensated absences payable	44,586	-	44,586	5,175
Insurance claims payable	-	-	-	1,830,149
Due to other funds	-	1,275,996	1,275,996	-
Refundable deposits	996,279	88,928	1,085,207	-
	<u>2,320,142</u>	<u>2,041,171</u>	<u>4,361,313</u>	<u>2,934,598</u>
<b>Current Liabilities Payable from Restricted Assets:</b>				
Contracts payable and retainages	934,991	-	934,991	-
Accrued interest on long-term debt	732,228	52,379	784,607	-
Current maturities of revenue bonds	4,650,791	605,265	5,256,056	-
	<u>6,318,010</u>	<u>657,644</u>	<u>6,975,654</u>	<u>-</u>
Total Current Liabilities	<u>8,638,152</u>	<u>2,698,815</u>	<u>11,336,967</u>	<u>2,934,598</u>
<b>Noncurrent Liabilities:</b>				
Long-term portion of compensated absences payable	691,253	42,823	734,076	82,926
Long term portion of insurance claims payable	-	-	-	3,985,839
Revenue bonds payable, net	32,191,232	4,895,340	37,086,572	-
Installment agreements	-	48,248	48,248	-
Total Noncurrent Liabilities	<u>32,882,485</u>	<u>4,986,411</u>	<u>37,868,896</u>	<u>4,068,765</u>
Total Liabilities	<u>41,520,637</u>	<u>7,685,226</u>	<u>49,205,863</u>	<u>7,003,363</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	52,697,928	12,807,931	65,505,859	7,855,100
Restricted for:				
Debt service	4,538,857	605,265	5,144,122	-
Renewal and replacement	1,514,140	-	1,514,140	-
Unrestricted	34,616,546	2,865,320	37,481,866	2,126,031
Total Net Assets	<u>\$ 93,367,471</u>	<u>\$ 16,278,516</u>	<u>109,645,987</u>	<u>\$ 9,981,131</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds			837,723	
Cummulative prior year adjustments			(158,487)	
Current year adjustment			<u>110,325,223</u>	
Net Assets of Business-Type Activities, Statement of Net Assets			<u>\$ 110,325,223</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, 2008

	<b>Major Fund</b>		<b>Total</b>		<b>Governmental</b>
	<b>Water and Sewer Fund</b>	<b>Non-Major Enterprise Funds</b>	<b>Business-Type Activities- Enterprise Funds</b>		<b>Activities - Internal Service Funds</b>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 29,245,949	\$ 9,822,848	\$ 39,068,797		\$ 15,873,854
Other operating revenue	2,595,258	344,596	2,939,854		2,028,362
Total Operating Revenues	31,841,207	10,167,444	42,008,651		17,902,216
<b>OPERATING EXPENSES</b>					
Personal services	7,107,182	569,081	7,676,263		1,131,067
Other operating expenses	18,900,778	7,409,581	26,310,359		16,286,056
Depreciation	3,568,718	848,072	4,416,790		1,475,637
Total Operating Expenses	29,576,678	8,826,734	38,403,412		18,892,760
Operating Income (Loss)	2,264,529	1,340,710	3,605,239		(990,544)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest revenue	424,159	71,078	495,237		149,475
Rent revenue	-	140,426	140,426		-
Share of regional plant joint venture net income	7,414,269	-	7,414,269		-
Insurance recoveries	-	-	-		56,818
Interest expense	(1,589,019)	(198,831)	(1,787,850)		-
Loss on disposal of equipment	(42,306)	(29,315)	(71,621)		(65,803)
Total Nonoperating Revenues (Expenses)	6,207,103	(16,642)	6,190,461		140,490
Income (Loss) Before Capital Contributions and Transfers	8,471,632	1,324,068	9,795,700		(850,054)
Capital contributions	976,447	20,000	996,447		336,507
Transfers in	98,592	200,000	298,592		-
Transfers out	(2,586,830)	(371,130)	(2,957,960)		(1,592)
Change In Net Assets	6,959,841	1,172,938	8,132,779		(515,139)
Net Assets - October 1, 2007	86,407,630	15,105,578	101,513,208		10,496,270
Net Assets - September 30, 2008	\$ 93,367,471	\$ 16,278,516	109,645,987		\$ 9,981,131
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds					
Cummulative prior year adjustments			837,723		
Current year adjustment			(158,487)		
Net Assets of Business-Type Activities, Statement of Net Assets			\$ 110,325,223		
Reconciliation of Change in Net Assets to the Statement of Activities					
Change In Net Assets as reported above			\$ 8,132,779		
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					
Current year adjustment			(158,487)		
Change In Net Assets as reported on the Statement of Activities for Business-type Activities			\$ 7,974,292		

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, 2008

	<u>Major Fund</u>		<u>Total</u>	<u>Governmental</u>
	<u>Water</u>	<u>Non-Major</u>	<u>Business-Type</u>	<u>Activities -</u>
	<u>and</u>	<u>Enterprise</u>	<u>Activities-</u>	<u>Internal</u>
	<u>Sewer</u>	<u>Funds</u>	<u>Enterprise</u>	<u>Service</u>
	<u>Fund</u>		<u>Funds</u>	<u>Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 26,973,124	\$ 7,706,968	\$ 34,680,092	\$ 18,597,123
Receipts from others	2,595,258	140,426	2,735,684	56,818
Payments to suppliers	(19,972,858)	(7,429,342)	(27,402,200)	(15,874,935)
Payments to employees	(7,082,198)	(566,494)	(7,648,692)	(1,120,307)
Net cash provided by (used in) operating activities	<u>2,513,326</u>	<u>(148,442)</u>	<u>2,364,884</u>	<u>1,658,699</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	98,592	200,000	298,592	-
Transfers to other funds	(2,586,830)	(371,130)	(2,957,960)	(1,592)
Net cash used in noncapital financing activities	<u>(2,488,238)</u>	<u>(171,130)</u>	<u>(2,659,368)</u>	<u>(1,592)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(3,122,538)	(915,056)	(4,037,594)	(1,782,888)
Proceeds from the sale of capital assets	-	-	-	301
Capital contributions	976,447	-	976,447	-
Principal paid on capital debt	(4,271,743)	(668,819)	(4,940,562)	-
Interest paid on capital debt	(1,318,629)	(150,591)	(1,469,220)	-
Net cash used in capital and related financing activities	<u>(7,736,463)</u>	<u>(1,734,466)</u>	<u>(9,470,929)</u>	<u>(1,782,587)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	424,159	71,078	495,237	149,475
Purchases of investments	(3,204,276)	-	(3,204,276)	(5,028,973)
Net cash provided by (used in) investing activities	<u>(2,780,117)</u>	<u>71,078</u>	<u>(2,709,039)</u>	<u>(4,879,498)</u>
Net change in cash and cash equivalents	(10,491,492)	(1,982,960)	(12,474,452)	(5,004,978)
Cash and cash equivalents - October 1, 2007	20,813,864	2,655,375	23,469,239	5,219,688
Cash and cash equivalents - September 30, 2008	<u>\$ 10,322,372</u>	<u>\$ 672,415</u>	<u>\$ 10,994,787</u>	<u>\$ 214,710</u>
<b>Reconciliation of cash and cash equivalents to balance sheet:</b>				
Unrestricted cash and cash equivalents	\$ 2,098	\$ 14,771	\$ 16,869	\$ 214,710
Restricted cash and cash equivalents	10,320,274	657,644	10,977,918	-
Cash and cash equivalents - September 30, 2008	<u>\$ 10,322,372</u>	<u>\$ 672,415</u>	<u>\$ 10,994,787</u>	<u>\$ 214,710</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ 2,264,529	1,340,710	\$ 3,605,239	\$ (990,544)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	3,568,718	848,072	4,416,790	1,475,637
Provision for doubtful accounts	64,714	8,401	73,115	-
Miscellaneous revenue	-	140,426	140,426	56,818
Change in assets and liabilities:				
Accounts receivable	(2,296,173)	(120,717)	(2,416,890)	113,588
Due from other funds	(882,191)	-	(882,191)	-
Inventory	23,189	(10,309)	12,880	(19,957)
Prepaid expenses	(253)	9,668	9,415	(262,019)
Accounts payable and accrued expenses	331,309	294,191	625,500	95,818
Unearned revenue	(21,518)	6,074	(15,444)	-
Compensated absences payable	24,984	2,587	27,571	10,760
Insurance claims payable	-	-	-	597,279
Due to other funds	(544,134)	(2,667,641)	(3,211,775)	581,319
Refundable deposits	(19,848)	96	(19,752)	-
Total adjustments	<u>248,797</u>	<u>(1,489,152)</u>	<u>(1,240,355)</u>	<u>2,649,243</u>
Net cash provided by (used in) operating activities	<u>\$ 2,513,326</u>	<u>\$ (148,442)</u>	<u>\$ 2,364,884</u>	<u>\$ 1,658,699</u>
<b>NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Amortization of bond premiums	\$ (201,183)	\$ (9,834)	\$ (211,017)	\$ -
Amortization of debt issue costs	64,080	8,722	72,802	-
Amortization of deferred loss on refundings	289,164	33,849	323,013	-
Capital contributions	-	20,000	20,000	336,507

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, 2008

	<u>Pension Trust Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 7,006,992
Investments:	
Bonds and other interest bearing investments	29,125,149
Equity securities	70,219,583
Mutual funds	61,575,256
Other	9,766,187
Due from broker for securities sold	1,758,616
Employee contributions receivable	62,811
Due from other governments	176,551
Prepaid expenses	237,458
Interest and dividends receivable	<u>482,196</u>
Total Assets	<u>180,410,799</u>
<b>LIABILITIES</b>	
Accounts payable	276,842
Due to broker for securities purchased	1,409,783
State monies held in reserve	1,290,529
Deferred retirement option plan payable	<u>8,111,896</u>
Total Liabilities	<u>11,089,050</u>
<b>NET ASSETS</b>	
Held in trust for pension benefits	<u>\$ 169,321,749</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, 2008

	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 7,888,204
State	1,696,312
Plan members	1,639,931
Total contributions	<u>11,224,447</u>
Investment earnings	
Net depreciation in fair value of investments	(35,051,079)
Interest and dividends	4,541,348
	<u>(30,509,731)</u>
Less investment expenses - custodian fees	958,655
Net investment loss	<u>(31,468,386)</u>
Other income	<u>20,645</u>
Total additions	(20,223,294)
<b>DEDUCTIONS</b>	
Benefits	10,047,070
Refunds of contributions	102,074
Other operating expenses	300,615
Total deductions	<u>10,449,759</u>
Change In Net Assets	(30,673,053)
Net Assets - October 1, 2007	<u>199,994,802</u>
Net Assets - September 30, 2008	<u><u>\$ 169,321,749</u></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, 2008

### **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 pursuant to 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.

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. For 2008 a component unit of the CRA no longer qualified as a component unit and the beginning net assets of the CRA at October 1, 2007 have been restated to eliminate net assets of \$5,519 for this organization.

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. In addition, the City approves the DDA's budget.

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, 2008

#### **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, 2008

#### **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.

The City reports the following major proprietary fund:

*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, institutional money market mutual funds and the Local Government Investment Pool (LGIP). The deposits in the LGIP consist of equity in an external investment pool managed by the Florida Board of Administration and operated in a manner consistent with SEC Rule 2a7 that allows 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, the term-to-maturity of individual investments, the dollar-weighted average of the portfolio, portfolio diversification, 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. 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.

#### **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.



City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2008

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

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.

*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

City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2008

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

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. Compensated absences are 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. Vacation hours are earned at the following monthly rates:

<u>Years of Continuous Service</u>	<u>Fire Department</u>	<u>Other 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

City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2008

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

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 1,120 hours or 1,344 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.

**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.

## City of Delray Beach, Florida

### Notes to Financial Statements (continued)

September 30, 2008

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

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, 2009 the City adopted the maximum millage rate permitted by a majority vote of the City Commission under this formula, which was 6.8504. This millage rate results in a total tax levy of \$53,450,370 for 2009, representing a reduction of 9.55% 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.

#### **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 \$1,920,394 for the fiscal year ended September 30, 2008.

City of Delray Beach, Florida  
Notes to Financial Statements (continued)  
September 30, 2008

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

**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, 2009. Management has not completed its analysis of the effects of this statement, if any, on the financial statements of the City.

The GASB has issued Statement No. 51, “Accounting and Financial Reporting for Intangible Assets,” which establishes accounting and financial reporting requirements for intangible assets including easements, contractual rights and computer software. The requirements of this statement will be effective for the City for the fiscal year ending September 30, 2010. 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	\$ 12,157,102
Investments in money market mutual funds	49,984,202
Total cash, cash equivalents and investments – primary government	<u>\$ 62,141,304</u>
Cash and investments	\$ 49,649,246
Cash and cash equivalents – restricted	12,492,058
Total primary government	<u>62,141,304</u>
Cash and investments – pension trust funds	177,693,167
Total cash, cash equivalents and investments	<u><u>\$ 239,834,471</u></u>

City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2008

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

Florida Statutes and City policy authorize the City and its pension trust funds to invest in the Local Government Investment Pool (LGIP) 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; money market mutual funds limited to U.S. Government securities; obligations of the Federal Farm Credit Banks, Freddie Mac, the Federal Home Loan Bank or its district banks; or obligations guaranteed by the Government National Mortgage Association, obligations of Fannie Mae; 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, debt securities of certain U.S. corporations, mutual funds, and alternative investments that are not publicly traded.

The deposits in the LGIP consist of equity in an external 2a7-like investment pool administered by the State of Florida pursuant to statutory requirements. On November 28, 2007 the City withdrew substantially all funds from the LGIP and invested in an institutional money market mutual fund with a local financial institution.

The City's investments at September 30, 2008 consist of the following:

	<b>Carrying Amount (Fair Value)</b>		
	<b>Primary Government</b>	<b>Fiduciary Funds Pension Trust</b>	<b>Total</b>
Investments:			
LGIP	\$ 362	\$ -	\$ 362
Money market mutual funds	49,983,840	7,710,425	57,694,265
U.S. Government and Agency securities	-	13,820,163	13,820,163
Corporate bonds	-	14,601,553	14,601,553
Common stocks	-	70,219,583	70,219,583
Mutual funds	-	61,575,256	61,575,256
Alternative investments and other	-	9,766,187	9,766,187
Total investments	<u>\$ 49,984,202</u>	<u>\$ 177,693,167</u>	<u>\$ 227,677,369</u>

At September 30, 2008, approximately 9% of the investments of the Police and Firefighters' Retirement System Fund, a fiduciary fund, were invested in alternative investments. These alternative investment funds invest in mutual funds consisting of alternative investments in pooled funds that are not publicly traded, domestic and foreign private equity partnerships and other alternative investment funds. These alternative investments are generally valued at fair value as determined by the management of the fund by reference to the value of the underlying fund's assets, if available, or by the valuations of a fund's underlying assets as provided by the general partner or investment manager, if the assets are not publicly traded. The funds may also hold certain investments which may be valued by a single market maker. While the fund managers use their best judgment in estimating the fair values of underlying funds, there are inherent limitations in any estimation technique. Accordingly, the fair values of alternative investment funds have been estimated by the management of the Police and Firefighters' Retirement System and their investment advisors in the absence of readily ascertainable market values. Therefore, the values of such funds may not necessarily be indicative of the amount that could be realized in a current transaction. The fair values may differ significantly from the values that would have been used had a ready market for the underlying funds existed, and the differences could be material. Future confirming events will also affect the estimates of fair value, and the effect of such events on the estimates of fair value could be material. The alternative investment funds also expose the Police and Firefighters' Retirement System Fund to certain additional investment risks, including liquidity risks, counterparty risks, foreign political, economic, and governmental risks, and market risk. In addition, the alternative investments may have restrictions for liquidating positions in these funds and future funding commitments.

City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2008

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

**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 LGIP and money market mutual funds have a weighted average maturity of less than 90 days, resulting in minimal interest rate risk. Mutual fund investments include \$35,154,998 in a bond market index mutual fund with a weighted average maturity at September 30, 2008 of 6.98 years. The table below summarizes the scheduled maturities of the remaining investments at September 30, 2008.

	<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	\$ 2,211,901	\$ 3,600,769	\$ 3,095,393	\$ 4,912,100
Corporate bonds	1,946,452	8,225,978	4,429,123	-
Total	<u>\$ 4,158,353</u>	<u>\$ 11,826,747</u>	<u>\$ 7,524,516</u>	<u>\$ 4,912,100</u>

**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 bond market index mutual fund and pension money market mutual funds are not rated. The NRSRO rating for the City's pension debt investments at September 30, 2008 are summarized as follows:

	NRSRO Rating	Fair Value
Money market mutual funds and LGIP	AAAm	\$ 49,984,202
U.S. Government and Agency securities	AAA	13,820,163
Corporate bonds	AAA	1,576,402
Corporate bonds	AA	5,070,845
Corporate bonds	A	6,309,179
Corporate bonds	B	872,408
Corporate bonds	Not Rated	772,719
Total investments		<u>\$ 78,405,918</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, 2008 all investments were held in independent custodial safekeeping accounts, except mutual funds, the LGIP and money market mutual funds which are *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:** There was no exposure to foreign currency risk in the City's investments.

**Market Risk:** The value, liquidity, and related income of certain securities with contractual cash flows, such as asset backed securities, collateralized mortgage obligations, commercial mortgage backed securities and alternative

City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2008

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

investments or mutual funds investing in these securities or entities, are particularly sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

Due to the various risks associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

**4. Receivables**

Current receivables and the allowance for doubtful accounts at September 30, 2008 consist of the following:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Property Taxes Receivable:		
General Fund	\$ 1,049,653	\$ -
Stormwater Utility Fund	-	10,929
Accounts Receivable:		
General Fund	5,895,956	-
Capital Improvement	-	-
Water and Sewer	-	5,822,387
Non-Major Funds	38,774	456,535
Internal Service	111,946	-
Allowance for doubtful accounts	(4,064,262)	(499,675)
	<u>\$ 3,032,067</u>	<u>\$ 5,790,176</u>

**5. Notes Receivable**

Notes receivable at September 30, 2008 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).	\$ 276,432
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).	3,356,854
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.	31,500
Non-interest-bearing note receivable from CRC for the sale of land, payable in annual installments of \$30,000 through 2015.	210,000
Total General Fund	<u>3,874,786</u>



City of Delray Beach, Florida  
Notes to Financial Statements (continued)  
September 30, 2008

**5. Notes Receivable (continued)**

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.

	1,662,948
Total Governmental Activities	\$ 5,537,734

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 to the City on this note was \$276,432 at September 30, 2008 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 to the City on the \$3,840,000 loan amount at September 30, 2008 was \$3,356,854. The loan for \$768,000 was paid in full. At September 30, 2008, interest of \$918,233 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 note 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 \$1,370,503 at September 30, 2008, 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, 2008 are summarized as follows:

Community Development Fund:

Reimbursement for property rehabilitation at 135 NW 5 <sup>th</sup> Avenue	\$ 143,304
Reimbursement for West Settler's Program Income.	1,040
Total Due from Component Units	\$ 144,344

**8. Restricted Assets**

Restricted assets of the Enterprise funds at September 30, 2008 are summarized as follows:

City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2008

**8. Restricted Assets (continued)**

<b>Restricted Assets</b>	<b>Restricted for</b>			<b>Total</b>
	<b>Construction (Unspent Debt Proceeds)</b>	<b>Debt Service</b>	<b>Renewal and Replacement</b>	
Water and Sewer Fund:				
Cash and cash equivalents	\$ 5,049,189	\$ 5,271,085	\$ -	\$ 10,320,274
Investments			1,514,140	1,514,140
Non-Major Enterprise Funds				
Cash and cash equivalents	-	657,644	-	657,644
Total restricted assets	<u>\$ 5,049,189</u>	<u>\$ 5,928,729</u>	<u>\$ 1,514,140</u>	<u>\$ 12,492,058</u>

Restricted assets in the Enterprise funds result from revenue bond requirements to fund the current portions of principal and interest due, fund a renewal and replacement reserve and establish a reserve equal to the maximum principal and interest requirements in any fiscal year. In lieu of a reserve for the maximum principal and interest requirement, the City has purchased surety bonds to meet this reserve requirement. The reserve requirements as of September 30, 2008 have been met. Restricted resources are used first for expenses incurred for restricted purposes.

Restricted assets are not reported on the balance sheets of the governmental funds; however, cash and cash equivalents and other assets of the debt service fund (a non-major fund) are restricted for debt service in accordance with revenue bond requirements.

**9. Capital Assets**

The major components of capital assets for the City at September 30, 2008 are summarized as follows:

<b>Governmental Activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Non-depreciable Assets:				
Land	\$ 36,792,049	\$ 1,222,348	\$ (263,259)	\$ 37,751,138
Construction in Progress	20,700,512	6,616,135	(17,605,655)	9,710,992
Total Non-depreciable Assets	<u>57,492,561</u>	<u>7,838,483</u>	<u>(17,868,914)</u>	<u>47,462,130</u>
Depreciable Assets:				
Buildings	31,185,224	2,035,304	(125,423)	33,095,105
Improvements Other Than Buildings	73,905,926	30,180,289	(350,805)	103,735,410
Equipment	33,185,069	4,372,488	(2,140,713)	35,416,844
Total Depreciable Assets	<u>138,276,219</u>	<u>36,588,081</u>	<u>(2,616,941)</u>	<u>172,247,359</u>
Less Accumulated Depreciation for:				
Buildings	(10,793,900)	(1,024,497)	90,442	(11,727,955)
Improvements Other Than Buildings	(40,475,027)	(3,531,694)	160,412	(43,846,309)
Equipment	(19,686,162)	(3,329,291)	1,581,764	(21,433,689)
Total Accumulated Depreciation	<u>(70,955,089)</u>	<u>(7,885,482)</u>	<u>1,832,618</u>	<u>(77,007,953)</u>
Total Depreciable Assets, net	<u>67,321,130</u>	<u>28,702,599</u>	<u>(784,323)</u>	<u>95,239,406</u>
Governmental Activities Capital Assets, net	<u>\$ 124,813,691</u>	<u>\$ 36,541,082</u>	<u>\$(18,653,237)</u>	<u>\$ 142,701,536</u>

City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2008

**9. Capital Assets (continued)**

<b>Business-Type Activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Non-depreciable Assets:</b>				
Land	\$ 5,576,862	\$ -	\$ -	\$ 5,576,862
Construction in Progress	5,058,596	1,601,945	(3,493,730)	3,166,811
Total Non-depreciable Assets	10,635,458	1,601,945	(3,493,730)	8,743,673
<b>Depreciable Assets:</b>				
Buildings	10,604,088	2,986,966	-	13,591,054
Improvements Other Than Buildings	149,165,191	2,657,350	(64,444)	151,758,097
Equipment	12,866,983	668,187	(183,741)	13,351,429
Total Depreciable Assets	172,636,262	6,312,503	(248,185)	178,700,580
<b>Less Accumulated Depreciation for:</b>				
Buildings	(6,287,414)	(410,415)	-	(6,697,829)
Improvements Other Than Buildings	(64,828,474)	(3,055,907)	12,625	(67,871,756)
Equipment	(9,185,949)	(950,468)	173,250	(9,963,167)
Total Accumulated Depreciation	(80,301,837)	(4,416,790)	185,875	(84,532,752)
Total Depreciable Assets, net	92,334,425	1,895,713	(62,310)	94,167,828
Business-Type Activities				
Capital Assets, net	\$ 102,969,883	\$ 3,497,658	\$ (3,556,040)	\$ 102,911,501

Depreciation expense for the fiscal year ended September 30, 2008 was charged to functions/programs of the primary government as follows:

**Governmental Activities:**

General Government	\$ 1,111,312
Public Safety	1,062,067
Physical Environment	2,132,729
Parks and Recreation	2,103,737
Internal Service Funds	1,475,637

Total depreciation expense - Governmental Activities \$ 7,885,482

**Business-Type Activities:**

Water and Sewer	\$ 3,568,718
Municipal Golf Course	254,001
Lakeview Golf Course	101,511
City Marina	70,686
Sanitation	1,884
Stormwater Utility	419,990

Total depreciation expense - Business-Type Activities \$ 4,416,790

**Discretely Presented Component Unit**

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

City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2008

**9. Capital Assets (continued)**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Non-depreciable Assets:</b>				
Land and Land Improvements	\$ 20,463,034	\$ 1,644,846	\$ -	\$ 22,107,880
Construction in Progress	2,388,538	-	(2,388,538)	-
Total Non-depreciable Assets	22,851,572	1,644,846	(2,388,538)	22,107,880
<b>Depreciable Assets:</b>				
Buildings	420,666	2,388,538	-	2,809,204
Equipment, Furniture, and Fixtures	94,971	-	-	94,971
Total Depreciable Assets	515,637	2,388,538	-	2,904,175
<b>Less Accumulated Depreciation for:</b>				
Buildings	(108,464)	(101,445)	-	(209,909)
Equipment, Furniture, and Fixtures	(89,723)	(4,443)	-	(94,166)
Total Accumulated Depreciation	(198,187)	(105,888)	-	(304,075)
Total Depreciable Assets, net	317,450	2,282,650	-	2,600,100
Total Capital Assets, net	<u>\$ 23,169,022</u>	<u>\$ 3,927,496</u>	<u>\$ (2,388,538)</u>	<u>\$ 24,707,980</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 interlocal 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. 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, 2008 the City had a receivable of \$1,473,450 from the Board and a payable to the Board of \$2,357,002. For the year ended September 30, 2008 the City paid approximately \$9,600,000 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, 2008 is as follows:

<b>Net Assets</b>	
Current and other assets	\$ 14,120,293
Capital assets, net	57,404,269
Total assets	<u>\$ 71,524,562</u>

City of Delray Beach, Florida  
Notes to Financial Statements (continued)  
September 30, 2008

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

Current liabilities		\$ 10,662,330
Noncurrent liabilities		<u>136,593</u>
	Total liabilities	<u>\$ 10,798,923</u>
Net assets		<u>\$ 60,725,639</u>
<b>Change in Net Assets</b>		
Charges for services		\$ 5,968,364
Capital grants and contributions		<u>17,886,565</u>
	Total program revenues	23,854,929
Program expenses		<u>8,471,421</u>
	Net program revenues	15,383,508
General revenues		103,405
Transfers to joint venture participants		<u>(658,372)</u>
	Change in net assets	<u>\$ 14,828,541</u>

The City accounts for its investment in the Board as a joint venture recorded on the equity method of accounting. At September 30, 2008, the City's 50% equity interest in the net assets of the Board totaled \$30,362,820 and has been reported in the City's financial statements as Investment in Regional Plant (joint venture).

**11. Interfund Transactions**

Total interfund receivables/payables and transfers as of and for the year ended September 30, 2008 were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Major Governmental Funds</b>				
General Fund	\$ -	\$ 14,655,293	\$ 2,952,714	\$ 5,276,380
Capital Improvement	2,094,505	-	1,685,100	1,710,960
<b>Other Governmental Funds</b>				
Special Revenue Funds:				
Law Enforcement Trust	226,430	-	-	-
Developer Land Contribution	337,599	-	-	1,200
Community Development	-	25,110	177,640	-
SHIP	712,675	-	-	-
Beautification	825,349	-	835,140	-
Special Projects	1,649,297	-	65,890	-
Cemetery Perpetual Care	577,276	-	-	-
Debt Service Fund:				
Utilities Tax	477,869	-	2,586,640	57,774
Capital Projects Fund:				
Beach Restoration	686,615	-	-	-
2004 GO Bond	1,093,562	-	1,404,150	-
Total Governmental Funds	<u>8,681,177</u>	<u>14,680,403</u>	<u>9,707,274</u>	<u>7,046,314</u>

City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2008

**11. Interfund Transactions (continued)**

	<b>Due From Other Funds</b>	<b>Due To Other Funds</b>	<b>Transfers In</b>	<b>Transfers Out</b>
<b>Major Proprietary Fund</b>				
Water and Sewer Fund	\$ 882,191	\$ -	\$ 98,592	\$ 2,586,830
<b>Other Proprietary Funds</b>				
Municipal Golf Course	-	834,876	-	34,500
Lakeview Golf Course	-	441,120	200,000	22,500
City Marina	680,415	-	-	49,000
Sanitation Fund	996,275	-	-	181,130
Stormwater Utility	2,381,246	-	-	84,000
<b>Internal Service Funds</b>				
Insurance	1,979,357	-	-	1,592
Central Garage	355,738	-	-	-
Total Proprietary Funds	<u>7,275,222</u>	<u>1,275,996</u>	<u>298,592</u>	<u>2,959,552</u>
Total Primary Government	<u>\$ 15,956,399</u>	<u>\$ 15,956,399</u>	<u>\$ 10,005,866</u>	<u>\$ 10,005,866</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.

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, 2008, the City also made a one-time transfer from the General Construction Fund to Lakeview Golf Course Fund for \$200,000 to refurbish the golf course greens.

**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, 2008:

	<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	\$ 38,550,798	\$ 3,000,000	\$ (2,026,076)	\$39,524,722	\$ 2,118,949
General obligation bonds	33,980,000	-	(2,220,000)	31,760,000	2,295,000
Unamortized bond premium	1,400,888	-	(136,142)	1,264,746	136,142
Unamortized loss on bond refinancing	(613,422)	-	96,222	(517,200)	96,222
Total bonds payable	<u>73,318,264</u>	<u>3,000,000</u>	<u>(4,285,996)</u>	<u>72,032,268</u>	<u>4,646,313</u>

City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2008

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities:</b>					
Installment agreements	\$ 445,551	\$ -	\$ (297,469)	\$ 148,082	\$ 135,745
Compensated absences	7,646,748	210,591	(424,263)	7,433,076	502,308
Insurance claims payable	5,218,709	9,077,917	(8,480,638)	5,815,988	1,830,149
Total Governmental Activities Debt	<u>\$ 86,629,272</u>	<u>\$12,288,508</u>	<u>\$(13,488,366)</u>	<u>\$85,429,414</u>	<u>\$ 7,114,515</u>
<b>Business-Type Activities:</b>					
Revenue bonds	\$ 47,533,675	\$ -	\$ (4,878,922)	\$42,654,753	\$5,256,056
Unamortized bond premium	325,279	-	(211,017)	114,262	42,450
Unamortized loss on bond refinancing	(749,400)	-	323,013	(426,387)	174,475
Total bonds payable	47,109,554	-	(4,766,926)	42,342,628	5,472,981
Installment agreements	173,843	-	(61,640)	112,203	63,955
Compensated absences	751,091	70,947	(43,376)	778,662	44,586
Total Business-Type Activities Debt	<u>\$ 48,034,488</u>	<u>\$ 70,947</u>	<u>\$ (4,871,941)</u>	<u>\$43,233,493</u>	<u>\$5,581,522</u>

**Governmental Activities**

The principal and interest on revenue bonds and installment agreements 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. Governmental activities long-term debt, including current maturities, at September 30, 2008 consisted of the following:

**Revenue Bonds:**

- 5.245%, \$10,000,000 Revenue Bonds issued February 25, 2000 (Series 2000) \$ 4,194,361  
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. (\*)
- 3.50%, \$15,020,000 Utility Tax Revenue Bonds issued December 19, 2002 895,361  
(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. (\*)

City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2008

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

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. (*)	7,800,000
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
Variable, \$3,000,000 Revenue Bonds issued September 26, 2008 (Series 2008) with semi-annual interest payments due each June 1 and December 1 through June 2013. The variable rate (4.345% at September 30, 2008) is based on 30 Day LIBOR plus sixty-two and one half basis points (.625). The bonds were issued to provide interim financing, in part, for the Old School Square Parking Garage Project.	3,000,000
Total Revenue Bonds	39,524,722

**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, General Obligation Bonds, Series 1993A and Series 1993B.	\$ 9,370,000
3.50%-5.00%, \$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.	12,390,000
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	31,760,000
Unamortized bond premium	1,264,746
Unamortized loss on bond refunding	(517,200)
Total General Obligation Bonds, Net	32,507,546



City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2008

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

Long-term installment agreements for equipment:	
2.97% to 3.61%, installment purchase agreements maturing in 2010	148,082
Compensated absences payable	7,433,076
Insurance claims payable (See note 14)	<u>5,815,988</u>
Total Governmental Activities Long-Term Debt, including current portion	<u>\$ 85,429,414</u>

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

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 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 the 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.

Long-term installment agreements consist of several agreements with vendors for the purchase of equipment used in governmental activities. At September 30, 2008 the gross amount of the equipment held under these agreements was \$780,993 and the accumulated depreciation totaled \$614,411. 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, 2008 are as follows:

Fiscal year ending September 30:	
2009	\$ 136,791
2010	<u>13,416</u>
Total minimum payments	150,207
Less amount representing interest	<u>(2,125)</u>
Outstanding balance at September 30, 2008	<u>\$ 148,082</u>

*Pledged Governmental Revenues:* The City has pledged the future utilities service tax revenues of the City to repay the outstanding utility tax revenue bonds issued from 2002 through 2007 to finance various capital improvements. The utility tax bonds are payable solely from the utilities service tax revenues received by the City and are payable through 2032. Annual principal and interest payments on the bonds are expected to require less than 40 percent of utilities service tax revenues. Total principal and interest remaining to be paid on the utility tax revenue bonds is \$49,943,196 at September 30, 2008. Principal and interest paid and utility tax revenues received for the current year were \$3,117,485 and \$8,338,282, respectively.

The City has also pledged the future non ad-valorem revenues of the City to repay the outstanding Series 2000 and 2008 Revenue Bonds and the Series 2003 Revenue Refunding and Improvement Bonds issued from 2000 through 2008 to finance various capital improvements. The revenue bonds are payable solely from the non ad-valorem revenues received by the City and are payable through 2019. Annual principal and interest payments on the bonds

City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2008

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

are expected to require less than 5 percent of non ad-valorem revenues. Total principal and interest remaining to be paid on the revenue bonds is \$19,378,423 at September 30, 2008. Principal and interest paid and utility tax revenues received for the current year were \$1,388,932 and \$51,091,384, respectively.

*Legal Debt Margin:* 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.

***Business-Type Activities***

Business-type long-term debt, including current portion, as of September 30, 2008 consisted of the following:

**Revenue bonds:**

5.750% 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
4.60% 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. The bonds were issued to refund a portion of the Series 1991 bonds.	11,280,000
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. (*)	1,480,639
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. (*)	3,799,639
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).	560,000

City of Delray Beach, Florida  
Notes to Financial Statements (continued)  
September 30, 2008

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

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. (*)	440,000
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.	6,890,000
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.	2,230,000
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	42,654,753
Unamortized bond premium	114,262
Unamortized loss on bond refunding	(426,387)
Total Revenue Bonds, Net	42,342,628
Compensated absences payable	778,662
Long-term installment agreements for equipment: 3.61% to 3.77%, maturing in 2010	112,203
Total Business-Type Activities Long-Term Debt, including current portion	\$ 43,233,493

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

City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2008

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

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 requirements.
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, 2008 the gross amount of the equipment held under these agreements was \$248,960 and the accumulated depreciation totaled \$143,492. 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, 2008 are as follows:

Fiscal year ending September 30:	
2009	\$ 67,049
2010	43,350
2011	<u>5,904</u>
Total minimum payments	116,303
Less amount representing interest	<u>(4,100)</u>
Outstanding balance at September 30, 2008	<u><u>\$ 112,203</u></u>

*Pledged Utility Revenues:* The City has pledged the future net revenues (generally customer revenues, net of specified operating expenses) of the water and sewer utility to repay the outstanding water and sewer utility revenue bonds issued from 1993 through 2007 to finance improvements to the system. The water and sewer utility revenue bonds are payable solely from the utility net revenues and are payable through 2022. Annual principal and interest payments on the bonds are expected to require less than 45 percent of utility net revenues. Total principal and interest remaining to be paid on the water and sewer utility revenue bonds is \$50,146,953. Principal and interest paid and utility net revenues for the current year were \$5,590,372 and \$12,361,401, respectively.

*Interest Expense:* Total interest costs incurred on all City debt for the year ended September 30, 2008 were \$4,619,861 all of which was expensed.

*Defeased Bonds:* At September 30, 2008 there were no defeased bonds outstanding.

City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2008

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

*Debt Maturities:* The annual requirements to pay principal and interest to maturity on the bonds outstanding as of September 30, 2008 are as follows:

**Governmental Activities**

<b>Fiscal Year Ending September 30</b>	<b>Revenue Bonds</b>		<b>General Obligation Bonds</b>		<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
2009	\$ 2,118,949	\$ 1,897,598	\$ 2,295,000	\$ 1,292,978	\$ 7,604,525
2010	906,572	1,790,512	2,375,000	1,201,615	6,273,699
2011	940,982	1,752,045	2,485,000	1,091,540	6,269,567
2012	985,390	1,712,379	2,600,000	973,840	6,271,609
2013	4,028,145	1,669,866	2,720,000	849,827	9,267,838
2014-2018	5,856,161	6,874,549	7,665,000	3,196,677	23,592,387
2019-2023	7,025,840	5,482,899	9,460,000	1,473,317	23,442,056
2024-2028	8,855,330	3,573,312	2,160,000	45,589	14,634,231
2029-2033	8,807,353	1,127,783	-	-	9,935,136
<b>Total</b>	<b>\$ 39,524,722</b>	<b>\$ 25,880,943</b>	<b>\$ 31,760,000</b>	<b>\$ 10,125,383</b>	<b>\$ 107,291,048</b>

**Business-Type Activities**

<b>Fiscal Year Ending September 30</b>	<b>Revenue Bonds</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$ 5,256,051	\$ 1,476,109	\$ 6,732,160
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	3,000,061	3,812,141	6,812,202
2014-2018	11,764,290	9,272,782	21,037,072
2019-2023	8,199,160	924,391	9,123,551
2024-2028	374,670	151,188	525,858
2029-2033	372,647	47,717	420,364
<b>Total</b>	<b>\$ 42,654,753</b>	<b>\$ 22,156,861</b>	<b>\$ 64,811,614</b>

*Component Unit* - Changes in component unit long-term liabilities of the Delray Beach Community Redevelopment Agency (CRA) for the year ended September 30, 2008 were as follows:

	<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	\$ 16,715,000	\$ -	\$ (1,300,000)	\$ 15,415,000	\$ 1,365,000

City of Delray Beach, Florida  
Notes to Financial Statements (continued)  
September 30, 2008

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

The CRA outstanding Revenue Bonds at September 30, 2008 consist of the following:

4.80% Delray Beach Community Redevelopment Agency Tax Increment Redevelopment Revenue Bond (Series 1999A), maturity date September 1, 2019.	\$ 6,140,000
4.2982% Delray Beach Community Redevelopment Agency Tax Increment Redevelopment Revenue Bond (Series 2004A Tax Exempt), maturity date September 1, 2019.	7,915,000
5.9095% Delray Beach Community Redevelopment Agency Tax Increment Redevelopment Bonds (Series 2004B Taxable), maturity date September 1, 2016.	1,360,000
Total Revenue Bonds	\$ 15,415,000

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, 2008 are as follows:

<u>Fiscal Year Ending September 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,670,000	437,454	2,107,454
2014-2018	6,650,000	1,099,408	7,749,408
2019	1,190,000	52,704	1,242,704
Total	\$ 15,415,000	\$ 4,052,620	\$ 19,467,620

**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, 2008

**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, 2008

**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, 2007, 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	197	171
Terminated employees entitled to benefits but not receiving them	52	3
Vested current employees	269	120
Non-vested current employees	133	151

**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, 2008

**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, 2007	October 1, 2007
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	Actuarial Value of Assets
Actuarial assumptions:		
Investment rate of return	7.75%	8.4%
Projected salary increases*	5.0%	6.25%
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.

During the current fiscal year an actuarial experience study was performed for the Police and Firefighters' Retirement System which changed the asset valuation method from a five year smoothed market to Actuarial Value of Assets (AVA). With this change, the development of the Market Value of Assets (MVA) also changed resulting in the receivable for the City contribution for the fiscal year following the valuation date, to no longer be included in the MVA. Other actuarial assumptions changed, were investment return assumption from 8.5% to 8.4% and projected salary increases from 6% to 6.25%.

**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>			
2008	\$ 2,398,379	100%	\$ 0
2007	2,008,058	100	0
2006	2,011,383	100	0

City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2008

**13. Pension Plans (continued)**

<b>Police and Firefighters' Retirement System Fund</b>	<b>Annual Pension Cost</b>	<b>Percentage Contributed</b>	<b>Net Pension Obligation (Asset)</b>
2007	\$ 5,683,527	100%	\$ (65,861)
2006	5,298,352	100	(69,935)
2005	4,682,768	100	(74,206)

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 General Employees' Pension Fund does not issue a publicly available financial report. The financial statements for the General Employees' Pension Fund as of and for the year ended September 30, 2008 are as follows:

<b>Statement of Plan Net Assets</b>	
<b>ASSETS</b>	
Investments:	
Interest bearing investments	\$ 703,433
Equity securities	15,487,762
Mutual funds	53,669,565
Prepaid expenses	51,782
Employee contribution receivable	22,570
Interest and dividends receivable	<u>35,498</u>
Total assets	<u>69,970,610</u>
<b>LIABILITIES</b>	
Accounts payable	<u>23,382</u>
Total liabilities	<u>23,382</u>
<b>NET ASSETS</b> held in trust for pension benefits	<u><u>\$ 69,947,228</u></u>

City of Delray Beach, Florida  
Notes to Financial Statements (continued)  
September 30, 2008

**13. Pension Plans (continued)**

<b>Statement of Changes in Plan Net Assets</b>	
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 2,279,729
Plan members	574,125
Total contributions	<u>2,853,854</u>
Investment earnings (loss):	
Net depreciation in fair value of investments	(10,505,695)
Interest	12,923
Dividends	516,953
	<u>(9,975,819)</u>
Less investment expenses – custodian fees	297,002
Net investment loss	<u>(10,272,821)</u>
Other income	20,645
Total additions	<u>(7,398,322)</u>
<b>DEDUCTIONS</b>	
Benefits	2,966,353
Refunds of contributions	79,025
Other operating expenses	11,573
	<u>3,056,951</u>
Total deductions	<u>3,056,951</u>
Change in net assets	<u>(10,455,273)</u>
Net Assets at October 1, 2007	<u>80,402,501</u>
Net Assets at September 30, 2008	<u>\$ 69,947,228</u>

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.

**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, 2008 is summarized as follows:

Balance at October 1, 2007	\$ 465,622
Employer contributions	34,901
Employee contributions	44,560
Investment loss	(85,793)
Distributions	<u>(18,525)</u>
Balance at September 30, 2008	<u>\$ 440,765</u>

City of Delray Beach, Florida

Notes to Financial Statements (continued)

September 30, 2008

**13. Pension Plans (continued)**

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 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, 2007	\$ 560,032
Contributions	142,265
Investment loss	(54,299)
Service Fees	(2,504)
Distributions	<u>(45,663)</u>
Balance as of September 30, 2008	<u><u>\$ 599,831</u></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, 2008, contributions of \$13,043,665 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 \$5,815,988 (\$1,830,149 current and \$3,985,839 long-term) at September 30, 2008, which is an increase of \$597,279 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, 2006	\$ 3,942,628
Claims incurred	10,459,886
Claims paid	<u>(9,183,805)</u>
Balance at September 30, 2007	5,218,709
Claims incurred	9,077,917
Claims paid	<u>(8,480,638)</u>
Balance at September 30, 2008	<u><u>\$ 5,815,988</u></u>

City of Delray Beach, Florida  
Notes to Financial Statements (continued)  
September 30, 2008

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

The claims liability at September 30, 2008 and 2007 is summarized as follows:

	<b>2008</b>	<b>2007</b>
Current	\$ 1,830,149	\$ 1,821,493
Non-current	3,985,839	3,397,216
	\$ 5,815,988	\$ 5,218,709

The City is required by Florida Statute 112.0801 to allow retirees to buy healthcare coverage at the same *group insurance rates* that current employees are charged. Retirees electing health insurance coverage through the City's health insurance plan are required to pay 100% of the premium cost.

**15. Related Party Transactions**

The CRA is a component unit of the City of Delray Beach, Florida. For the year ended September 30, 2008 the CRA's tax increment revenues include \$8,702,275 received from the City. The CRA paid the City approximately \$1,160,000 for contractual services provided by the City in connection with various administrative and redevelopment activities of the CRA for the year ended September 30, 2008.

**16. Expenditures in Excess of Appropriations**

For the year ended September 30, 2008 expenditures exceeded the budgeted appropriations for the following General Fund departments.

Public Safety	
Code compliance	\$ 37,571
Physical Environment	
Parking facilities	12,533
Public works - traffic operations	6,719
Public works - street lighting	7,537
Public works - street maintenance	20,229

The excess expenditures were offset by savings in other City departments.

**17. 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, 2008 are as follows:

Capital Project funds	\$ 2,950,652
Water and Sewer Fund	5,691,766
	\$ 8,642,418

City of Delray Beach, Florida  
Notes to Financial Statements (continued)  
September 30, 2008

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

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 project funds 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.

**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.

## Required Supplementary Information

CITY OF DELRAY BEACH, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 For the Fiscal Year Ended September 30, 2008

	<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	\$ 70,981,200	\$ 65,190,250	\$ 65,006,671	\$ (183,579)
Licenses and permits	4,655,170	10,109,170	9,693,973	(415,197)
Intergovernmental	7,862,470	7,296,675	7,145,503	(151,172)
Charges for services	7,213,640	7,009,770	7,539,234	529,464
Fines and forfeitures	1,002,700	844,400	411,217	(433,183)
Miscellaneous	5,954,570	14,513,206	5,323,753	(9,189,453)
Total Revenues	<u>97,669,750</u>	<u>104,963,471</u>	<u>95,120,351</u>	<u>(9,843,120)</u>
<b>EXPENDITURES</b>				
Current:				
General government	18,670,990	27,707,364	19,057,137	8,650,227
Public safety	54,925,290	55,190,818	52,980,938	2,209,880
Physical environment	3,763,290	4,185,883	4,222,909	(37,026)
Parks and recreation	12,524,520	12,264,911	11,753,920	510,991
Debt service:				
Principal retirement	3,157,640	3,157,640	3,081,851	75,789
Interest and fiscal charges	2,177,440	1,974,440	2,007,950	(33,510)
Total Expenditures	<u>95,219,170</u>	<u>104,481,056</u>	<u>93,104,705</u>	<u>11,376,351</u>
Excess of Revenues Over Expenditures	2,450,580	482,415	2,015,646	1,533,231
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,889,940	2,939,940	2,952,714	12,774
Transfers out	(6,165,520)	(5,276,380)	(5,276,380)	-
Total Other Financing Sources (Uses)	<u>(3,275,580)</u>	<u>(2,336,440)</u>	<u>(2,323,666)</u>	<u>12,774</u>
Net change in fund balance	<u>\$ (825,000)</u>	<u>\$ (1,854,025)</u>	<u>(308,020)</u>	<u>\$ 1,546,005</u>
Fund balance - October 1, 2007			23,386,175	
Difference between GAAP and budgetary basis			<u>(155,479)</u>	
Fund balance - September 30, 2008			<u>\$ 22,922,676</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, 2008

**1. Budgetary Accounting**

An appropriated budget has been legally adopted for the General Fund on the same modified-accrual basis used to reflect revenues 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. The City Commission approved budget amendments totaling \$8,372,746 during the year ended September 30, 2008, which increased the original General Fund appropriations (expenditures and transfers out) from \$101,384,690 to a revised total of \$109,757,436.

**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:

	<b>Revenues</b>	<b>Expenditures</b>
Current year encumbrances outstanding at year end	\$ -	\$ 252,715
Prior year encumbrances paid in the current year	-	(408,194)
Net encumbered expenditures	-	(155,479)
On-behalf payments for pension benefits	(1,920,394)	(1,920,394)
Proceeds from sale of capital assets	2,590	-
Net differences - GAAP and budgetary basis	(1,917,804)	(2,075,873)
GAAP basis	97,038,155	95,180,578
Budgetary basis	\$ 95,120,351	\$ 93,104,705

City of Delray Beach, Florida

Required Supplementary Information—  
Schedule of Pension Funding Progress

September 30, 2008

**Police and Firefighters' Retirement System Fund**

<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>
10/1/1998	\$ 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
10/1/2007	120,659,009	154,278,004	33,618,995	78.2	16,893,879	199.0

**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, 2008

**General Employees' Pension Fund**

<b>Fiscal Year Ended September 30,</b>	<b>Annual Required Employer Contribution</b>	<b>Percentage Contribution</b>
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
2008	2,279,729	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>
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
2008	N/A	N/A	N/A	N/A

Note: During the current fiscal year, the asset valuation method was changed to Actuarial Value of Assets (AVA) from a five year smoothed market. With this change, the development of the Market Value of Assets (MVA) also changed resulting in the receivable for the City contribution for the fiscal year following the valuation date, to no longer be included in the MVA.

N/A - Most recent actuarial valuation was for the year ended September 30, 2007. Information not available for 2008.

# 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.

## 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 funds used by the City are as follows:

*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 and subsequent financing.

*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, 2008

	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	2004 GO Bond	Beach Restoration	
	<b>ASSETS</b>											
Cash and cash equivalents	\$ -	\$ -	\$ 864	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 356,098	\$ -	\$ -	\$ 356,962
Accounts receivable, net	-	-	3,600	-	-	-	5,246	29,928	-	-	-	38,774
Notes receivable	-	-	803,892	859,056	-	-	-	-	-	-	-	1,662,948
Due from other governments	-	-	248,201	-	-	-	105,467	-	-	20,000	80,189	453,857
Due from other funds	226,430	337,599	-	712,675	-	825,349	1,649,297	577,276	477,869	1,093,562	686,615	6,586,672
Prepaid items	750	-	885	167	-	-	200	-	-	-	1,000	3,002
Due from component units	-	-	144,344	-	-	-	-	-	-	-	-	144,344
Total Assets	<u>\$ 227,180</u>	<u>\$ 337,599</u>	<u>\$ 1,201,786</u>	<u>\$ 1,571,898</u>	<u>\$ -</u>	<u>\$ 825,349</u>	<u>\$ 1,760,210</u>	<u>\$ 607,204</u>	<u>\$ 833,967</u>	<u>\$ 1,113,562</u>	<u>\$ 767,804</u>	<u>\$ 9,246,559</u>
<b>LIABILITIES AND FUND BALANCES</b>												
<b>LIABILITIES</b>												
Accounts payable and accrued items	\$ -	\$ 16,224	\$ 285,196	\$ 2,407	\$ -	\$ 17,655	\$ 34,005	\$ -	\$ -	\$ 62,663	\$ 593	\$ 418,743
Due to other funds	-	-	25,110	-	-	-	-	-	-	-	-	25,110
Deferred revenue	-	-	812,795	1,569,491	-	-	25	-	-	-	-	2,382,311
Due to component unit	-	-	-	-	-	-	150,000	-	-	-	-	150,000
Total Liabilities	<u>-</u>	<u>16,224</u>	<u>1,123,101</u>	<u>1,571,898</u>	<u>-</u>	<u>17,655</u>	<u>184,030</u>	<u>-</u>	<u>-</u>	<u>62,663</u>	<u>593</u>	<u>2,976,164</u>
<b>FUND BALANCES</b>												
Reserved for:												
Prepaid items	750	-	885	167	-	-	200	-	-	-	1,000	3,002
Debt Service	-	-	-	-	-	-	-	-	833,967	-	-	833,967
Specific purposes	226,430	-	-	-	-	-	-	-	-	-	-	226,430
Unreserved, reported in:												
Capital Projects Funds	-	-	-	-	-	-	-	-	-	1,050,899	766,211	1,817,110
Special Revenue Funds	-	321,375	77,800	(167)	-	807,694	1,575,980	607,204	-	-	-	3,389,886
Total Fund Balances	<u>227,180</u>	<u>321,375</u>	<u>78,685</u>	<u>-</u>	<u>-</u>	<u>807,694</u>	<u>1,576,180</u>	<u>607,204</u>	<u>833,967</u>	<u>1,050,899</u>	<u>767,211</u>	<u>6,270,395</u>
Total Liabilities and Fund Balances	<u>\$ 227,180</u>	<u>\$ 337,599</u>	<u>\$ 1,201,786</u>	<u>\$ 1,571,898</u>	<u>\$ -</u>	<u>\$ 825,349</u>	<u>\$ 1,760,210</u>	<u>\$ 607,204</u>	<u>\$ 833,967</u>	<u>\$ 1,113,562</u>	<u>\$ 767,804</u>	<u>\$ 9,246,559</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, 2008

	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	2004 GO Bond	Beach Restoration	
	<b>REVENUES</b>											
Intergovernmental	\$ -	\$ -	\$ 2,534,889	\$ 918,792	\$ 322,607	\$ -	\$ 235,393	\$ -	\$ -	\$ 548,443	\$ 80,189	\$ 4,640,313
Charges for services	-	-	-	-	-	-	427,868	18,871	-	-	-	446,739
Fines and forfeitures	175,163	-	-	-	-	-	77,964	-	-	-	-	253,127
Miscellaneous	1,864	160,407	-	-	-	12,879	131,415	92,988	57,774	9,557	30,360	497,244
Total Revenues	<u>177,027</u>	<u>160,407</u>	<u>2,534,889</u>	<u>918,792</u>	<u>322,607</u>	<u>12,879</u>	<u>872,640</u>	<u>111,859</u>	<u>57,774</u>	<u>558,000</u>	<u>110,549</u>	<u>5,837,423</u>
<b>EXPENDITURES</b>												
Current:												
General government	-	-	2,668,836	918,792	322,607	-	244,120	-	-	-	-	4,154,355
Public safety	42,098	-	-	-	-	-	246,387	-	-	-	-	288,485
Physical environment	-	-	-	-	-	1,028,193	3,000	-	-	-	-	1,031,193
Parks and recreation	-	-	-	-	-	-	107,583	-	-	1,477	120,712	229,772
Capital outlay	-	165,198	46,611	-	-	64,594	202,298	-	-	5,524,161	-	6,002,862
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	1,461,694	-	-	1,461,694
Interest and fiscal charges	-	-	-	-	-	-	-	-	979,160	-	-	979,160
Bond issuance costs	-	-	-	-	-	-	-	-	-	25,365	-	25,365
Total Expenditures	<u>42,098</u>	<u>165,198</u>	<u>2,715,447</u>	<u>918,792</u>	<u>322,607</u>	<u>1,092,787</u>	<u>803,388</u>	<u>-</u>	<u>2,440,854</u>	<u>5,551,003</u>	<u>120,712</u>	<u>14,172,886</u>
Excess of revenues over (under) expenditures	134,929	(4,791)	(180,558)	-	-	(1,079,908)	69,252	111,859	(2,383,080)	(4,993,003)	(10,163)	(8,335,463)
<b>OTHER FINANCING SOURCES (USES)</b>												
Revenue bonds issued	-	-	-	-	-	-	-	-	-	3,000,000	-	3,000,000
Transfers in	-	-	177,640	-	-	835,140	65,890	-	2,586,640	1,404,150	-	5,069,460
Transfers out	-	(1,200)	-	-	-	-	-	-	(57,774)	-	-	(58,974)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,200)</u>	<u>177,640</u>	<u>-</u>	<u>-</u>	<u>835,140</u>	<u>65,890</u>	<u>-</u>	<u>2,528,866</u>	<u>4,404,150</u>	<u>-</u>	<u>8,010,486</u>
Net change in fund balance	134,929	(5,991)	(2,918)	-	-	(244,768)	135,142	111,859	145,786	(588,853)	(10,163)	(324,977)
Fund balances - October 1, 2007	92,251	327,366	81,603	-	-	1,052,462	1,441,038	495,345	688,181	1,639,752	777,374	6,595,372
Fund balances - September 30, 2008	<u>\$ 227,180</u>	<u>\$ 321,375</u>	<u>\$ 78,685</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 807,694</u>	<u>\$ 1,576,180</u>	<u>\$ 607,204</u>	<u>\$ 833,967</u>	<u>\$ 1,050,899</u>	<u>\$ 767,211</u>	<u>\$ 6,270,395</u>

# 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, 2008

	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	\$ 13,753	\$ 1,018	\$ -	\$ -	\$ -	\$ 14,771
Accounts receivable, net	966	8	-	455,561	-	456,535
Due from other funds	-	-	680,415	996,275	2,381,246	4,057,936
Inventory	94,701	2,931	-	-	-	97,632
Prepaid expenses	71,549	21,595	-	-	97,742	190,886
Restricted assets						
Cash and cash equivalents	375,565	227,017	-	-	55,062	657,644
Total Current Assets	<u>556,534</u>	<u>252,569</u>	<u>680,415</u>	<u>1,451,836</u>	<u>2,534,050</u>	<u>5,475,404</u>
<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	899,663	1,137,419	11,958	11,388,031	14,708,691
Equipment	1,569,293	387,617	31,242	28,005	810,529	2,826,686
Construction in progress	-	-	7,500	-	51,972	59,472
Accumulated depreciation	(2,608,869)	(589,251)	(835,587)	(33,595)	(4,170,982)	(8,238,284)
Other asset						
Bond issue costs, net	41,925	25,674	-	-	-	67,599
Total Noncurrent Assets	<u>4,014,116</u>	<u>2,828,315</u>	<u>383,414</u>	<u>6,368</u>	<u>11,256,125</u>	<u>18,488,338</u>
Total Assets	<u>4,570,650</u>	<u>3,080,884</u>	<u>1,063,829</u>	<u>1,458,204</u>	<u>13,790,175</u>	<u>23,963,742</u>
<b>LIABILITIES</b>						
<b>Current Liabilities:</b>						
Accounts payable and accrued expenses	71,472	3,636	72	507,401	12,119	594,700
Unearned revenue	-	-	17,592	-	-	17,592
Current maturities of installment agreements	33,240	30,715	-	-	-	63,955
Due to other funds	834,876	441,120	-	-	-	1,275,996
Refundable deposits	72,980	-	15,948	-	-	88,928
	<u>1,012,568</u>	<u>475,471</u>	<u>33,612</u>	<u>507,401</u>	<u>12,119</u>	<u>2,041,171</u>
<b>Current Liabilities Payable from Restricted Assets:</b>						
Accrued interest on long-term debt	19,210	8,727	-	-	24,442	52,379
Current maturities of revenue bonds	356,355	218,290	-	-	30,620	605,265
	<u>375,565</u>	<u>227,017</u>	<u>-</u>	<u>-</u>	<u>55,062</u>	<u>657,644</u>
Total Current Liabilities	<u>1,388,133</u>	<u>702,488</u>	<u>33,612</u>	<u>507,401</u>	<u>67,181</u>	<u>2,698,815</u>
<b>Noncurrent Liabilities:</b>						
Long-term portion of compensated absences payable	-	-	-	17,941	24,882	42,823
Revenue bonds payable, net	2,326,847	1,152,032	-	-	1,416,461	4,895,340
Installment agreements	40,395	7,853	-	-	-	48,248
Total Noncurrent Liabilities	<u>2,367,242</u>	<u>1,159,885</u>	<u>-</u>	<u>17,941</u>	<u>1,441,343</u>	<u>4,986,411</u>
Total Liabilities	<u>3,755,375</u>	<u>1,862,373</u>	<u>33,612</u>	<u>525,342</u>	<u>1,508,524</u>	<u>7,685,226</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	1,215,354	1,393,751	383,414	6,368	9,809,044	12,807,931
Restricted for debt service	356,355	218,290	-	-	30,620	605,265
Unrestricted	(756,434)	(393,530)	646,803	926,494	2,441,987	2,865,320
Total Net Assets	<u>\$ 815,275</u>	<u>\$ 1,218,511</u>	<u>\$ 1,030,217</u>	<u>\$ 932,862</u>	<u>\$ 12,281,651</u>	<u>\$ 16,278,516</u>

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, 2008

	Municipal Golf Course	Lakeview Golf Course	City Marina	Sanitation	Stormwater Utility	Total Non-Major Enterprise Funds
<b>OPERATING REVENUES</b>						
Charges for services	\$ 3,459,044	\$ 681,561	\$ 208,598	\$ 3,383,499	\$ 2,090,146	\$ 9,822,848
Other operating revenue	22,129	5,410	806	298,742	17,509	344,596
Total Operating Revenues	<u>3,481,173</u>	<u>686,971</u>	<u>209,404</u>	<u>3,682,241</u>	<u>2,107,655</u>	<u>10,167,444</u>
<b>OPERATING EXPENSES</b>						
Personal services	-	-	-	216,146	352,935	569,081
Other operating expenses	2,921,830	539,800	50,318	3,258,633	639,000	7,409,581
Depreciation	254,001	101,511	70,686	1,884	419,990	848,072
Total Operating Expenses	<u>3,175,831</u>	<u>641,311</u>	<u>121,004</u>	<u>3,476,663</u>	<u>1,411,925</u>	<u>8,826,734</u>
Operating Income	305,342	45,660	88,400	205,578	695,730	1,340,710
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest revenue	1,345	83	7,847	13,201	48,602	71,078
Rent revenue	21,840	-	78	118,508	-	140,426
Interest expense	(86,529)	(37,274)	-	-	(75,028)	(198,831)
Loss on disposal of equipment	(3,118)	(26,197)	-	-	-	(29,315)
Total Nonoperating Revenues (Expenses)	<u>(66,462)</u>	<u>(63,388)</u>	<u>7,925</u>	<u>131,709</u>	<u>(26,426)</u>	<u>(16,642)</u>
Income (Loss) Before Capital Contributions and Transfers	238,880	(17,728)	96,325	337,287	669,304	1,324,068
Capital Contributions	-	-	-	-	20,000	20,000
Transfers in	-	200,000	-	-	-	200,000
Transfers out	(34,500)	(22,500)	(49,000)	(181,130)	(84,000)	(371,130)
Change In Net Assets	204,380	159,772	47,325	156,157	605,304	1,172,938
Net Assets - October 1, 2007	610,895	1,058,739	982,892	776,705	11,676,347	15,105,578
Net Assets - September 30, 2008	<u>\$ 815,275</u>	<u>\$ 1,218,511</u>	<u>\$ 1,030,217</u>	<u>\$ 932,862</u>	<u>\$ 12,281,651</u>	<u>\$ 16,278,516</u>

CITY OF DELRAY BEACH, FLORIDA  
 COMBINING STATEMENT OF CASH FLOWS  
 NON-MAJOR ENTERPRISE FUNDS  
 For the Fiscal Year Ended September 30, 2008

	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	\$ 3,478,334	\$ 687,025	\$ 221,104	\$ 3,507,180	\$ (186,675)	\$ 7,706,968
Receipts from others	21,840	-	78	118,508	-	140,426
Payments to suppliers	(2,979,376)	(390,599)	(180,029)	(3,239,436)	(639,902)	(7,429,342)
Payments to employees	-	-	-	(215,030)	(351,464)	(566,494)
Net cash provided by (used in) operating activities	<u>520,798</u>	<u>296,426</u>	<u>41,153</u>	<u>171,222</u>	<u>(1,178,041)</u>	<u>(148,442)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers from other funds	-	200,000	-	-	-	200,000
Transfers to other funds	(34,500)	(22,500)	(49,000)	(181,130)	(84,000)	(371,130)
Net cash provided by (used in) noncapital financing activities	<u>(34,500)</u>	<u>177,500</u>	<u>(49,000)</u>	<u>(181,130)</u>	<u>(84,000)</u>	<u>(171,130)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition and construction of capital assets	(65,047)	(201,941)	-	(3,293)	(644,775)	(915,056)
Principal paid on capital debt	(387,288)	(252,659)	-	-	(28,872)	(668,819)
Interest paid on capital debt	(62,717)	(28,967)	-	-	(58,907)	(150,591)
Net cash used in capital and related financing activities	<u>(515,052)</u>	<u>(483,567)</u>	<u>-</u>	<u>(3,293)</u>	<u>(732,554)</u>	<u>(1,734,466)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>						
Interest received	1,345	83	7,847	13,201	48,602	71,078
Net cash provided by investing activity	<u>1,345</u>	<u>83</u>	<u>7,847</u>	<u>13,201</u>	<u>48,602</u>	<u>71,078</u>
Net change in cash and cash equivalents	(27,409)	(9,558)	-	-	(1,945,993)	(1,982,960)
Cash and cash equivalents - October 1, 2007	416,727	237,593	-	-	2,001,055	2,655,375
Cash and cash equivalents - September 30, 2008	<u>\$ 389,318</u>	<u>\$ 228,035</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,062</u>	<u>\$ 672,415</u>
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>						
Operating income	\$ 305,342	\$ 45,660	\$ 88,400	\$ 205,578	\$ 695,730	\$ 1,340,710
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Depreciation expense	254,001	101,511	70,686	1,884	419,990	848,072
Provision for doubtful accounts	-	-	-	-	8,401	8,401
Miscellaneous revenue	21,840	-	78	118,508	-	140,426
Change in assets and liabilities:						
Accounts receivable	2,691	54	-	(175,061)	51,599	(120,717)
Inventory	(14,783)	4,474	-	-	-	(10,309)
Prepaid expenses	9,137	1,425	-	-	(894)	9,668
Accounts payable and accrued expenses	(7,169)	(4,438)	(7,374)	313,180	(8)	294,191
Unearned revenue	-	-	6,074	-	-	6,074
Compensated absences payable	-	-	-	1,116	1,471	2,587
Due to other funds	(44,731)	147,740	(122,337)	(293,983)	(2,354,330)	(2,667,641)
Refundable deposits	(5,530)	-	5,626	-	-	96
Total adjustments	<u>215,456</u>	<u>250,766</u>	<u>(47,247)</u>	<u>(34,356)</u>	<u>(1,873,771)</u>	<u>(1,489,152)</u>
Net cash provided by (used in) operating activities	<u>\$ 520,798</u>	<u>\$ 296,426</u>	<u>\$ 41,153</u>	<u>\$ 171,222</u>	<u>\$ (1,178,041)</u>	<u>\$ (148,442)</u>
Non-cash capital and related financing activities						
Amortization of bond premiums	\$ (6,099)	\$ (3,735)	\$ -	\$ -	\$ -	\$ (9,834)
Amortization of debt issue costs	\$ 5,410	\$ 3,312	\$ -	\$ -	\$ -	\$ 8,722
Amortization of deferred loss on refundings	\$ 24,849	\$ 9,000	\$ -	\$ -	\$ -	\$ 33,849
Capital contributions	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ 20,000

# 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, 2008

	<u>Insurance</u>	<u>Central Garage</u>	<u>Total Internal Service Funds</u>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 214,610	\$ 100	\$ 214,710
Investments	5,028,973	-	5,028,973
Accounts receivable, net	111,946	-	111,946
Due from other funds	1,979,357	355,738	2,335,095
Inventory	-	73,493	73,493
Prepaid expenses	1,364,001	1,176	1,365,177
Total Current Assets	<u>8,698,887</u>	<u>430,507</u>	<u>9,129,394</u>
<b>Noncurrent Assets:</b>			
Property, land and equipment			
Buildings	-	909	909
Equipment	20,989	17,435,195	17,456,184
Accumulated depreciation	(16,211)	(9,585,782)	(9,601,993)
Total Noncurrent Assets	<u>4,778</u>	<u>7,850,322</u>	<u>7,855,100</u>
Total Assets	8,703,665	8,280,829	16,984,494
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued expenses	964,987	134,287	1,099,274
Compensated absences payable	1,737	3,438	5,175
Insurance claims payable	1,830,149	-	1,830,149
Total Current Liabilities	<u>2,796,873</u>	<u>137,725</u>	<u>2,934,598</u>
<b>Noncurrent Liabilities:</b>			
Long-term portion of compensated absences payable	37,532	45,394	82,926
Long-term portion of insurance claims payable	3,985,839	-	3,985,839
Total Noncurrent Liabilities	<u>4,023,371</u>	<u>45,394</u>	<u>4,068,765</u>
Total Liabilities	6,820,244	183,119	7,003,363
<b>NET ASSETS</b>			
Invested in capital assets	4,778	7,850,322	7,855,100
Unrestricted	1,878,643	247,388	2,126,031
Total Net Assets	<u>\$ 1,883,421</u>	<u>\$ 8,097,710</u>	<u>\$ 9,981,131</u>

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, 2008

	<b>Insurance</b>	<b>Central Garage</b>	<b>Total Internal Service Funds</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 13,043,665	\$ 2,830,189	\$ 15,873,854
Other operating revenue	353,379	1,674,983	2,028,362
Total Operating Revenues	<u>13,397,044</u>	<u>4,505,172</u>	<u>17,902,216</u>
<b>OPERATING EXPENSES</b>			
Personal services	323,618	807,449	1,131,067
Other operating expenses	13,975,630	2,310,426	16,286,056
Depreciation	1,549	1,474,088	1,475,637
Total Operating Expenses	<u>14,300,797</u>	<u>4,591,963</u>	<u>18,892,760</u>
Operating Loss	(903,753)	(86,791)	(990,544)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest revenue	139,853	9,622	149,475
Insurance recoveries	5,699	51,119	56,818
Loss on disposal of equipment	-	(65,803)	(65,803)
Total Nonoperating Revenues (Expenses)	<u>145,552</u>	<u>(5,062)</u>	<u>140,490</u>
Loss Before Capital Contributions and Transfers	(758,201)	(91,853)	(850,054)
Capital contributions	-	336,507	336,507
Transfers out	(1,592)	-	(1,592)
Change In Net Assets	(759,793)	244,654	(515,139)
Net Assets - October 1, 2007	2,643,214	7,853,056	10,496,270
Net Assets - September 30, 2008	<u>\$ 1,883,421</u>	<u>\$ 8,097,710</u>	<u>\$ 9,981,131</u>

CITY OF DELRAY BEACH, FLORIDA  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 For the Fiscal Year Ended September 30, 2008

	<b>Insurance</b>	<b>Central Garage</b>	<b>Total Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 13,828,245	\$ 4,768,878	\$ 18,597,123
Receipts from others	5,699	51,119	56,818
Payments to suppliers	(13,631,376)	(2,243,559)	(15,874,935)
Payments to employees	(317,135)	(803,172)	(1,120,307)
Net cash provided by (used in) operating activities	(114,567)	1,773,266	1,658,699
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITY</b>			
Transfers to other funds	(1,592)	-	(1,592)
Net cash used in noncapital financing activity	(1,592)	-	(1,592)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	-	(1,782,888)	(1,782,888)
Proceeds from the sale of capital assets	301	-	301
Net cash provided by (used in) capital and related financing activities	301	(1,782,888)	(1,782,587)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of investments	(5,028,973)	-	(5,028,973)
Interest received	139,853	9,622	149,475
Net cash provided by (used in) investing activities	(4,889,120)	9,622	(4,879,498)
Net change in cash and cash equivalents	(5,004,978)	-	(5,004,978)
Cash and cash equivalents - October 1, 2007	5,219,588	100	5,219,688
Cash and cash equivalents - September 30, 2008	\$ 214,610	\$ 100	\$ 214,710
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities:</b>			
Operating loss	\$ (903,753)	\$ (86,791)	\$ (990,544)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation expense	1,549	1,474,088	1,475,637
Miscellaneous revenue	5,699	51,119	56,818
Change in assets and liabilities:			
Accounts receivable	113,588	-	113,588
Inventory	-	(19,957)	(19,957)
Prepaid expenses	(260,843)	(1,176)	(262,019)
Accounts payable and accrued expenses	7,818	88,000	95,818
Due to other funds	317,613	263,706	581,319
Compensated absences payable	6,483	4,277	10,760
Insurance claims payable	597,279	-	597,279
Total adjustments	789,186	1,860,057	2,649,243
Net cash provided by (used in) operating activities	\$ (114,567)	\$ 1,773,266	\$ 1,658,699
<b>NON-CASH CAPITAL AND RELATED FINANCING ACTIVITY</b>			
Equipment contributed from governmental capital assets	\$ -	\$ 336,507	\$ 336,507

# 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, 2008

	<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	\$ -	\$ 7,006,992	\$ 7,006,992
Investments:			
Bonds and other interest bearing investments	703,433	28,421,716	29,125,149
Equity securities	15,487,762	54,731,821	70,219,583
Mutual funds	53,669,565	7,905,691	61,575,256
Other	-	9,766,187	9,766,187
Due from broker for securities sold	-	1,758,616	1,758,616
Employee contributions receivable	22,570	40,241	62,811
Due from other governments	-	176,551	176,551
Prepaid expenses	51,782	185,676	237,458
Interest and dividends receivable	35,498	446,698	482,196
Total Assets	69,970,610	110,440,189	180,410,799
<b>LIABILITIES</b>			
Accounts payable	23,382	253,460	276,842
Due to broker for securities purchased	-	1,409,783	1,409,783
State monies held in reserve	-	1,290,529	1,290,529
Deferred retirement option plan payable	-	8,111,896	8,111,896
Total Liabilities	23,382	11,065,668	11,089,050
<b>NET ASSETS</b>			
Held in trust for pension benefits	\$ 69,947,228	\$ 99,374,521	\$ 169,321,749

CITY OF DELRAY BEACH, FLORIDA  
 COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS  
 PENSION TRUST FUNDS  
 For the Fiscal Year Ended September 30, 2008

	<b>General Employees' Pension</b>	<b>Police and Firefighters' Retirement System</b>	<b>Total Pension Trust Funds</b>
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 2,279,729	\$ 5,608,475	\$ 7,888,204
State	-	1,696,312	1,696,312
Plan members	574,125	1,065,806	1,639,931
Total contributions	2,853,854	8,370,593	11,224,447
Investment earnings (loss)			
Net depreciation in fair value of investments	(10,505,695)	(24,545,384)	(35,051,079)
Interest and dividends	529,876	4,011,472	4,541,348
	(9,975,819)	(20,533,912)	(30,509,731)
Less investment expenses - custodian fees	297,002	661,653	958,655
Net investment loss	(10,272,821)	(21,195,565)	(31,468,386)
Other income	20,645	-	20,645
Total additions	(7,398,322)	(12,824,972)	(20,223,294)
<b>DEDUCTIONS</b>			
Benefits	2,966,353	7,080,717	10,047,070
Refunds of contributions	79,025	23,049	102,074
Other operating expenses	11,573	289,042	300,615
Total deductions	3,056,951	7,392,808	10,449,759
Change In Net Assets	(10,455,273)	(20,217,780)	(30,673,053)
Net Assets - September 30, 2007	80,402,501	119,592,301	199,994,802
Net Assets - September 30, 2008	\$ 69,947,228	\$ 99,374,521	\$ 169,321,749

## 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, 2008			Fiscal Year Ended September 30, 2007		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>Revenue:</b>						
<b>Taxes:</b>						
Ad valorem	\$ 55,281,000	\$ 55,302,837	\$ 21,837	\$ 59,164,660	\$ 59,091,002	\$ (73,658)
Sales and use	1,452,000	1,365,552	(86,448)	1,500,000	1,438,613	(61,387)
Utility	4,557,250	4,374,797	(182,453)	4,475,000	4,349,336	(125,664)
Communications Services Tax	3,900,000	3,963,485	63,485	3,800,000	3,873,608	73,608
<b>Total taxes</b>	<b>65,190,250</b>	<b>65,006,671</b>	<b>(183,579)</b>	<b>68,939,660</b>	<b>68,752,559</b>	<b>(187,101)</b>
<b>Licenses and permits:</b>						
Professional and occupational licenses	767,000	752,238	(14,762)	757,000	746,133	(10,867)
Building permits	2,867,000	2,631,683	(235,317)	2,543,000	2,724,654	181,654
Franchise fees	5,451,270	5,247,442	(203,828)	5,558,250	5,257,560	(300,690)
Miscellaneous	1,023,900	1,062,610	38,710	849,900	852,137	2,237
License fee	-	-	-	2,160	2,155	(5)
<b>Total licenses and permits</b>	<b>10,109,170</b>	<b>9,693,973</b>	<b>(415,197)</b>	<b>9,710,310</b>	<b>9,582,639</b>	<b>(127,671)</b>
<b>Intergovernmental:</b>						
<b>Federal shared revenue:</b>						
Homeland Security Grant	-	-	-	2,114	2,628	514
FEMA Mutual Aid	48,050	48,045	(5)	448,000	547,284	99,284
Forestry Grant	20,551	20,552	1	127,003	105,532	(21,471)
Hazmat Sustainment	15,926	2,169	(13,757)	-	22,486	22,486
Emergency Relief Program	3,763	3,763	-	3,763	-	(3,763)
Highway Safety Fund Grant	58,000	55,312	(2,688)	-	-	-
<b>Total federal shared revenue</b>	<b>146,290</b>	<b>129,841</b>	<b>(16,449)</b>	<b>580,880</b>	<b>677,930</b>	<b>97,050</b>
<b>State shared revenue:</b>						
State revenue sharing	1,830,000	1,836,298	6,298	2,125,000	1,979,086	(145,914)
Local government sales tax	4,625,000	4,453,598	(171,402)	5,000,000	4,735,171	(264,829)
Alcoholic beverage licenses tax	67,000	72,653	5,653	65,000	75,817	10,817
Municipal fuel tax refund	45,000	43,658	(1,342)	44,000	46,278	2,278
Mobile home licenses tax	1,000	869	(131)	1,000	872	(128)
Fire incentive	41,640	51,718	10,078	41,040	42,144	1,104
State grants	74,060	74,060	-	64,001	48,166	(15,835)
<b>Total state shared revenue</b>	<b>6,683,700</b>	<b>6,532,854</b>	<b>(150,846)</b>	<b>7,340,041</b>	<b>6,927,534</b>	<b>(412,507)</b>
<b>Shared revenue from local units:</b>						
Children's Services Council grant	314,825	303,121	(11,704)	315,700	303,030	(12,670)
County occupational licenses	128,000	134,567	6,567	128,000	139,633	11,633
Local Grants	23,860	32,000	8,140	14,000	19,954	5,954
PBC Grants	-	13,120	13,120	35,000	35,000	-
<b>Total shared revenue from local units</b>	<b>466,685</b>	<b>482,808</b>	<b>16,123</b>	<b>492,700</b>	<b>497,617</b>	<b>4,917</b>
<b>Total intergovernmental</b>	<b>7,296,675</b>	<b>7,145,503</b>	<b>(151,172)</b>	<b>8,413,621</b>	<b>8,103,081</b>	<b>(310,540)</b>

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, 2008			Fiscal Year Ended September 30, 2007		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenue (continued):						
Charges for services:						
General government	\$ 189,220	\$ 175,636	\$ (13,584)	\$ 178,580	\$ 196,206	\$ 17,626
Public safety	5,415,300	5,878,758	463,458	4,412,380	4,960,742	548,362
Physical environment	132,000	132,099	99	137,000	144,881	7,881
Parking	449,000	498,246	49,246	482,000	476,220	(5,780)
Human services	200	10	(190)	200	-	(200)
Culture and recreation	824,050	854,485	30,435	892,600	827,904	(64,696)
Total charges for services	<u>7,009,770</u>	<u>7,539,234</u>	<u>529,464</u>	<u>6,102,760</u>	<u>6,605,953</u>	<u>503,193</u>
Fines and forfeitures:						
Court	668,400	366,544	(301,856)	739,400	645,207	(94,193)
Penalties on licenses and permits	63,000	42,753	(20,247)	155,500	100,411	(55,089)
Violations of local ordinances	113,000	1,920	(111,080)	59,000	44,456	(14,544)
Total fines and forfeitures	<u>844,400</u>	<u>411,217</u>	<u>(433,183)</u>	<u>953,900</u>	<u>790,074</u>	<u>(163,826)</u>
Miscellaneous:						
Interest	1,404,500	1,312,143	(92,357)	2,146,000	2,196,575	50,575
Rents and special assessments	78,540	111,369	32,829	76,590	139,982	63,392
Sale of capital assets	2,700	2,590	(110)	63,100	62,471	(629)
Contributions and donations	10,697,715	1,575,317	(9,122,398)	1,022,025	1,038,913	16,888
Recovery of administrative costs	2,179,121	2,185,832	6,711	2,191,370	2,189,753	(1,617)
Other	150,630	136,502	(14,128)	144,420	154,343	9,923
Total miscellaneous	<u>14,513,206</u>	<u>5,323,753</u>	<u>(9,189,453)</u>	<u>5,643,505</u>	<u>5,782,037</u>	<u>138,532</u>
Total revenue	<u>104,963,471</u>	<u>95,120,351</u>	<u>(9,843,120)</u>	<u>99,763,756</u>	<u>99,616,343</u>	<u>(147,413)</u>
Other financing sources:						
Transfers in:						
Water and Sewer Fund	1,179,360	1,179,360	-	1,322,910	1,322,910	-
Delray Beach Municipal Golf Course Fund	57,000	57,000	-	57,000	57,000	-
City Marina Fund	49,000	49,000	-	48,400	48,400	-
Utilities Tax Fund	1,436,450	1,449,224	12,774	1,167,150	1,173,101	5,951
Beautification Fund	-	-	-	212,410	212,410	-
Sanitation Fund	84,130	84,130	-	85,180	85,180	-
Stormwater Utility Fund	84,000	84,000	-	96,000	96,000	-
Special Projects Fund	-	-	-	8,385	8,385	-
General Construction Fund	50,000	50,000	-	-	150,000	150,000
Total other financing sources	<u>2,939,940</u>	<u>2,952,714</u>	<u>12,774</u>	<u>2,997,435</u>	<u>3,153,386</u>	<u>155,951</u>
Total revenue and other financing sources	<u>\$ 107,903,411</u>	<u>98,073,065</u>	<u>\$ (9,830,346)</u>	<u>\$ 102,761,191</u>	<u>102,769,729</u>	<u>\$ 8,538</u>
Reconciliation to GAAP basis statements:						
On-behalf payments		<u>1,920,394</u>			<u>1,784,631</u>	
Revenue and other financing sources - GAAP basis		<u>\$ 99,993,459</u>			<u>\$ 104,554,360</u>	

City of Delray Beach, Florida

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

	Fiscal Year Ended September 30, 2008					Fiscal Year Ended September 30, 2007				
	Final Budget	Current Year Expenditures	Current Year Encumbrances Outstanding	Total Expenditures and Encumbrances	Unencumbered Balance Lapsed	Final Budget	Current Year Expenditures	Current Year Encumbrances Outstanding	Total Expenditures and Encumbrances	Unencumbered Balance Lapsed
General government:										
City commission	\$ 312,824	\$ 276,344	\$ 27,423	\$ 303,767	\$ 9,057	\$ 810,470	\$ 537,913	\$ 5,000	\$ 542,913	\$ 267,557
City manager	538,883	536,185	-	536,185	2,698	518,100	512,512	1,950	514,462	3,638
Human resources	926,454	862,514	10,000	872,514	53,940	966,967	824,953	-	824,953	142,014
City clerk	581,977	536,841	534	537,375	44,602	684,430	649,281	22,108	671,389	13,041
Finance	1,662,649	1,640,624	-	1,640,624	22,025	1,625,785	1,584,004	3,510	1,587,514	38,271
Information technology	1,606,365	1,485,066	12,130	1,497,196	109,169	1,664,918	1,459,000	23,689	1,482,689	182,229
City attorney	988,620	927,389	10,325	937,714	50,906	1,084,980	1,041,091	50,906	1,091,997	(7,017)
Administrative services administration	702,476	686,435	-	686,435	16,041	698,446	671,291	263	671,554	26,892
Clean and Safe	212,056	206,390	-	206,390	5,666	226,650	217,733	-	217,733	8,917
Cemetery	402,655	366,265	-	366,265	36,390	419,100	392,950	3,960	396,910	22,190
Old School Square	205,000	205,000	-	205,000	-	240,000	240,000	-	240,000	-
Library	1,530,000	1,530,000	-	1,530,000	-	1,800,000	1,800,000	-	1,800,000	-
Miscellaneous grants	205,250	205,250	-	205,250	-	392,129	363,717	-	363,717	28,412
Transfers to component units	8,788,390	8,702,275	-	8,702,275	86,115	9,202,580	9,202,575	-	9,202,575	5
Miscellaneous (nondepartmental)	9,043,765	830,147	-	830,147	8,213,618	125,395	117,732	-	117,732	7,663
Total general government	27,707,364	18,996,725	60,412	19,057,137	8,650,227	20,459,950	19,614,752	111,386	19,726,138	733,812
Public safety:										
Law enforcement	27,972,160	26,688,791	42,076	26,730,867	1,241,293	26,740,146	25,812,018	121,598	25,933,616	806,530
Fire control	22,375,900	21,632,556	10,932	21,643,488	732,412	21,564,406	21,055,341	84,173	21,139,514	424,892
Community improvement administration	548,866	508,813	-	508,813	40,053	580,241	571,042	1,735	572,777	7,464
Planning and zoning	1,476,442	1,269,369	72,666	1,342,035	134,407	1,873,281	1,658,155	16,231	1,674,386	198,895
Building inspection	1,578,568	1,479,282	-	1,479,282	99,286	1,765,488	1,697,974	-	1,697,974	67,514
Code compliance	1,238,882	1,276,453	-	1,276,453	(37,571)	1,238,010	1,209,373	9,515	1,218,888	19,122
Total public safety	55,190,818	52,855,264	125,674	52,980,938	2,209,880	53,761,572	52,003,903	233,252	52,237,155	1,524,417
Physical environment:										
Engineering	680,096	677,228	-	677,228	2,868	754,226	684,659	9,020	693,679	60,547
Parking facilities	763,413	754,006	21,940	775,946	(12,533)	146,581	195,954	-	195,954	(49,373)
Public works:										
Traffic operations	431,834	438,553	-	438,553	(6,719)	409,790	417,938	94	418,032	(8,242)
Administration	181,573	175,251	-	175,251	6,322	200,210	198,044	-	198,044	2,166
Street lighting	811,889	819,426	-	819,426	(7,537)	891,890	778,614	-	778,614	113,276
Street maintenance	754,069	774,298	-	774,298	(20,229)	831,770	791,224	-	791,224	40,546
Building maintenance	563,009	562,207	-	562,207	802	537,582	539,942	-	539,942	(2,360)
Total physical environment	4,185,883	4,200,969	21,940	4,222,909	(37,026)	3,772,049	3,606,375	9,114	3,615,489	156,560

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, 2008					Fiscal Year Ended September 30, 2007				
	Final Budget	Current Year	Current Year	Total	Unencumbered Balance Lapsed	Final Budget	Current Year	Current Year	Total	
		Expenditures	Encumbrances Outstanding	Expenditures and Encumbrances			Expenditures	Encumbrances Outstanding	Expenditures and Encumbrances	
Parks and recreation:										
Administration	\$ 723,321	\$ 608,021	\$ 11,200	\$ 619,221	\$ 104,100	\$ 736,467	\$ 728,223	\$ 2,680	\$ 730,903	
After school program	728,650	717,783	-	717,783	10,867	704,628	681,100	-	681,100	
Summer day camp program	10,275	2,147	-	2,147	8,128	34,009	2,163	-	2,163	
Teen center	262,065	233,430	-	233,430	28,635	269,075	258,788	-	258,788	
Beach operations	1,425,986	1,405,659	-	1,405,659	20,327	1,409,517	1,369,688	5,167	1,374,855	
Catherine Strong Park	186,836	175,434	-	175,434	11,402	205,421	195,130	500	195,630	
Cultural/Facilities Maintenance	-	1,517	-	1,517	(1,517)	410,973	353,042	-	353,042	
Community center	306,205	297,818	-	297,818	8,387	341,657	338,821	-	338,821	
Veteran's park	160,722	153,006	-	153,006	7,716	160,689	149,552	-	149,552	
C. Spencer Pompey Park	1,048,009	1,054,919	3,946	1,058,865	(10,856)	975,803	944,206	6,323	950,529	
Parks maintenance	3,742,744	3,599,479	-	3,599,479	143,265	3,658,702	3,510,438	10,471	3,520,909	
Soccer Complex	71,361	50,343	-	50,343	21,018	54,192	41,473	-	41,473	
Western Community Center	-	-	-	-	-	2,910	2,911	-	2,911	
Tennis centers	1,103,770	1,031,382	-	1,031,382	72,388	1,164,163	1,119,762	2,780	1,122,542	
Stadium	1,539,441	1,484,323	11,485	1,495,808	43,633	1,810,702	1,787,428	18,651	1,806,079	
Aquatics	393,340	370,378	4,458	374,836	18,504	427,221	357,545	7,870	365,415	
Athletics	562,186	523,592	13,600	537,192	24,994	549,417	505,638	-	505,638	
Total parks and recreation	12,264,911	11,709,231	44,689	11,753,920	510,991	12,915,546	12,345,908	54,442	12,400,350	
Debt service:										
Principal retirement	3,157,640	3,081,851	-	3,081,851	75,789	2,934,550	2,934,548	-	2,934,548	
Interest and fiscal charges	1,974,440	2,007,950	-	2,007,950	(33,510)	2,173,820	2,149,647	-	2,149,647	
Total debt service	5,132,080	5,089,801	-	5,089,801	42,279	5,108,370	5,084,195	-	5,084,195	
Total expenditures and encumbrances	104,481,056	92,851,990	252,715	93,104,705	11,376,351	96,017,487	92,655,133	408,194	93,063,327	
Other financing uses:										
Transfers out:										
Community Development Fund	177,640	177,640	-	177,640	-	230,090	230,090	-	230,090	
Beautification Fund	827,000	827,000	-	827,000	-	1,310,370	1,137,878	-	1,137,878	
Utilities Tax Fund	2,586,640	2,586,640	-	2,586,640	-	1,636,060	1,636,060	-	1,636,060	
Capital Improvement Fund	1,685,100	1,685,100	-	1,685,100	-	3,270,441	3,270,441	-	3,270,441	
Special Project Fund	-	-	-	-	-	54,817	54,817	-	54,817	
Beach Restoration	-	-	-	-	-	15,000	15,000	-	15,000	
2004 GO Bond Fund	-	-	-	-	-	536,195	536,195	-	536,195	
Stormwater Fund	-	-	-	-	-	45,000	45,000	-	45,000	
Total other financing uses	5,276,380	5,276,380	-	5,276,380	-	7,097,973	6,925,481	-	6,925,481	
Total expenditures, encumbrances and other financing uses	\$ 109,757,436	\$ 98,128,370	\$ 252,715	98,381,085	\$ 11,376,351	\$ 103,115,460	\$ 99,580,614	\$ 408,194	99,988,808	
Reconciliation to GAAP basis statements:										
Current year encumbrances outstanding				(252,715)					(408,194)	
Prior year encumbrances paid in current year				408,194					379,351	
On-behalf payments				1,920,394					1,784,631	
Expenditures and other financing uses - GAAP basis				<u>\$ 100,456,958</u>					<u>\$ 101,744,596</u>	

## 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>
2009	\$ 3,587,978	\$ 4,903,936	\$ 5,844,771	\$ 203,840	\$ 14,540,525
2010	3,576,615	3,557,422	5,830,675	56,766	13,021,478
2011	3,576,540	3,556,520	5,811,315	5,904	12,950,279
2012	3,573,840	3,557,502	5,934,853	-	13,066,195
2013	3,569,827	6,564,315	5,945,898	-	16,080,040
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
	<b>\$ 41,885,383</b>	<b>\$ 74,225,555</b>	<b>\$ 55,991,724</b>	<b>\$ 266,510</b>	<b>\$ 172,369,172</b>

City of Delray Beach, Florida

Combined Schedule of General Obligation Bond Debt Service Requirements

<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>
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>\$ 31,760,000</u>	<u>\$ 10,125,383</u>	<u>\$ 41,885,383</u>	

City of Delray Beach, Florida

Schedule of General Obligation Bonds (Series 2002)

Fiscal Year Ending September 30	Principal			Interest		Balance Outstanding at End of Fiscal Year	Interest Rate
	February 1	February 1	August 1	Total	Total		
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>\$ 9,370,000</u>	<u>\$ 711,513</u>	<u>\$ 490,125</u>	<u>\$ 10,571,638</u>			

Original Authorization	- \$18,000,000
Issued	- \$15,685,000
Date of Issue	- December 19, 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			
2009	\$ 580,000	\$ 236,595	\$ 228,620	\$ 228,620	\$ 1,045,215	\$ 15,722,616	2.75%
2010	600,000	228,620	219,620	219,620	1,048,240	14,674,376	3.00
2011	620,000	219,620	209,545	209,545	1,049,165	13,625,211	3.25
2012	640,000	209,545	197,545	197,545	1,047,090	12,578,121	3.75
2013	665,000	197,545	185,907	185,907	1,048,452	11,529,669	3.50
2014	690,000	185,907	172,970	172,970	1,048,877	10,480,792	3.75
2015	715,000	172,970	159,564	159,564	1,047,534	9,433,258	3.75
2016	745,000	159,564	144,664	144,664	1,049,228	8,384,030	4.00
2017	775,000	144,664	130,133	130,133	1,049,797	7,334,233	3.75
2018	805,000	130,133	114,837	114,837	1,049,970	6,284,263	3.80
2019	835,000	114,837	98,555	98,555	1,048,392	5,235,871	3.90
2020	870,000	98,555	81,155	81,155	1,049,710	4,186,161	4.00
2021	905,000	81,155	62,602	62,602	1,048,757	3,137,404	4.10
2022	940,000	62,602	42,863	42,863	1,045,465	2,091,939	4.20
2023	980,000	42,863	22,038	22,038	1,044,901	1,047,038	4.25
2024	1,025,000	22,038	-	-	1,047,038	-	4.30
	<u>\$ 12,390,000</u>	<u>\$ 2,307,213</u>	<u>\$ 2,070,618</u>	<u>\$ 2,070,618</u>	<u>\$ 16,767,831</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			
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>\$ 2,376,707</u>	<u>\$ 2,169,207</u>	<u>\$ 14,545,914</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>
2009	\$ 2,795,000	\$ 2,108,936	\$ 4,903,936	\$ 69,321,619
2010	1,505,000	2,052,422	3,557,422	65,764,197
2011	1,565,000	1,991,520	3,556,520	62,207,677
2012	1,630,000	1,927,502	3,557,502	58,650,175
2013	4,705,000	1,859,315	6,564,315	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>\$ 46,245,000</u>	<u>\$ 27,980,555</u>	<u>\$ 74,225,555</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				
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>\$ 5,675,000</u>	<u>\$ 939,642</u>	<u>\$ 939,641</u>	<u>\$ 7,554,283</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  
 Pledged Revenue – Non-ad valorem tax revenues  
 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				
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>\$ 4,695,000</u>	<u>\$ 342,028</u>	<u>\$ 342,028</u>	<u>\$ 5,379,056</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
- Pledged Revenue – Utilities service tax revenues
- 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 19% of the bonds are governmental activities debt and approximately 81% of the bonds are business-type activities debt.



City of Delray Beach, Florida

Schedule of Revenue Refunding and Improvement 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				
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>\$ 8,240,000</u>	<u>\$ 946,858</u>	<u>\$ 946,858</u>	<u>\$ 10,133,716</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  
 Pledged Revenue – Non-ad valorem tax revenues  
 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 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	December 1	June 1	June 1			
2009	\$ -	\$ 614,350	\$ 614,350	\$ 614,350	\$ 1,228,700	\$ 46,199,200	0.00%
2010	30,000	614,350	614,350	614,350	1,258,700	44,940,500	4.00
2011	25,000	613,750	613,750	613,750	1,252,500	43,688,000	4.00
2012	20,000	613,250	613,250	613,250	1,246,500	42,441,500	4.00
2013	20,000	612,850	612,850	612,850	1,245,700	41,195,800	4.00
2014	70,000	612,450	612,450	612,450	1,294,900	39,900,900	4.00
2015	70,000	611,050	611,050	611,050	1,292,100	38,608,800	4.00
2016	70,000	609,650	609,650	609,650	1,289,300	37,319,500	4.00
2017	-	608,250	608,250	608,250	1,216,500	36,103,000	0.00
2018	-	608,250	608,250	608,250	1,216,500	34,886,500	0.00
2019	-	608,250	608,250	608,250	1,216,500	33,670,000	0.00
2020	1,375,000	608,250	608,250	608,250	2,591,500	31,078,500	5.00
2021	1,440,000	573,875	573,875	573,875	2,587,750	28,490,750	5.00
2022	1,515,000	537,875	537,875	537,875	2,590,750	25,900,000	5.00
2023	1,590,000	500,000	500,000	500,000	2,590,000	23,310,000	5.00
2024	1,670,000	460,250	460,250	460,250	2,590,500	20,719,500	5.00
2025	1,755,000	418,500	418,500	418,500	2,592,000	18,127,500	5.00
2026	1,840,000	374,625	374,625	374,625	2,589,250	15,538,250	5.00
2027	1,935,000	328,625	328,625	328,625	2,592,250	12,946,000	5.00
2028	2,030,000	280,250	280,250	280,250	2,590,500	10,355,500	5.00
2029	2,130,000	229,500	229,500	229,500	2,589,000	7,766,500	5.00
2030	2,235,000	176,250	176,250	176,250	2,587,500	5,179,000	5.00
2031	2,350,000	120,375	120,375	120,375	2,590,750	2,588,250	5.00
2032	2,465,000	61,625	61,625	61,625	2,588,250	-	5.00
	<u>\$ 24,635,000</u>	<u>\$ 11,396,450</u>	<u>\$ 11,396,450</u>	<u>\$ 11,396,450</u>	<u>\$ 47,427,900</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  
 Pledged Revenue – Utilities service tax revenues  
 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

Schedule of Revenue Bonds (Series 2008)  
(Taxable)

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			
2009	\$ -	\$ 28,215	\$ 77,805	\$ 106,020	\$ 3,624,580	5.13%	
2010	-	78,233	77,805	156,038	3,468,542	5.13	
2011	-	78,233	77,805	156,038	3,312,504	5.13	
2012	-	78,233	78,233	156,466	3,156,038	5.13	
2013	3,000,000	78,233	77,805	3,156,038	-	5.13	
	<u>\$ 3,000,000</u>	<u>\$ 341,147</u>	<u>\$ 389,453</u>	<u>\$ 3,730,600</u>			

Original Authorization	- \$3,000,000
Issued	- \$3,000,000
Date of Issue	- September 26, 2008
Maturity	- June 1, 2013
Principal Payment Date	- Required upon maturity
Interest Payment Dates	- June 1 and December 1 of each year
Pledged Revenue	- Non-ad valorem tax revenues
Denomination	- N/A
Call Features	- No prepayment penalty
Paying Agent	- TD Bank, N.A.
Ratings	- N/A
Interest	- Variable rate based on the 30-day LIBOR plus sixty two and one half basis points (.625) (London Inter Bank Offered Rate)

Projects: The bonds were issued to provide interim financing for a portion of the City's Old School Square Parking Garage Project including land acquisition.

(1) Estimated rate for the period.

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
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>\$ 35,934,475</u>	<u>\$ 20,057,249</u>	<u>\$ 55,991,724</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	April 1			
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
- Pledged Revenue – Utility system net revenues
- 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				
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>\$ 11,280,000</u>	<u>\$ 606,586</u>	<u>\$ 315,413</u>	<u>\$ 12,201,999</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
- Pledged Revenue – Utility system net revenues
- 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			
2009	\$ 560,000	\$ 6,300	\$ -	\$ -	\$ 566,300	\$ -	2.25%
	\$ 560,000	\$ 6,300	\$ -	\$ -	\$ 566,300		

- 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
- Pledged Revenue – Utility system net revenues
- 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				
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>\$ 6,890,000</u>	<u>\$ 1,182,646</u>	<u>\$ 1,040,712</u>	<u>\$ 9,113,358</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
Pledged Revenue	- Utility system net revenues
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 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	October 1	April 1			
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>\$ 2,230,000</u>	<u>\$ 364,373</u>	<u>\$ 319,996</u>	<u>\$ 2,914,369</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  
 Pledged Revenue – Utility system net revenues  
 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	October 1	April 1			
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>\$ 1,783,624</u>	<u>\$ 12,765,698</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
- Pledged Revenue – Utility system net revenues
- 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
2009	\$ 198,700	\$ 5,140	\$ 203,840	\$ 62,670
2010	55,708	1,058	56,766	5,904
2011	5,877	27	5,904	-
	\$ 260,285	\$ 6,225	\$ 266,510	

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	September 1			
2009	\$ 1,365,000	\$ 1,365,000	\$ 715,292	\$ 715,292	\$ 2,080,292	\$ 17,387,328	4.2982% - 5.9095%
2010	1,425,000	1,425,000	651,128	651,128	2,076,128	15,311,200	4.2982 - 5.9095
2011	1,520,000	1,520,000	584,076	584,076	2,104,076	13,207,124	4.2982 - 5.9095
2012	1,595,000	1,595,000	512,558	512,558	2,107,558	11,099,566	4.2982 - 5.9095
2013	1,670,000	1,670,000	437,454	437,454	2,107,454	8,992,112	4.2982 - 5.9095
2014	1,750,000	1,750,000	358,764	358,764	2,108,764	6,883,348	4.2982 - 5.9095
2015	1,420,000	1,420,000	276,274	276,274	1,696,274	5,187,074	4.2982 - 5.9095
2016	1,250,000	1,250,000	209,746	209,746	1,459,746	3,727,328	4.2982 - 5.9095
2017	1,090,000	1,090,000	151,440	151,440	1,241,440	2,485,888	4.2982 - 4.8000
2018	1,140,000	1,140,000	103,184	103,184	1,243,184	1,242,704	4.2982 - 4.8000
2019	1,190,000	1,190,000	52,704	52,704	1,242,704	-	4.2982 - 4.8000
	<u>\$ 15,415,000</u>	<u>\$ 15,415,000</u>	<u>\$ 4,052,620</u>	<u>\$ 4,052,620</u>	<u>\$ 19,467,620</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
- Pledged Revenue – Tax increment revenues
- 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 Six Fiscal Years*

*Accrual Basis of Accounting*

	<b>Fiscal Year</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<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	\$ 70,521,186
Restricted	5,992,593	24,530,625	22,855,797	8,014,482	20,850,170	12,644,718
Unrestricted	8,359,365	13,393,763	20,185,194	22,245,386	23,371,450	23,695,418
<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>\$ 106,861,322</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	\$ 65,505,859
Restricted	5,387,916	4,859,275	4,469,621	1,338,263	7,038,221	6,658,262
Unrestricted	20,023,794	23,182,592	23,565,069	34,032,926	40,529,960	38,161,102
<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>\$ 110,325,223</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	\$ 136,027,045
Restricted	11,380,509	29,389,900	27,325,418	9,352,745	27,888,391	19,302,980
Unrestricted	28,383,159	36,576,355	43,750,263	56,278,312	63,901,410	61,856,520
<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>	<b>\$ 217,186,545</b>

Information prior to the adoption of GASB Statement 34 in fiscal year 2003 is not available.

**CITY OF DELRAY BEACH, FLORIDA**

Changes in Net Assets

Last Six Fiscal Years

Accrual Basis of Accounting

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
<b>Expenses</b>						
Governmental activities:						
General government	\$ 12,615,732	\$ 13,504,963	\$ 16,634,186	\$ 20,944,239	\$ 25,304,576	\$ 25,137,520
Public safety	41,494,100	42,413,760	44,818,400	49,389,129	55,930,194	56,742,719
Physical environment	4,129,748	4,154,255	4,569,904	5,931,521	7,194,134	8,130,445
Parks and recreation	10,804,249	10,608,918	11,164,817	12,428,343	14,723,853	14,457,336
Interest on long-term debt	1,715,063	2,476,264	2,078,244	2,755,249	1,389,786	2,832,011
<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>	<u>107,300,031</u>
Business-type activities:						
Water/Sewer Utility	18,865,811	22,835,889	19,975,077	20,432,143	22,407,194	23,932,410
Municipal Golf Course	2,942,377	3,381,336	3,382,942	3,467,334	3,440,617	3,265,478
Lakeview Golf Course	700,932	696,573	709,142	653,116	748,549	704,782
City Marina	103,101	104,143	109,026	114,222	120,146	121,004
Sanitation	2,354,354	4,338,426	3,788,232	9,053,052	2,897,768	3,476,663
Stormwater Utility	1,429,557	1,078,343	1,111,291	1,050,275	1,331,003	1,506,764
<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>	<u>33,007,101</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>	<u>\$ 140,307,132</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	\$ 4,622,167
Public safety	6,041,301	5,481,990	5,823,023	5,310,373	6,033,201	6,543,112
Physical environment	615,657	633,729	598,019	641,251	626,974	649,216
Parks and recreation	1,264,769	1,092,586	1,157,013	1,143,867	1,236,660	1,282,353
Operating grants and contributions:						
General government	1,326,703	1,975,397	1,829,154	3,260,394	3,165,420	3,945,992
Public safety	784,980	1,868,212	2,006,827	1,825,883	2,033,988	2,292,523
Physical environment	238,877	360,352	427,188	1,226,975	547,284	103,357
Parks and recreation	97,473	57,955	398,307	3,137,386	1,345,900	997,425
Capital grants and contributions:						
General government	-	1,611,519	1,184,058	342,025	1,383,440	622,993
Public safety	-	-	-	-	-	749,250
Physical environment	202,031	152,477	470,063	-	-	8,250,000
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>	<u>30,058,388</u>
Business-type activities:						
Charges for services:						
Water/Sewer	22,716,982	23,635,054	24,426,939	25,748,645	29,162,001	29,245,949
Municipal Golf Course	2,475,728	3,294,989	3,300,439	3,437,934	3,467,778	3,459,044
Lakeview Golf Course	828,116	827,397	823,777	768,299	853,654	681,561
City Marina	109,352	150,644	155,200	149,294	160,605	208,598
Sanitation	2,521,938	2,602,241	2,538,402	2,615,981	3,094,658	3,383,499
Stormwater Utility	1,629,589	1,661,505	1,672,635	1,702,322	2,097,527	2,090,146
Operating Capital grants and contributions:						
Water/Sewer	323,978	2,038,967	786,217	1,913,869	951,487	2,595,258
Municipal Golf Course	92,298	113,720	130,408	131,171	182,796	43,969
Lakeview Golf Course	4,336	17,165	35,502	55,415	6,171	5,410
City Marina	205	56,912	2,177	273	491	884
Sanitation	103,703	1,790,775	1,237,680	5,663,671	115,040	417,250
Stormwater Utility	260,465	30,435	20,552	45,157	362,325	17,509
Capital grants and contributions:						
Water/Sewer	1,909,473	1,968,840	1,290,786	967,462	1,424,878	996,447
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>	<u>43,145,524</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>	<u>\$ 73,203,912</u>
<b>Net (expense)/revenue</b>						
Governmental activities	\$ (56,210,694)	\$ (54,658,611)	\$ (60,525,451)	\$ (69,573,990)	\$ (83,648,391)	\$ (77,241,643)
Business-type activities	6,590,539	5,753,934	7,345,004	8,575,377	10,934,134	10,138,423
<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>	<u>\$ (67,103,220)</u>

Note: Pg 1 of 2



**CITY OF DELRAY BEACH, FLORIDA**

*Changes in Net Assets*

*Last Six Fiscal Years*

*Accrual Basis of Accounting*

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
<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	\$ 55,302,837
Franchise fees	3,467,379	3,817,080	3,989,989	4,879,168	5,257,560	5,247,442
Utility service taxes	8,093,064	7,704,692	8,088,142	8,678,710	8,222,944	8,338,282
Sales taxes	1,715,268	1,806,689	1,895,507	1,488,936	1,438,613	1,365,552
Intergovernmental, unrestricted	5,827,651	6,443,433	6,928,194	7,393,652	6,927,534	6,532,854
Investment earnings	460,913	462,340	1,543,167	2,561,044	2,816,429	2,064,705
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	7,320,429
Transfers	2,586,058	2,672,550	2,575,410	1,976,519	3,716,720	2,659,368
<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>	<u>88,831,469</u>
Business-type activities						
Investment earnings	128,491	78,182	190,858	446,682	737,952	495,237
Transfers	(2,586,058)	(2,672,550)	(2,575,410)	(1,976,519)	(3,716,720)	(2,659,368)
<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>	<u>(2,164,131)</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>	<u>\$ 86,667,338</u>
<b>Changes in Net Assets</b>						
Governmental activities	\$ (3,373,694)	\$ 11,914,556	\$ 14,804,012	\$ 17,865,902	\$ 9,546,639	\$ 11,589,826
Business-type activities	4,132,972	3,159,566	4,960,452	7,045,540	7,955,366	7,974,292
<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>	<u>\$ 19,564,118</u>

Note: Pg 2 of 2

Information prior to the adoption of GASB Statement 34 in fiscal year 2003 is not available.

**CITY OF DELRAY BEACH, FLORIDA**

*Governmental Activities Tax Revenues by Source*

*Last Six 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
<b>2008</b>	55,302,837	5,247,442	8,338,282	1,365,552	70,254,113

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Information prior to the adoption of GASB Statement 34 in fiscal year 2003 is not available.

**CITY OF DELRAY BEACH, FLORIDA**

*Fund Balances of Governmental Funds*

*Last Ten Fiscal Years*

*Modified Accrual Basis of Accounting*

	<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>2008</b>
<b>General fund</b>										
Reserved	\$ 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	\$ 4,328,761
Unreserved	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	18,593,915
Total General Fund	<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>	<u>\$ 22,922,676</u>
<b>All other governmental funds</b>										
Reserved	\$ 134,341,285	\$ 152,147,593	\$ 137,163,690	\$ 126,308,825	\$ 1,054,524	\$ 691,647	\$ 685,255	\$ 686,909	\$ 744,096	\$ 2,563,856
Unreserved, reported in:										
Capital Project Funds	-	-	-	-	1,034,344	23,844,943	22,170,982	7,327,573	20,161,989	11,584,321
Fiduciary Funds	511,529	761,210	845,185	1,071,679	-	-	-	-	-	-
Special revenue funds	1,152,749	265,808	462,148	990,931	3,903,725	4,069,657	5,027,645	3,764,814	3,488,365	3,389,886
Total all other governmental funds	<u>\$ 136,005,563</u>	<u>\$ 153,174,611</u>	<u>\$ 138,471,023</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>	<u>\$ 17,538,063</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>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>2008</b>
<b>Revenues</b>										
Taxes	\$ 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	\$ 65,006,671
Licenses and permits	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	9,693,973
Intergovernmental	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	13,872,151
Charges for services	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	7,985,973
Fines and forfeitures	887,255	823,568	743,651	1,551,790	2,049,424	1,142,328	1,067,211	787,710	1,072,459	664,344
Miscellaneous	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	9,171,109
<b>Total revenues</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>106,394,221</b>
<b>Expenditures</b>										
Current										
General government	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	22,856,837
Public safety	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	55,274,605
Physical environment	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	5,981,177
Parks and recreation	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	12,302,491
Grants	1,316,622	1,369,685	1,471,684	1,600,243	-	-	-	-	-	-
Capital Outlay	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	15,406,527
Debt service										
Principal retirement	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	4,543,545
Interest and other fiscal charges	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	2,987,110
Bond issue costs	-	-	-	-	316,194	102,520	22,000	-	353,104	25,365
<b>Total expenditures</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>	<b>119,377,657</b>
Excess of revenues over (under) expenditures	(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)	(12,983,436)
<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	3,000,000
Proceeds from sale of capital assets	-	-	-	-	11,462,000	7,998,210	1,133,170	96,835	62,471	2,590
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	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	9,707,274
Transfers out	(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)	(7,046,314)
<b>Total other financing sources (uses)</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>	<b>5,663,550</b>
Net change in fund balances	\$ 1,010,784	\$ 9,471,094	\$ (3,745,013)	\$ 920,679	\$ (3,441,448)	\$ 22,555,230	\$ 2,281,833	\$ (13,255,734)	\$ 15,572,774	\$ (7,319,886)
Debt service as a percentage of non-capital expenditures	9.18%	9.50%	10.26%	8.83%	29.94%	19.23%	8.31%	7.62%	14.90%	7.84%

## 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>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>
<b>2008</b>	55,302,837	-	8,338,282	1,365,552	<b>65,006,671</b>

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Effective with the 2008 fiscal year, the Florida Department of Financial Services changed the reporting for Franchise Fees from Taxes to the Licenses and Permits category.

**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				
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%	
2008	2007	11,599,199,337	333,985,825	2,755,227	11,935,940,389	3,243,881,789	8,692,058,600	6.5783	11,374,426,933	76.42%	

Note: The basis of just 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
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
2008	6.1449	0.4334	6.5783	7.3560	3.9813	1.5140	19.4296

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, 2008

	2008				1999			
	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	\$ 83,223,173	\$ 547,467	1	0.99%	\$ -	\$ -	-	-
Linton Delray LLC	59,905,751	394,078	2	0.71%	-	-	-	-
Tenet Healthcare Corp.	45,148,899	297,003	3	0.54%	-	-	-	-
Citation Club Investors	44,665,339	293,822	4	0.53%	99,149,351	763,450	1	3.45%
Ocean Properties Ltd.	36,810,422	242,150	5	0.44%	67,696,623	521,264	5	2.36%
Spring Harbor Land Trust	38,530,471	253,465	6	0.46%	-	-	-	-
Life Care Retirement Communities Inc.	34,941,398	229,855	7	0.42%	-	-	-	-
Realty Associates Fund V	28,051,776	184,533	8	0.33%	-	-	-	-
125 Via Deste Apartments Investors LLC	27,807,792	182,928	9	0.33%	-	-	-	-
Linton Lake Land Trust	27,331,225	179,793	10	0.33%	-	-	-	-
St. Stephen Limited Partnership	-	-	-	-	97,547,792	751,118	2	3.40%
Delray Intracoastal	-	-	-	-	93,237,273	717,927	3	3.25%
Office Depot Inc.	-	-	-	-	87,656,753	674,957	4	3.05%
Morse Operations Inc.	-	-	-	-	60,309,091	464,380	6	2.10%
Depot Realty	-	-	-	-	59,176,753	455,661	7	2.06%
Arbors Association Ltd.	-	-	-	-	58,092,078	447,309	8	2.02%
Villa D'Este Partners	-	-	-	-	44,040,649	339,113	9	1.53%
Minto Builders Florida, Inc.	-	-	-	-	42,203,896	324,970	10	1.47%
<b>Totals</b>	<b>\$ 426,416,247</b>	<b>\$ 2,805,094</b>		<b>5.08%</b>	<b>\$ 709,110,260</b>	<b>\$ 5,460,149</b>		<b>24.71%</b>

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

\*Total taxes levied:

Fiscal Year 2008 \$ 55,213,846  
 Fiscal Year 1999 \$ 22,099,064

\*City Millage Rate:

Fiscal Year 2008 6.5783  
 Fiscal Year 1999 7.7000



**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>
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%
2008	55,452,218	55,213,846	99.57%	88,991	55,302,837	99.73%

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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	Debt as a Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds	Revenue Bonds	Obligation Under Installment Agreements	Revenue Bonds	Obligation Under Installment Agreements			
<b>1999</b>	\$ 22,260,000	\$ 12,351,877	\$ 584,359	\$ 51,791,004	\$ 172,010	\$ 87,159,250	4.51%	\$ 1,626
<b>2000</b>	21,135,000	22,386,460	451,869	50,810,443	112,541	94,896,313	3.95%	1,581
<b>2001</b>	19,950,000	18,886,017	316,318	48,527,126	112,540	87,792,001	3.45%	1,448
<b>2002</b>	18,705,000	43,540,238	192,215	44,212,490	53,228	106,703,171	4.09%	1,734
<b>2003</b>	17,035,000	28,099,770	166,785	41,568,665	103,940	86,974,160	3.19%	1,390
<b>2004</b>	29,620,000	21,032,245	608,837	40,950,104	71,691	92,282,877	3.32%	1,455
<b>2005</b>	37,925,000	18,804,696	910,224	36,909,770	38,071	94,587,761	3.36%	1,481
<b>2006</b>	36,045,000	17,491,783	774,922	39,647,694	99,774	94,059,173	3.30%	1,467
<b>2007</b>	33,980,000	38,550,798	445,551	47,533,675	173,843	120,683,867	4.02%	1,875
<b>2008</b>	31,760,000	39,524,722	148,082	42,654,753	112,203	114,199,760	3.22%	1,778

**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>General Bonded Debt Per Capita</b>
<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
<b>2008</b>	31,760,000	-	31,760,000	8,692,058,600	0.37%	64,220	494.55

**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, 2008

	Total Outstanding	Percentage Applicable to City of Delray Beach <sup>(1)</sup>	Amount Applicable to City of Delray Beach
Direct:			
City of Delray Beach	\$ 31,908,082	100.00%	\$ 31,908,082
Overlapping:			
Palm Beach County	290,410,000	5.00%	14,520,500
Palm Beach County School District	35,805,000	5.00%	1,790,250
Total overlapping debt	326,215,000		16,310,750
<b>Total direct and overlapping debt payable from ad valorem taxes</b>	<b>\$ 358,123,082</b>		<b>\$ 48,218,832</b>
Population			64,220
Total direct and overlapping debt per capita			\$ 750.84

<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>
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 (4)	28,040,630	19,288,632	8,751,998	4,845,913	1.81
2007 (4)	30,747,711	20,432,772	10,314,939	5,338,475	1.93
2008 (4)	30,315,366	17,953,965	12,361,401	5,584,116	2.21

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(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.

(4) Excludes expenses totaling \$3,316,740, \$3,437,756 and \$8,053,985 in Fiscal Years 2006, 2007 and 2008 respectively. These amounts reflect capital expenses for the South Central Regional Wastewater Treatment Plant (SCRWTBD) which is a joint venture in the City's financial statement. These expenses are accounted for as capital assets in the SCRWTB's financial statements (See Note 10 to the financial statements).

# CITY OF DELRAY BEACH, FLORIDA

Principal Employers

September 30, 2008

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	Fiscal Year 2008		
	<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	607	3	N/A
Addison Reserve Main Gate	500	4	N/A
Marriott Hotels	470	5	N/A
JET Flite Inc.	425	6	N/A
Amnoco Services	400	7	N/A
Hardrives of Delray Inc.	365	8	N/A
Home Depot	356	9	N/A
Delray Lincoln Mercury Kia	350	10	N/A
Totals	<u>7,593</u>		

Source: Florida Agency for Workforce Innovation (AWI)

Note: Data is not available for 1999

Note: Total City Employees - 820

## CITY OF DELRAY BEACH, FLORIDA

Demographic and Economic Statistics  
Last Ten Fiscal Years

Fiscal Year	City Population <sup>(1)</sup>	County Population <sup>(1)</sup>	County Per Capita Personal Income <sup>(2)</sup>	Estimated Total Personal Income <sup>(3)</sup>	Median Age <sup>(2)</sup>	School Enrollment <sup>(4)</sup>	Unemployment Rate <sup>(5)</sup>
1999	53,589	1,042,196	\$ 36,057	\$1,932,258,573	N/A	9,634	7.4%
2000	60,020	1,131,184	40,044	2,403,440,880	N/A	10,141	5.3%
2001	60,645	1,154,464	41,907	2,541,450,015	N/A	8,950	6.3%
2002	61,527	1,183,197	42,430	2,610,590,610	N/A	8,321	7.6%
2003	62,578	1,211,448	43,626	2,730,027,828	41.8	8,186	7.1%
2004	63,439	1,242,270	43,830	2,780,531,370	41.8	7,852	6.3%
2005	63,888	1,265,900	44,050	2,814,266,400	41.8	8,652	3.8%
2006	64,095	1,287,967	44,518	2,853,381,210	41.7	8,100	3.1%
2007	64,360	1,295,033	46,630	3,001,106,800	38.1	7,839	3.6%
2008	64,220	1,294,654	55,311	3,552,072,420	42.5	7,807	5.8%

### 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) Estimated based on County per capita personal income and City population..
- (4) The School Enrollment is from the Palm Beach County School Board.
- (5) 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									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Government	64	64	66	66	65	68	66	69	71	71
Public Safety										
Community Improvement	3	3	3	4	4	4	4	5	5	4.5
Planning & Zoning	13	13	15	15	15	15	15	15	17	16
Building Inspection	20	20	20	20	20	20	21	21	23	21
Code Compliance	16	16	16	16	16	17	17	17	17	17
Law Enforcement	228	229	234	234	237	233	234	236	238	238
Fire Control	138	138	139	144	144	148	149	154	154	154
Community Development										
Block Grant	7	8	9	9	6	6	6	5	7	7.5
Insurance	3	3	4	4	4	4	4	4	4	4
City Garage	10	10	10	10	11	12	12	12	12	12
Physical Environment										
Public Works	22	22	22	22	24	24	25	25	25	25.5
Engineering	7	7	7	7	7	7	7	8	8	7
Sanitation	3	3	4	4	4	4	4	4	4	4
Stormwater Utility	6	6	6	6	6	6	6	6	6	6
Parks and Recreation	88	89	93	94	98	98	108	108	114	115
Water & Sewer Utility	<u>102</u>	<u>103</u>	<u>107</u>	<u>107</u>	<u>108</u>	<u>110</u>	<u>114</u>	<u>115</u>	<u>117</u>	<u>117.5</u>
<b>Total</b>	<b><u>730</u></b>	<b><u>734</u></b>	<b><u>755</u></b>	<b><u>762</u></b>	<b><u>769</u></b>	<b><u>776</u></b>	<b><u>792</u></b>	<b><u>804</u></b>	<b><u>822</u></b>	<b><u>820</u></b>



**CITY OF DELRAY BEACH, FLORIDA**

*Capital Asset Statistics by Function*

*Last Ten Fiscal Years*

Function	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Public Safety</b>										
<b>Police</b>										
Stations	4	4	4	4	4	3	3	3	3	2
Patrol Units	N/A	N/A	N/A	90	123	136	144	151	159	163
<b>Fire</b>										
Fire Stations <sup>(1)</sup>	6	6	6	6	6	6	6	6	6	6
Fire trucks	12	12	12	13	15	15	15	15	16	16
ALS Rescue Vehicles	8	8	8	8	8	8	8	8	9	9
<b>Leisure Services</b>										
Ballfields - lighted	20	16	23	23	23	23	22	22	15	15
Basketball courts	13	4	2	2	2	2	4	4	5	5
Soccer fields	0	0	0	0	0	0	0	0	7	7
Tennis courts	26	26	28	28	28	28	47	47	47	47
Parks	13	13	13	17	17	17	17	17	17	17
<b>Roads and Streets</b>										
Lane miles <sup>(2)</sup>	N/A	N/A	N/A	N/A	299	299	299	299	299	305

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 and later years 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					
	2003	2004	2005	2006	2007	2008
<b>Public Safety</b>						
<b>Police</b>						
Physical arrests	2,486	2,476	2,444	2,875	3,108	3,161
Traffic violations	12,880	14,471	12,040	13,928	10,962	10,882
<b>Fire</b>						
Number of calls	10,744	11,960	11,591	12,024	11,772	12,410
<b>Parks and Recreation</b>						
<b>Library</b>						
Circulation	253,835	233,106	227,820	228,871	257,656	270,590
Programs offered	625	642	650	910	1,112	1,287
Program attendance	20,818	22,742	20,056	32,873	32,852	35,116
<b>Leisure Services</b>						
Youth athletic participants	927	1,904	2,343	2,655	10,597	19,537
Camp program participants	670	365	358	322	625	561
Class participants	14,376	14,007	11,090	10,634	15,093	19,662
<b>Water/Sewer Utility</b>						
Water customers	19,436	19,760	20,135	20,437	20,963	21,056
Water main breaks	None	None	None	None	None	4
Sewer customers	19,300	19,600	20,000	20,400	20,900	21,006
Avg daily water consumption (thousands of gallons)	11,930	10,963	12,746	12,348	11,602	10,040

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**

Information prior to fiscal year 2003 is not available.

## CITY OF DELRAY BEACH, FLORIDA

Schedule of Insurance in Force

September 30, 2008

Company	Type of Coverage	Property/Risk Covered	Amount of Coverage
Star Insurance	Workers' Compensation	On-the-job injury	Statutory
Star Insurance	Primary General/Auto Liability	Legal liabilities	\$1 million/occurrence
			\$3 million/aggregate
Princeton (PESLIC)	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	\$9 million
Max Specialty/Landmark	2nd Excess Property	Excess of 1st excess	\$5 million
Endurance/Max Specialty/Westchester	3rd Excess Property	Excess of 2nd excess	\$10 million
Hartford Steam Boiler	Boiler and Machinery	Boiler & machinery	\$50,000
Hartford Insurance	Primary Crime	Public employee dishonesty	\$500,000/occurrence
Hartford Life	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 Speciality	Railroad Liability	RR crossings and easement legal liability	\$2 million/occurrence
			\$4 million/ aggregate
American Bankers	Flood (2 specific locations)	Flood	\$500,000
Ace American	Property Liability	Water Treatment Plant/Environmental Services & Utilities	\$25 million

# Compliance Section



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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, 2008, which collectively comprise the basic financial statements of the City of Delray Beach, Florida, and have issued our report thereon dated April 2, 2009. 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.

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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

***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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding 2008-1.

We also noted certain additional matters that we reported to management in a separate management letter dated April 2, 2009.

The City's response to finding 2008-1 identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's response and, accordingly, we express no opinion on it.

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

April 2, 2009

CITY OF DELRAY BEACH, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE

For the Fiscal Year Ended September 30, 2008

Grantor/ Program Title	CFDA Number	Contract/Grantor Number	2008 Program Expenditures	Transfers to Subrecipients
<b>Federal Awards</b>				
<b>U.S. Department of Agriculture</b>				
Forest Service				
Pass-through Award from the State of Florida				
Department of Agriculture				
Cooperative Forestry Assistance	10.664	10324	\$ 20,551	\$ 0
<b>U.S. Department of Defense</b>				
Department of the Army, Office of the Chief of Engineers				
Pass-through Award from Palm Beach County				
Beach Erosion Control Projects	12.101	R92-1283D	48,870	0
<b>U.S. Department of Housing and Urban Development</b>				
Direct Award				
Community Development Block				
Grants/Entitlement Grants	14.218	B-06-MC-12-0033	504,622	96,653
Pass-through Award from Palm Beach County				
Community Development Block Grants -				
State's Program	14.228	07DB-3V-10-60-01-Z07	810,815	0
Total U.S. Department of Housing and Urban Development			<u>1,315,437</u>	<u>96,653</u>
<b>U.S. Department of Justice</b>				
Bureau of Justice Assistance				
Direct Awards				
Bulletproof Vest Partnership Program	16.607	2006-BOBX06132740	9,184	0
Edward Byrne Memorial Justice Assistance				
Grant Program	16.738	2005-DJ-BX-1067	662	0
Edward Byrne Memorial Justice Assistance				
Grant Program	16.738	2006-DJ-BX-0896	35,432	0
Total U.S. Department of Justice			<u>45,278</u>	<u>0</u>
<b>U.S. Department of Transportation</b>				
National Highway Traffic Safety Administration				
Pass-through Award from the State of Florida				
Florida Department of Transportation				
Occupant Protection -				
Child Passenger Safety Program	20.602	K2-08-17-13	55,312	0
<b>U.S. Department of Homeland Security</b>				
Direct Award				
Hazard Mitigation Grant	97.039	07HM-4-10-60-02-026	107,361	0
Pass-through Award from the State of Florida				
Department of Financial Services				
Homeland Security Grant Program	97.067	07DS-5N-13-00-16-217	7,633	0
Total U.S. Department of Homeland Security			<u>114,994</u>	<u>0</u>
<b>Total Federal Awards</b>			<u>\$ 1,600,442</u>	<u>\$ 96,653</u>

(Continued)

CITY OF DELRAY BEACH, FLORIDA

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

For the Fiscal Year Ended September 30, 2008

Grantor/ State Project Title	CSFA Number	Contract/Grantor Number	2008 Program Expenditures	Transfers to Subrecipients
<b>State Financial Assistance</b>				
<b>Florida Department of Environmental Protection</b>				
Direct Awards				
Beach Erosion Control Program	37.003	99-PB2	\$ 20,837	\$ 0
Florida Recreation Development Assistance Program	37.017	A8062	200,000	
Pass-through Award from South Florida				
Water Management District				
Water Protection and Sustainability Program	37.066	DG 061150	450,239	0
Total Florida Department of Environmental Protection			<u>671,076</u>	<u>0</u>
<b>Florida Housing Finance Corporation</b>				
Direct Awards				
State Housing Initiatives Partnership Program	52.901		918,792	0
Hurricane Housing Recovery Program	52.902		203,520	0
Total Florida Housing Finance Corporation			<u>1,122,312</u>	<u>0</u>
<b>Florida Department of Transportation</b>				
Direct Awards				
Florida Highway Beautification Council Grant	55.003	AOQ54	11,465	0
Public Transit Service Development Program	55.012	AP367	27,720	0
Intermodal Development Program	55.014	AOU55	4,379	0
Total Florida Department of Transportation			<u>43,564</u>	<u>0</u>
<b>Florida Department of Health</b>				
Pass-through Award from Palm Beach County				
County Grant Awards	64.005	C70	46,340	0
<b>Total State Financial Assistance</b>			<u>\$ 1,883,292</u>	<u>\$ 0</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, 2008

**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 expended by the City of Delray Beach, Florida, for the year ended September 30, 2008 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, 2008. 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 programs were audited as major federal programs:

	<u>CFDA Number</u>
<b>U.S. Department of Housing and Urban Development</b>	
Community Development Block Grants/ Entitlement Grants	14.218
Community Development Block Grants – State’s Program	14.228

The following Type A projects were audited as major state projects:

	<u>CSFA Number</u>
<b>Florida Department of Environmental Protection</b>	
Water Protection and Sustainability Program	37.066
<b>Florida Housing Finance Corporation</b>	
State Housing Initiatives Partnership Program	52.901

**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 substantial 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, 2008. 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.

As described in finding 2008-1 in the accompanying schedule of findings and questioned costs, the City of Delray Beach, Florida, did not comply with requirements regarding the allowable costs/cost principles that are applicable to its Community Development Block Grant program.. Compliance with such requirements is necessary, in our opinion, for the City of Delray Beach, Florida, to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, 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, 2008.

### ***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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance of the City of Delray Beach, Florida.

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.

The City's response to finding 2008-1 identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's response and, accordingly, we express no opinion on it.

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.

*Cale, Danten, Levine,  
Porter & Veil, P.A.*

April 2, 2009

CITY OF DELRAY BEACH, FLORIDA

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

For the Fiscal Year Ended September 30, 2008

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

**Financial Statements**

Type of auditor’s report issued:	<i>Unqualified Opinion</i>
Internal control over financial reporting:	
Material weakness(es) identified?	_____ Yes <u>  X  </u> No
Significant deficiency (ies) identified that are not considered to be material weakness?	_____ Yes <u>  X  </u> None reported
Noncompliance material to financial statements noted?	_____ Yes <u>  X  </u> 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 <u>  X  </u> No
Significant deficiency (ies) identified that are not considered to be material weakness?	_____ Yes <u>  X  </u> None reported
Type of auditor’s report issued on compliance for major Federal Award Programs and major State Financial Assistance Projects:	<i>Unqualified Opinion</i>
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	<u>  X  </u> Yes _____ No
Any audit findings disclosed that are required to be reported in accordance with Rule 10.557, Rules of the Auditor General?	_____ Yes <u>  X  </u> No

**Identification of Major Programs:**

<b><u>Major Federal Award Programs</u></b>	<b><u>CFDA No.</u></b>
<b>U.S. Department of Housing and Urban Development</b>	
Direct Award	
Community Development Block Grants/Entitlement Grants	14.218
Pass-through Award from Palm Beach County, Florida	
Community Development Block Grants --State’s Program	14.228
Dollar threshold used to distinguish between Type A and Type B Federal award programs:	<u>  \$ 300,000  </u>
Auditee qualified as low-risk auditee?	_____ Yes <u>  X  </u> No

CITY OF DELRAY BEACH, FLORIDA

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

For the Fiscal Year Ended September 30, 2008

**SECTION I – SUMMARY OF AUDITOR’S RESULTS (Continued)**

<u>Major State Financial Assistance Projects</u>	<u>State CSFA No.</u>
<b>Florida Department of Environmental Protection</b>	
Pass-through Award from South Florida Water Management District	
Water Protection and Sustainability Program	37.066
<b>Florida Housing Finance Corporation</b>	
Direct Award	
State Housing Initiatives Partnership Program	52.901
Dollar threshold used to distinguish between Type A and Type B State financial assistance projects:	<u>\$ 300,000</u>

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None

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

<u>Finding Number</u>	<u>Finding</u>	<u>Questioned Costs</u>
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	
<b>2008-1</b>	<p><b>Community Development Block Grants/Entitlement Grants</b> CFDA No. 14.218    Grant No. B-06-MC-12-0033 Grant Year 2006</p> <p><i>Criteria:</i> 24 CFR 85.20(a)(6) states that accounting records must be supported by source documentation, such as payrolls and time and attendance records. Section A-87, attachment B(8)(h)(3) states the standards regarding time distribution and requires salaries and wages for employees working solely on a single Federal award to be supported by periodic certifications that the employee worked solely on the program for the period covered by the certification. Section A-87, attachment B(8)(h)(4) requires salaries and wages for employees working on multiple Federal award programs to be supported by personnel activity reports or equivalent documentation.</p>	

CITY OF DELRAY BEACH, FLORIDA

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

For the Fiscal Year Ended September 30, 2008

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

<u>Finding Number</u>	<u>Finding</u>	<u>Questioned Costs</u>
<b>2008-1 (Continued)</b>	<p><b>Community Development Block Grants/Entitlement Grants</b></p> <p><i>Condition:</i> The City did not obtain periodic certifications for employees whose salaries and wages were fully charged to the CDBG program, that the employee worked solely on that program for the period covered by the certification. The City also did not have time allocations or activity reports to support the salaries and wages charged to the CDBG program and other programs for employees who worked on multiple programs during the year.</p> <p><i>Effect:</i> Without proper documentation of time, the proper salaries and wages chargeable to the CDBG program and other programs cannot be determined. The total salaries charged to the program are subject to being disallowed.</p> <p><i>Cause:</i> This occurred because the City's Community Development Department was not aware of the requirement to obtain certifications and time allocations.</p> <p><i>Population and Items Tested:</i> There are four employees in the City's Community Improvement Department with a total payroll of \$270,180 for 2008 that was charged to the Community Development Block Grant and other federal programs. We requested certifications and time allocations for these employees and none were available.</p> <p><i>Recommendation:</i> We recommend that the City establish a time reporting system to support the salaries and wages chargeable to each Federal program and obtain certifications for employees working solely on one program.</p> <p><i>Grantee Response:</i> The City concurs with the audit finding and will obtain employee time allocations and certifications in the future.</p>	<p>\$ 270,180</p>

**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, 2008. The finding from the schedule of findings and questioned costs for the year ended September 30, 2008 is discussed below. The finding is numbered consistently with the number assigned in the schedule of findings and questioned costs.

### A. FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAMS

<u>Finding Number</u>	<u>Finding</u>
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#### U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

**2008-1**      **Community Development Block Grants/Entitlement Grants**  
CFDA No. 14.218      Grant No. B-06-MC-12-0033  
Grant Year 2006

*Criteria:* 24 CFR 85.20(a)(6) states that accounting records must be supported by source documentation, such as payrolls and time and attendance records. Section A-87, attachment B(8)(h)(3) states the standards regarding time distribution and requires salaries and wages for employees working solely on a single Federal award to be supported by periodic certifications that the employee worked solely on the program for the period covered by the certification. Section A-87, attachment B(8)(h)(4) requires salaries and wages for employees working on multiple Federal award programs to be supported by personnel activity reports or equivalent documentation.

*Condition:* The City did not obtain periodic certifications for employees whose salaries and wages were fully charged to the CDBG program, that the employee worked solely on that program for the period covered by the certification. The City also did not have time allocations or activity reports to support the salaries and wages charged to the CDBG program and other programs for employees who worked on multiple programs during the year.

*Effect:* Without proper documentation of time, the proper salaries and wages chargeable to the CDBG program and other programs cannot be determined. The total salaries charged to the program are subject to being disallowed.

*Cause:* This occurred because the City's Community Development Department was not aware of the requirement to obtain certifications and time allocations.

**A. FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAMS (Continued)**

<b>Finding Number</b>	<b>Finding</b>
<b>2008-1 (Continued)</b>	<p><b>Community Development Block Grants/Entitlement Grants</b></p> <p><i>Population and Items Tested:</i> There are four employees in the City’s Community Improvement Department with a total payroll of \$270,180 for 2008 that was charged to the Community Development Block Grant and other federal programs. We requested certifications and time allocations for these employees and none were available.</p> <p><i>Recommendation:</i> We recommend that the City establish a time reporting system to support the salaries and wages chargeable to each Federal program and obtain certifications for employees working solely on one program.</p> <p><i>Action Taken:</i> We concur with the audit finding. While the Neighborhood Services Division of the City did provide timesheets for all staff persons paid by the CDBG grant, a formal certification regarding funding sources was not completed. The Neighborhood Services Division has now developed a “Time and Attendance Certification for Grant Funded Employees” that will be completed quarterly by all grant funded employees.</p>

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



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

CERTIFIED PUBLIC ACCOUNTANTS

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Management Letter

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, 2008, which collectively comprise the basic financial statements of the City of Delray Beach, Florida, and have issued our report thereon dated April 2, 2009. 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 *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 April 2, 2009, 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.

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.

**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 finding 2008-1 described in the accompanying Schedule of Findings and Questioned Costs, our audit for the year ended September 30, 2008 disclosed the following additional matters that are required to be disclosed.

### **2008-2 Utility Billing**

*Criteria:* Internal controls should provide for accurate utility billing of customers in accordance with enacted City Ordinances establishing water and sewer rates.

*Condition:* Certain utility customers were overbilled for water restriction surcharges for the period April 2007 through 2008. The total over billing was approximately \$22,000 for all customers.

*Effect:* Utility revenues were overstated by approximately \$22,000 for the period of the error.

*Cause:* An input error was made in the utility billing system file maintenance software that resulted in water restriction surcharges being included erroneously on certain customers' monthly bills. At present, the Utilities Financial Manager makes changes to the utility billing system file maintenance software that are not independently reviewed or approved by another City employee.

*Population and Items Tested:* We selected a random sample of 25 individual utility billings for the fiscal year and reviewed these items for proper billing in accordance with City Ordinances. We noted that one utility customer was billed incorrectly for the time period selected.

*Recommendation:* We recommend that all changes made to the utility billing system file maintenance software be reviewed and approved by an appropriate person in the Finance Department and that such review should be documented by signing the approved changes.

### **2008-3 Purchasing**

*Criteria:* The City's purchasing policy requires purchases exceeding \$1,000 to obtain quotes from vendors.

*Condition:* We noted that payments for contract labor totaling approximately \$33,000 for the fiscal year were not supported by any documentation of quotes for the expenditure as required by the City's purchasing policy.

*Effect:* The purchase was made without obtaining the required quotes pursuant to the City's purchasing policy.

*Cause:* City purchasing staff did not consider it necessary to obtain quotes for casual labor services.

*Population and Items Tested:* We selected a random sample of 60 disbursements during the fiscal year and reviewed these transactions for compliance with the City's purchasing policy. We noted one transaction that did not meet the City's purchasing policy for obtaining quotes.

*Recommendation:* Purchases meeting the dollar thresholds for quotes should be supported by documentation of those quotes. If several small purchases are made from a single vendor throughout the year, it may be necessary to estimate the total annual expenditures for compliance with the City's purchasing policy.

### **2008-4 Capital Asset Disposals**

*Criteria:* Internal controls should provide for the proper recording and approval of capital asset disposals.

*Condition:* The City's procedures require the completion of a capital asset disposal form by a department that plans to dispose of a capital asset. Procedures require the disposal form to be signed by the Department Head and if the asset is transferred to the Palm Beach County Thrift Store, the disposal form should be signed by a representative of the Public Works Department. We noted five items of equipment that were scrapped or written off, but no disposal forms were prepared. For two disposals transferred to the County Thrift Store, disposal forms were completed by the department responsible for the asset, but the disposal forms were not signed by the Public Works department.

During our testing of capital asset disposals, we noted the disposal of five laptop computers in 2008 that were donated by the Police Department to a not-for-profit organization several years prior. City policy requires that any donation of City assets should be approved in advance by the City Manager. The procedures in place did not identify the disposal of the computers until subsequent years and there was no prior approval of the City Manager.

*Effect:* The capital asset disposals were not properly approved in accordance with City policy and the recorded amount of the City's capital assets were overstated.

*Cause:* Capital asset disposal forms were not properly completed for all asset disposals. As a result, the Finance Department did not remove the capital assets from the City's records when the disposal took place. In addition, the physical inventory of capital assets in the Police Department did not identify that the laptop computers were donated.

*Population and Items Tested:* We selected a sample of 25 capital asset disposals recorded during 2008 and examined the disposal forms for proper approvals. Of the 25 disposals tested, we noted 7 disposal forms that did not have the appropriate approvals. In addition, we noted 5 computers that were donated to another organization several years prior, but not recorded until 2008. The total original cost and accumulated depreciation of these capital asset disposals were \$74,233 and \$70,602, respectively, resulting in a net book value of \$3,631 for the disposals in question.

*Recommendation:* Procedures should be implemented to require completion of a capital asset disposal form for each asset disposal by City departments. The disposal form should be prepared whenever a capital asset is removed from service, including capital assets that are junked, cannibalized, sold or donated. The disposal form should be signed by a representative of the department responsible for the asset and approved by the Department Head. In addition, the City Clerk should sign the disposal form for titled assets, to verify that a disposal is approved before the title is released.

Each City department is required to perform an annual physical inventory of the capital assets on hand and each Department Head signs the physical inventory sheets attesting to the existence and use of the assets the departments are responsible for. Considering that several asset disposals were not identified for a few years after their disposal, the procedures for the physical inventory of capital assets should be reviewed with the responsible departments.

## **2008-5 Information Systems**

*Criteria:* Internal controls should provide for access security, protection and recovery of computer data.

*Condition:* Our review of the City's information systems identified several areas where the existing practices could be improved, as follows:

### Access and Security:

- Vendor passwords should be changed regularly and kept disabled until access is needed and then deactivated again.
- Failed logons should be thoroughly reviewed on a scheduled basis to look for repeated attempts to gain access to an account. Additionally, logons after hours should be reviewed

for suspicious activity. This account and time testing should be formally logged and kept for future audits.

- Consideration should be given to locking down removable storage devices (USB, CD-R, etc) to prevent any unauthorized removal of data from the City's records.
- Periodically, on a routine schedule, reports should be prepared of all users with access to payroll, accounts payable, utility billing and other key systems for review by the Finance Director or Assistant Finance Director, who should verify that the people with access to the critical systems are appropriate. The person reviewing the report should sign indicating approval and retain it for verification as part of the audit.

Data Protection and Recovery:

- Changes rolled out to the iSeries production environment should be documented in a simple but formal manner. This change and configuration log should be kept available for review.
- Offsite backups should be encrypted.

*Recommendation:* We recommend that the City consider the above changes to further enhance the access security, protection and recovery of computer data.

## **2008-6 Payroll**

*Criteria:* Internal controls should provide for the timely review and implementation of employee salary changes.

*Condition:* Two employees' salary changes were signed off months after the effective date of the change. One salary change effective date was June 2, 2008, was actually approved on October 23, 2008, and the second change was effective January 5, 2008 but not approved until March 18, 2008.

*Effect:* The payroll following the signature date resulted in additional salary paid retroactive to the effective date.

*Cause:* No apparent reason for the delay.

*Population and Items Tested:* We selected a random sample of 40 individual payroll transactions for the fiscal year and noted two individuals with salary changes resulting in retroactive pay.

*Recommendation:* City employees should receive annual reviews and salary changes on a timely basis.

The City's responses to findings 2008-2, 2008-3, 2008-4, 2008-5 and 2008-6 identified in our audit is described in a separate letter from management on page 141. We did not audit the City's responses and, accordingly, we express no opinion on them.

## **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 our prior year management letter findings (2007-1) *Segregation of Duties*, (2007-2) *Capital Assets*, (2007-3) *Cash Receipts*, (2007-4) *Fund Equity Journal Entries* and (2006-4) *Disposal of Surplus* were adequately addressed by the City or no longer apply.

## 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, 2008.

### 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, 2008. 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(1)(a), Florida Statutes, for the year ended September 30, 2008. 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, 2008.

### 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, 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.

*Caler, Dauten, Levine,  
Porter & Veil, P.A.*

April 2, 2009



April 6, 2009

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

1993  
2001

Subject: Response to the Management Letter Comments  
Comprehensive Annual Financial Report – September 30, 2008

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

**2008-01 Community Development Block Grants/Entitlement Grants** – The Community Development Division has adopted the recommendation by developing a “Time and Attendance Certification for Grant Funded Employees” which will satisfy the requirements of A-87, Attachment B (8)(h)(3)(4).

**2008-02 Utility Billing** – When adjusting rates, an error was made. By reviewing just the rates, this type of error would not be found. The recommendation is in the first billing cycle, after any rate changes, one account from every class would be reviewed.

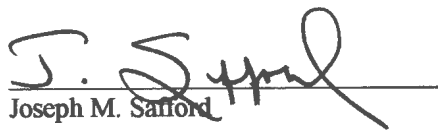
**2008-3 Purchasing** – The City utilizes a non-centralized purchasing function, whereby individual departments are responsible for most of their purchasing decisions. In this instance, the department issued a purchase order for temporary staffing every two weeks without receiving any guidance from the purchasing area. Training for departments is provided on an “at needed” basis, as well as annually by Finance and Purchasing.

**2008-4 Capital Asset Disposals** – The police department donated five laptops to a not-for-profit organization several years ago without prior approval from the City Manager, did not complete disposal forms and the physical inventory completed by the Police Department did not indicate items were no longer in their possession. The Finance Department provides updated fixed asset policies to departments as well as on-going assistance. Finance also randomly selects and tests fixed assets during the year.

**2005-5 – Information Systems** – There were several areas in Access and Security that could be improved upon. All items have been addressed except for locking down removable storage – not feasible in the work environment. Data Protection and Recovery; most of the changes to the I Series production environment are vendor applied updates, off site back ups are not encrypted due to time constraints.

**2008-6 Payroll** - Employees evaluation and pay change were not initiated and completed timely. Human Resources should monitor outstanding employee evaluations to insure compliance with policies and procedures.

Sincerely,

  
Joseph M. Safford  
Finance Director

mls/jms  
doc: audgen08