

City of Delray Beach, Florida



Photo by Danielle Beardsley

Catherine Strong Splash Park

Comprehensive Annual Financial Report For the Year Ended September 30, 2009

(Front Cover)
Catherine Strong Splash Park
1500 SW 6th Street
(561) 243-7194

The park's main feature includes a Splash Park, Playground equipment and two full basketball courts along with large rental pavilions for family parties. The "Sports Field Pavilion" is located near the tennis courts, fitness trail, and sports field for soccer, flag football and volleyball. The "Splash Park Pavilion" is located near the splash park itself. Catherine Strong Park offers tennis, basketball and a fitness trail at a leisure level. For your meditative lunch pleasures, the park has an elegant shady Ficus tree lined with benches along a walking path.

As a unique partnership with the Boys and Girls Club (located on the south side of Catherine Strong Park) and the City of Delray Beach Parks and Recreation Department, Catherine Strong will be able to offer organized indoor sports tournaments and leagues such as volleyball and basketball, special events and educational classes in the near future.

Catherine E. Strong contributed unselfishly of her time and leadership ability in the development of the City over the years, serving with distinction as Mayor in 1954, and as a member of the City Commission during the years of 1955, 1956, and 1957. Prior to serving as Mayor, Mrs. Strong was the City Clerk, and was an active participant in numerous committees to which she was appointed. Councilwoman Strong was a clear-thinking, outspoken and kindly woman. She is best known for her tireless efforts and ultimate success in defeating adoption of an ordinance segregating our beaches.

A year after her death in 1964, Bethesda Memorial Hospital had a special day to honor her tireless work for the hospital and her humanitarian interest in people of all cultural and ethnic backgrounds.

On March 8, 1964 Mrs. Strong was memorialized in a dedication ceremony for the former civic center which used to stand at this site.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Delray Beach, Florida

Year Ended September 30, 2009
with Report of Independent Certified Public Accountants

Comprehensive Annual Financial Report

City of Delray Beach, Florida

Year Ended September 30, 2009
with Report of Independent Certified Public Accountants

Prepared by the

Finance Department

Joseph Safford, Director
Milena Walinski, Assistant Director

Rebecca O'Connor
Mary Ann Young
Dolores Egan
Maureen Owens
Lisa Hartman

City of Delray Beach, Florida
 Comprehensive Annual Financial Report
 Year Ended September 30, 2009

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Introductory Section

CITY OF DELRAY BEACH



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

March 26, 2010

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

Ladies and Gentlemen:

We are pleased to present to you the Comprehensive Annual Financial Report (CAFR) of the City of Delray Beach for the fiscal year ended September 30, 2009. 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, the aggregate discretely presented component units, 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's Discussion and Analysis (MD&A) which is an overview and analysis of financial activities for the fiscal year ended September 30, 2009. **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 accounted for using the equity method in the financial statements. This agreement created a legal entity which provides wastewater treatment and disposal services as well as a water reuse transmission plant to the south central region of Palm Beach County without regard to political or governmental boundaries. The entity is governed by a Board composed of the Commission members of each city.
- **Community Redevelopment Agency (CRA)** - 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 City of 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. The CRA receives tax increment funds (TIF) from the City of Delray Beach and Palm Beach County based upon the operating millage of those entities for the taxable assessed values of properties in the CRA district in excess of the 1985 taxable assessed valuations. The CRA 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.

- **Downtown Development Authority (DDA)** - 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 DDA is allowed to charge an ad valorem millage rate on the commercial businesses within its boundaries not to exceed one (1) mil. The resolutions regarding millage rates and budgetary submissions must be approved in a public hearing process by the City of Delray Beach. The DDA is also a component unit of the City of Delray Beach and is also required to be discretely presented within the financial statements.

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 on the Atlantic shoreline. 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 63,789 (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 full service city with a Commission-Manager form of local government. The citizens elect a Mayor at large on a non-partisan basis every two (2) years who presides over four (4) Commissioners who are elected at large on a non-partisan basis for two (2) year terms in alternating years. The City Commission sets policy, approves legislation, adopts the Annual Budget, and sets rates and fees. 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 daily business of the City and is responsible for the supervision of the City departments and employees. Department Heads serve at the pleasure of the City Manager and other employees are covered with either Civil Service regulations or union agreements.

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, building inspection and permitting 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 boards and committees, charettes, a Resident's Academy, a Student's Academy, a Police Academy, a Speaker's Bureau and special meetings. In the prior fiscal year the City Commission initiated a Budget Task Force (a 9-member citizen task force) to evaluate and make recommendations on the budget as well as other financial documents) that later became the full-time Financial Review Board and a Green Task Force (a 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 that also was extended into a full-time board.

Delray Beach is known locally, regionally and nationally for its special events and vibrant downtown activities. Over the past year, there were over 50 special events including the Green Market in the Park, Art and Jazz on the Avenue, Garlic Fest, Roots Cultural Festival, U.S.T.A. 12 year old Boy's and Girl's National Tennis Championship,

the U.S.T.A. Boy's 18 and 16 Clay Court National Championships, the U.S.T.A. Summer Smash Regional Championships, the 10th Annual ATP International Tennis Championships (ITC) featuring James Blake (USA) and Tommy Haas (Germany), and the 18th Annual Chris Evert/Raymond James Pro-Celebrity Tennis Classic charity tournament including comedians Chevy Chase and Jon Lovitz. The 47th Annual Delray Affair attracted over 150,000 visitors over a three-day period. The 4th 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 includes 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, 2 putting areas, banquet facilities, restaurant, bar and lounge area and pro shop facilities. The Lakeview Golf Course is a par 60-3,006 yard executive course favored by many beginners, senior citizens and casual golfers.

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

The City of Delray Beach celebrated its 31st year in Sister's Cities Program relationship with Miyazu, Japan and a later relationship with Moshi, Tanzania, Africa.

CURRENT MAJOR INITIATIVES

Bus Shelters

The City installed 43 new bus shelters at various locations throughout the City. The City has been awarded three grants to install an additional 50 bus shelters over the next two years. In 2006, a shuttle was initiated with three buses providing shuttle service from TriRail to downtown Delray Beach (the downtown roundabout service) and an additional part-time shuttle on Friday's and Saturday's. In FY 2009 the shuttle served 132,564 customers.

Downtown Parking

With the addition of 770 parking spaces provided from the Old School Square parking garage and the Robert Federspiel parking garage, the City has embarked on a downtown parking study to develop a comprehensive parking management program that will not only look at existing inventory but also how the current parking is utilized. Other outcomes of this study include a review of the current payment-in-lieu parking system, benefits and barriers to imposing parking fees, a review of the current shuttle service and policies and programs to improve and encourage walkability within the downtown area.

Workforce Housing

The City has developed a workforce housing initiative and has a workforce housing ordinance. A Community Land Trust was started 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 last 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 IT 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 2009-2013. This plan actually includes four (4) different plans to include the Strategic Plan, Tactical Plan, Business Interruption/Continuity Plan, and the 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 1st place awards and a 3rd 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 has installed these meters in some areas 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. This department recently became the pension administrator for the Police and Fire Retirement System which was previously provided by outside services.

Reclaimed Water Project

The Environmental Services Department expanded its reclaimed water project which is serving our municipal golf courses. In FY2009, this department completed the first phase of the barrier island reclaimed water system that will provide irrigation water to the barrier island at significantly lower costs than using potable drinking water and will also relieve the potable drinking water system of those irrigation demands.

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, 2009 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 also prepared for Special Revenue Funds, Capital Projects Funds, Debt Service Fund, 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 has 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, 2008. This was the 25th 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 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 the 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. Safford
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, 2008.

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 Delray Beach
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2008

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.



A stylized, handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

CITY OF DELRAY BEACH, FLORIDA

LIST OF PRINCIPAL OFFICIALS

September 30, 2009

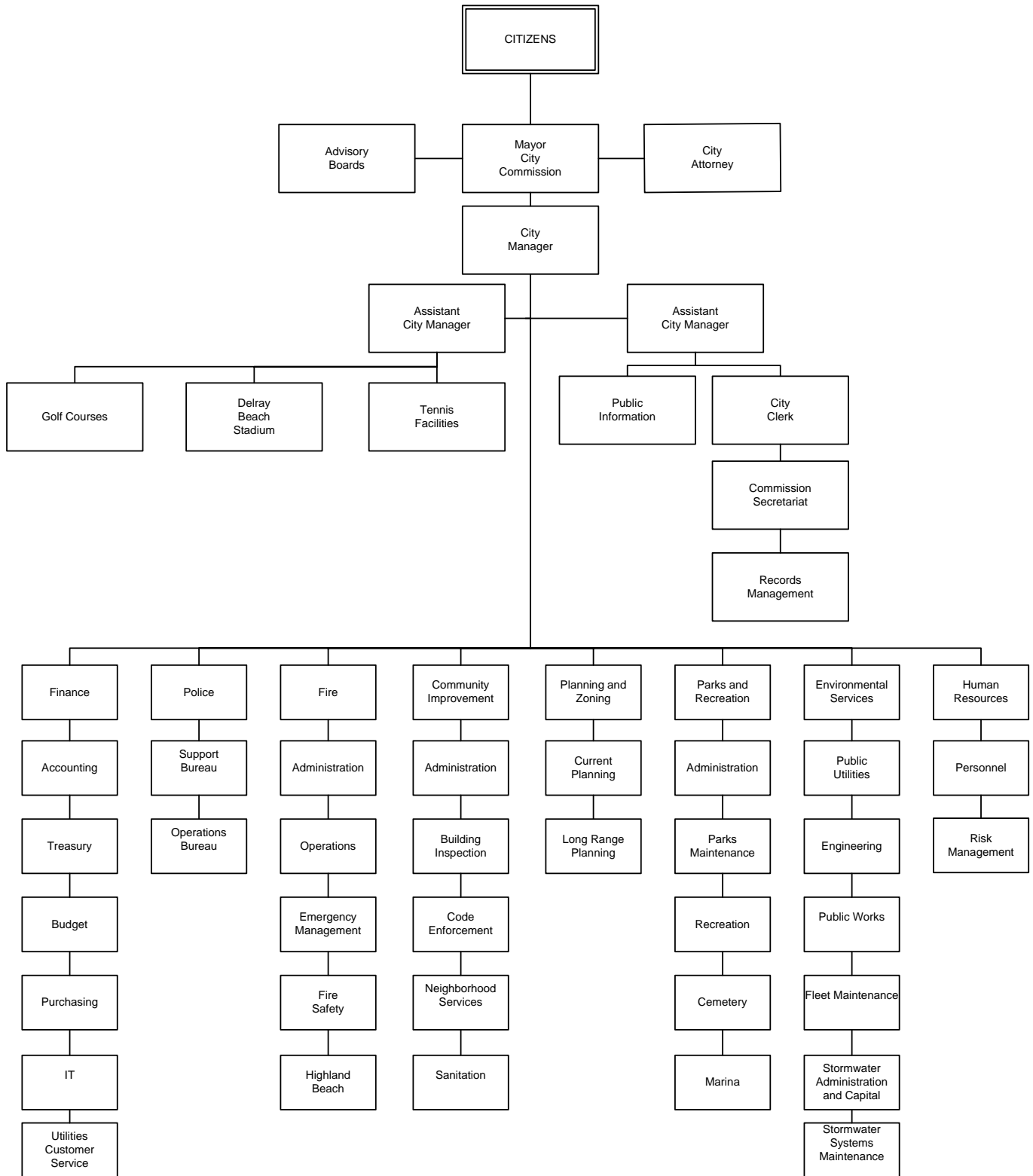
CITY COMMISSION

Mayor.....Nelson “Woodie” McDuffie
Vice-Mayor.....Gary Eliopoulos
Deputy Vice-Mayor.....Adam Frankel
Commissioner.....Fred B. Fetzer
Commissioner.....Angeleta Gray

CITY STAFF

City Manager.....David T. Harden
City Attorney.....Brian Shutt
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 J. Koeser
Parks and Recreation Director.....Linda Karch
Planning and Zoning Director.....Paul Dorling
Police Chief.....Anthony Strianese

City Organizational Chart



Financial Section



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

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MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To 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, 2009, 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 51%, 3% and 21%, respectively, of the assets, net assets/fund balances and revenues/additions of the aggregate remaining fund information of the City, and the Delray Beach Downtown Development Authority, a discretely presented component unit of the City, which represents .3%, .4% and 4%, respectively, of the assets, net assets and revenues 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2010 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 16 and pages 67 through 70, 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, based on our audit and the reports of other auditors, 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.*

March 24, 2010

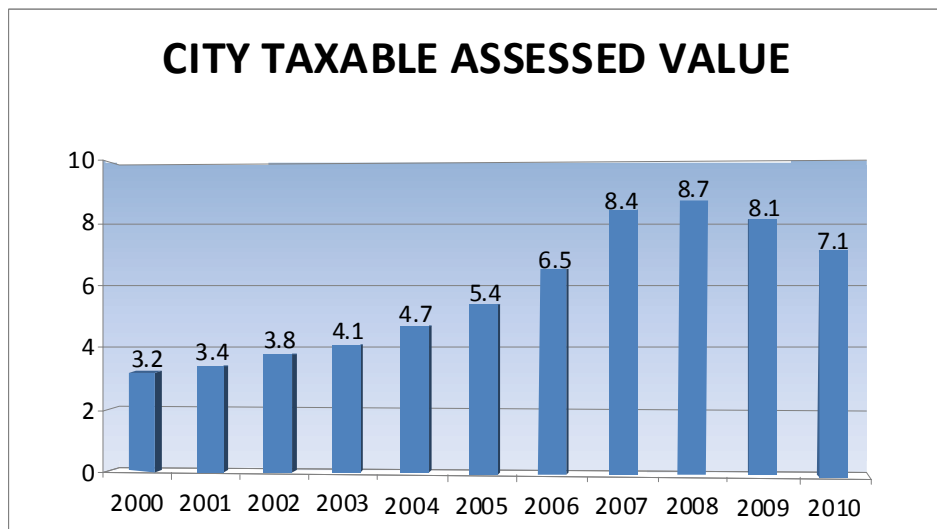
Management's Discussion and Analysis

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, 2009. 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 vii of this report and the actual detailed financial statements beginning on page 17.

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 was intended to enhance the understandability and usefulness of external financial reporting of state and local governments to the citizenry, legislative and oversight bodies, and investors and creditors.

Financial Highlights

- The City's single largest source of revenue is from property taxes derived from the taxable assessed value of properties within the City, as summarized below (in billions):



Fiscal Year	Taxable Assessed Value	% Increase/Decrease	Tax Revenue**
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	\$8,149,606,528	(6.24%)	\$53,984,307
2010*	\$7,098,165,923	(12.90%)	\$52,069,568

* Projected

** Tax Revenue includes the collection of delinquent taxes

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 6.24% decrease in taxable assessed property values, from \$8,692,058,600 to \$8,149,606,528 or a decrease of \$542,452,072. This is only the second 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.

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 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 change also placed a cap on future property taxes by tying any changes in the tax rate with personal income growth and made provisions that allow local governments to override the cap by super majority vote.

- The City millage rate approved by the City Commission determines the overall property tax levy (one mill equals \$1 per \$1,000 of assessed value) and is summarized below:

Fiscal Year	Operating Millage	Debt Service Millage	Total Millage
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 millage tax rate for FY 2009 increased from 6.5783 to 6.8504 or 4.1%. Combined with the decrease in taxable assessed value for the year, the property tax collections actually dropped \$1,318,530, from \$55,302,837 to \$53,984,307.

- The City established a community redevelopment district in 1985 which is managed by the Delray Beach 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 decreased from \$1.7 billion in FY 2008 to \$1.6 billion in FY 2009 but the actual revenues decreased by \$492,735 due to decreases in assessed valuation.

CRA- Taxable Assessed Value and Revenue

Fiscal Year	Taxable Assessed Value	% Increase/Decrease	Tax Revenue
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	\$1,602,795,951	(7.96%)	\$8,238,669
2010*	\$1,343,881,291	(16.15%)	\$7,497,890

*Projected

- The assets of the City (Primary Government) exceeded its liabilities at September 30, 2009 by \$221,508,534 (Total Net Assets). Of this amount, \$66,442,741 (Unrestricted Net Assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$12,699,872 for 2009. Net assets of the governmental activities increased to \$111,237,283 and net assets of the business-type activities increased to \$110,271,251 at September 30, 2009. These balances are shown in the "Statement of Activities".
- The total net assets of the City (Primary Government) increased by \$12,699,872 in which the governmental activities increased \$4,375,961 and business-type activities increased \$8,323,911. This change in net assets is shown in the "Statement of Activities".
- At September 30, 2009, the City's governmental funds reported combined ending fund balances of \$37,970,949 which decreased \$2,489,790 from the prior year. The decrease is due primarily to the General Construction Fund using fund balance to complete projects. Of the combined ending fund balance, \$33,210,791 or 87.46% is available for spending at the government's discretion (Unreserved Fund Balance). Of this amount, \$19,747,589 is in the General Fund, \$9,962,213 is in Capital Projects Funds and \$3,500,989 is in Special Revenue Funds.
- At September 30, 2009, Unreserved Fund Balance for the General Fund was \$19,747,589 or 21.11% of total 2009 General Fund expenditures of \$93,560,917. This compares to \$18,593,915 in Unreserved Fund Balance last year which represented 19.54% of total expenditures of \$95,180,578. The City's 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 17 and 18 of this report. The CRA and DDA issue separate audited financial statements which are available directly from the CRA at 20 N. Swinton Avenue, Delray Beach, FL 33444 and from the DDA at 64 S.E. 5th Avenue, Delray Beach, FL 33483.

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 twelve 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 19 through 22 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 support both governmental and business-type functions, they have been allocated between the governmental and business-type 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 23 to 25 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 26 to 27 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 28 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 67 through 70 of this report.

The *combining statements* for 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 71 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 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	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$57.2	\$58.8	\$57.9	\$55.3	\$115.1	\$114.1
Capital assets	143.8	142.7	103.5	103.0	247.3	245.7
Total Assets	201.0	201.5	161.4	158.3	362.4	359.8
Current liabilities	9.8	9.2	9.0	10.1	18.8	19.3
Non-current liabilities	80.0	85.4	42.1	46.3	122.1	131.7
Total Liabilities	89.8	94.6	51.1	56.4	140.9	151.0
Net Assets						
Invested in capital assets, net of related debt	76.5	70.5	66.2	57.1	142.7	127.6
Restricted	10.7	12.7	1.6	6.6	12.3	19.3
Unrestricted	24.0	23.7	42.5	38.2	66.5	61.9
Total Net Assets	\$111.2	\$106.9	\$110.3	\$101.9	\$221.5	\$208.8

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 \$221.5 million in FY 2009 compared to \$217.2 million in FY 2008. A significant portion of the City's net assets (\$142.7 million or 64.4% 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.

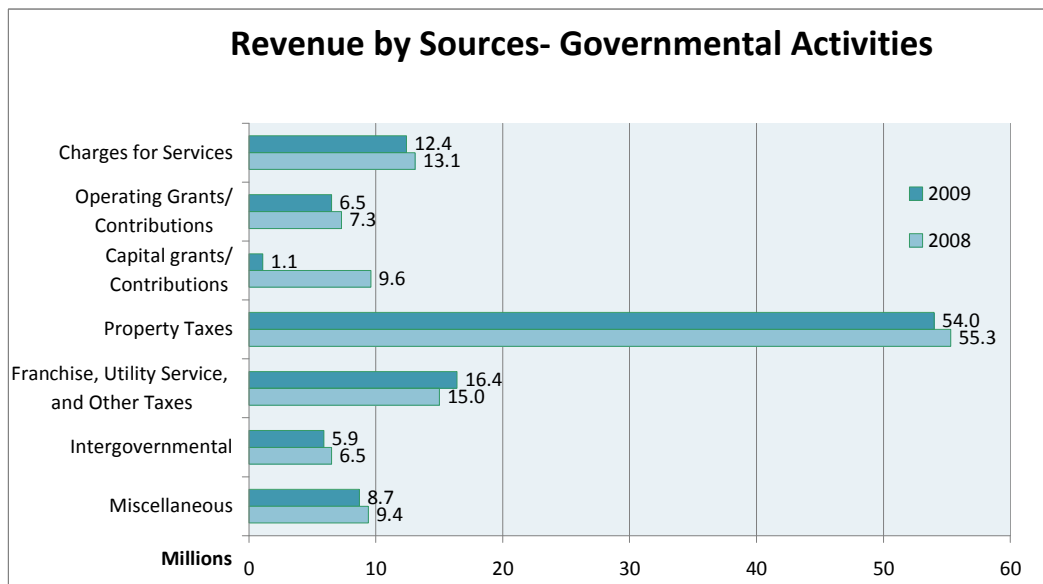
While the statement of net assets shows the change in financial position of net assets, the Condensed Statement of Activities provides answers as to the nature and the source of these changes. This is shown below in Table A-2.

Table A-2
Condensed Statement of Activities (\$ in millions)

	Governmental Activities		Business-type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Revenues						
Program Revenues:						
Charges for services	\$12.4	\$13.1	\$44.8	\$39.1	\$57.2	\$52.2
Operating grants, contributions	6.8	7.3	1.3	3.0	8.1	10.3
Capital grants, contributions	1.1	9.6	1.1	1.0	2.2	10.6
General Revenues:						
Property Taxes	54.0	55.3	.0	.0	54.0	55.3
Other taxes	16.4	15.0	.0	.0	16.4	15.0
Intergovernmental	5.9	6.5	.0	.0	5.9	6.5
Other	8.7	9.4	.0	.5	8.7	9.9
Total Revenues	105.3	116.2	47.2	43.6	152.5	159.8
Expenses						
General government	22.3	25.1	.0	.0	22.3	25.1
Public safety	54.2	56.8	.0	.0	54.2	56.8
Physical environment	9.9	8.1	.0	.0	9.9	8.1
Parks and recreation	14.8	14.5	.0	.0	14.8	14.5
Interest on long-term debt	3.3	2.8	.0	.0	3.3	2.8
Water and sewer	.0	.0	25.6	23.9	25.6	23.9
Municipal golf course	.0	.0	3.0	3.3	3.0	3.3
Lakeview golf course	.0	.0	.7	.7	.7	.7
City marina	.0	.0	.1	.1	.1	.1
Sanitation	.0	.0	4.5	3.5	4.5	3.5
Stormwater utility	.0	.0	1.4	1.5	1.4	1.5
Total Expenses	104.5	107.3	35.3	33.0	139.8	140.3
Change in Net Assets						
Before Transfers	.8	8.9	11.9	10.6	12.7	19.5
Transfers	3.5	2.7	(3.5)	(2.7)	.0	.0
Increase in Net Assets	4.3	11.6	8.4	7.9	12.7	19.5
Beginning Net Assets	106.9	95.3	101.9	94.0	208.8	189.3
Ending Net Assets	\$111.2	\$106.9	\$110.3	\$101.9	\$221.5	\$208.8

Governmental activities increased the City's net assets by \$4.3 million. This net increase in net assets is a result of the following:

- The primary increase is \$3.5 million in transfers which includes a one-time payment of \$.9 from the General Construction Fund, with all other transfers remaining fairly consistent from the previous year.
- Revenues decreased \$10.9 million from 2008 due to a one-time capital grant of \$8.2 million. When adjusting for that transaction, the net decrease in revenues was \$2.7 million. All revenue categories decreased except for other taxes. The decrease in revenues was offset by the decrease in expenses which resulted in an increase in net assets of \$4.3 million.
- The functions reflecting the largest decreases were General Government and Public Safety. General Government expenses decreased \$2.8 million from the prior year with the largest amounts reflected in non-departmental expenses and CRA transfer which was a decrease of \$1.2 million from the prior year. Public Safety decreased \$2.6 million due to a variety of cost cutting efforts such as "frozen positions" (18), fuel expenses and general liability insurance.



Business-type activities did not impact the City's net assets due to a negative prior period adjustment of \$8.4 million. This adjustment was for the accretion of interest on 1993 Capital Appreciation Bonds in the Water and Sewer Fund. Further clarification is in note 12.

- The City conducted a water and sewer rate study to ensure water revenues supported water-related expenses and for sewer expenses to support sewer-related expenses. The rate structure was evaluated to provide a more equitable means of promoting water use conservation.
- Sanitation rates increased approximately 53% for residential and approximately 95% for commercial. These rate increases reflect the fact that the contractor was held to a CPI adjustment cap for five years and the increased cost of oil and associated materials during this time. The contractor rates were found to be comparable to surrounding communities, so the contract was extended to fiscal year 2013. The City revised the roll-off construction and demolition debris franchise to allow multiple contractors instead of an exclusive franchise with the contractor.

Financial Analysis of the City of Delray Beach Major Funds

Governmental Funds

The City had two major governmental funds for 2009, the General Fund and the Capital Improvement Fund.

Comparative information for the two major funds for 2009 and 2008 is as follows:

Major Fund Information (\$ in Millions)

	General Fund	Capital Improvement Fund
Fiscal Year 2009		
Revenues	\$95.0	\$5.3
Expenditures	(93.6)	(9.6)
Other financing sources (uses)	(.6)	1.4
Increase (Decrease) in Fund Balance	.8	(2.9)
Fiscal Year 2008		
Revenues	97.0	3.5
Expenditures	(95.2)	(10.0)
Other financing sources (uses)	(2.3)	(.0)
Decrease in Fund Balance	(.5)	(6.5)

General Fund

The General Fund, which is the primary operating fund of the City and is not supported by user fees, recognized \$94,965,834 in total revenues offset with \$93,560,917 in expenditures and \$587,244 in net other financing uses. This resulted in an increase in fund balance of \$817,673. The Fund Balance increased from \$22,922,676 in 2008 to \$23,740,349 in 2009. Of this amount, \$19,747,589 is in Unreserved Fund Balance which represents 21.11% of our present expenditure levels. This represents an increase of 6.2% from the prior year. 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 \$5,300,307 in total revenues and \$9,633,673 in expenditures and a net of other financing sources of \$1,445,615. This resulted in a decrease in fund balance of \$2,887,751. Fund Balance at the beginning of the year was \$11,267,668 and, when combined with the current year, resulted in an end of year Fund Balance of \$8,379,917.

Proprietary Funds

The City had one major proprietary fund for 2009, the Water and Sewer Fund, and five Nonmajor enterprise funds and two internal service funds.

Comparative information for all proprietary funds for 2009 and 2008 is as follows:

\$ in Millions	Operating Income		Change in Net Assets	
	2009	2008	2009	2008
Enterprise Funds				
Water/Sewer	\$9.1	\$2.3	\$6.7	\$6.9
Municipal Golf Course	.4	.3	.4	.2
Lakeview Golf Course	.0	.0	.0	.2
City Marina	.1	.1	.0	.0
Sanitation	.5	.2	.4	.2
Stormwater Utility	.7	.7	.4	.6
Internal Service Funds				
Insurance	2.1	(\$.9)	1.8	(\$.8)
Central Garage	.1	(.1)	.7	.2

Water and Sewer Fund

Water/sewer service fee revenues increased from \$29.2 million to \$33.4 million. The City increased its water rates 5% and sewer rates by 15% effective October 1, 2008 to cover anticipated costs of a sewer plant expansion for increased treatment for the water reuse program.

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 \$369,002 compared to \$305,342 last year.

The **Lakeview Golf Course** has an operating income of \$53,929 versus \$45,660 last year.

The City **Marina Fund** has an operating income this year of \$108,885 compared to \$88,400 last year. There was a backlash to the rate increase in the prior year which left many vacant slips. This potential revenue loss was offset by the higher rates paid by transients boaters who filled the vacant slips. The dockage rates were reduced for fiscal year 2010 which has resulted in a fully rented marina.

The **Sanitation Fund** generated an operating income of \$504,311 this year compared to \$205,578 last year. Revenue from service charges included an average of 53% increase in the residential collection portion of current rates.

The **Stormwater Utility Fund** has an operating income this year of \$747,274 compared to \$695,730 last fiscal year. Stormwater fees are billed and received on the property tax bills. The increase in operating income is due primarily to a decrease of \$46,000 in operating expenses.

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 a decrease in the "Incurred but Not Reported" (IBNR) claims liability from \$5,815,988 to \$4,714,863 for property, health and worker's compensation claims. The decrease reflects slower claim development for all lines of insurance and a reduction in very large claims. All required reserves are determined by outside actuaries. The health insurance total plan costs, renewable in June 2009-10 policy year increased 7% over the prior year. The Insurance Fund has \$3,638,113 in Unrestricted Net Assets.

The **Central Garage Fund** has an operating income of \$139,996 compared to a loss of \$86,791 last year. Fuel costs decreased substantially resulting in a positive operating income.

General Fund Budgetary Highlights

The City budgeted revenues and Other Financing Sources decreased from \$99,148,110 to \$98,370,559 from the original to the final budget. The City actually recorded \$97,471,208 in revenues and other financing sources compared to the final budget. Current year revenues were greatly impacted by the slowing economy, and decline in private and commercial construction. Revenues and other financing sources were therefore \$899,351 under the final budget. All revenue categories except Charges for Services were under budget. Charges for Services exceeded budget by \$717,207, with emergency transport fees providing \$565,000 of the overage.

The City's budgeted expenditures and other financing uses increased from \$98,917,110 to \$99,513,527 from the original to the final budget. The City actually recorded \$96,740,396 in expenditures, including encumbrances and other financing uses. Expenditures were therefore \$2,773,131 under budget.

General Government - The departments in this category were \$1,081,119 under budget for the year with the primary decrease being in non-departmental expense of \$910,355.

Public Safety - The departments in this category were \$1,471,831 under budget for the year. The decrease was primarily due to frozen positions, and cost savings in insurance and other operating expenses.

Capital Asset and Debt Administration

Capital Assets

As of September 30, 2009, the City had \$247,386,974 invested in capital assets, as reflected in Table A-3 below, which represents a net increase of \$1,773,937 or .7% from the end of the previous fiscal year. Additional information can be found in Note 9 Capital Assets.

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

	Beginning Balance 10/01/2008	Increases	Decreases	Ending Balance 9/30/2009
Governmental Activities:				
Land	\$37.8	\$0.0	\$(.3)	\$37.5
Construction in Progress	9.7	5.0	(7.2)	7.5
Non-Depreciable Assets	47.5	5.0	(7.5)	45.0
Buildings	33.1	5.0	(.2)	37.8
Improvements Other	103.7	4.4	(1.5)	106.7

Equipment	35.4	3.6	(2.6)	36.4
Less: Accumulated Depreciation	(77.0)	(8.7)	3.6	(82.1)
Depreciable Assets- Net	95.2	4.3	(.7)	98.8
Capital Assets- Governmental	\$142.7	\$9.3	\$(8.2)	\$143.8
Business-Type Activities:				
Land	\$5.6	\$0.0	\$0.0	\$5.6
Construction in Progress	3.1	.6	(.3)	3.4
Non-Depreciable Assets	8.7	.6	(.3)	9.0
Buildings	13.6	.0	.0	13.6
Improvements Other	151.8	3.9	(2.3)	153.4
Equipment	13.3	1.2	(.8)	13.7
Less: Accumulated Depreciation	(84.5)	(4.3)	2.7	(86.1)
Depreciable Assets- Net	94.2	.8	(.4)	94.6
Capital Assets- Business-Type	\$102.9	\$1.4	\$(.7)	\$103.6
Total Capital Assets	\$245.6	\$10.7	\$(8.9)	\$247.4

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

Major capital assets changes during fiscal year 2009 were:

- Fire Station #4 was completed early in the fiscal year for \$2.5 million. The fire station was damaged during the hurricanes of 2005 and needed to be demolished and rebuilt to new standards. There were also street improvements to Atlantic Avenue, the main thoroughfare in the City. The improvements included repaving, signage, lighting and beautification.
- A large amount of the decrease relates to the demolition of Miller Field, a Bucky Dent baseball complex. The complex is in the process of being rebuilt.
- Total capital assets in the business-type activities have remained relatively constant from the prior year.

Debt Administration

As of September 30, 2009, the City had total debt outstanding of \$118.2 million compared to \$128.6 million as of September 30, 2008. The \$118.2 million debt at September 30, 2009 includes the following:

- \$29.5 million is general obligation bond debt which is debt backed by the full faith and credit of the City,
- \$37.4 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,
- \$37.4 million is revenue bonds that are backed by a pledge of water and sewer system revenues,
- \$8.3 million is for compensated absences,
- \$4.7 million is for insurance claims reserves and,

- \$.4 million is for installment agreements that are secured by the promise to budget and appropriate sufficient revenues to pay the debt.

The Changes in long-term liabilities for the fiscal year ended September 30, 2009 are summarized as follows:

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

	Beginning Balance 10/01/2008	Increases	Decreases	Ending Balance 9/30/2009
Governmental Activities:				
Revenue Bonds	\$39.5	\$0.0	(\$2.1)	\$37.4
General Obligation Bonds	31.8	0.0	(2.3)	29.5
Unamortized Premium	1.2	0.0	(.1)	1.1
Unamortized Loss on Refinancing	(.5)	0.0	.1	(0.4)
Total Bonds Payable	72.0	0.0	(4.4)	67.6
Installment Agreements	.2	.2	(.1)	.3
Compensated Absences	7.4	.9	(.9)	7.4
Insurance Claims Payable	5.8	6.8	(7.9)	4.7
Governmental Activities	\$85.4	7.9	(13.3)	80.0
Business-Type Activities:				
Revenue Bonds	\$42.6	0.0	(5.2)	37.4
Unamortized Premium	.1	0.0	(0.0)	.1
Unamortized Loss on Refinancing	(.4)	0.0	.1	(.3)
Total Bonds Payable	42.3	0.0	(5.1)	37.2
Accrued interest on CABS	8.4	.7	0.0	9.1
Installment Agreements	.1	.1	(.1)	.1
Compensated Absences	.8	.1	0.0	.9
Business Type Activities	\$51.6	.9	(5.2)	47.3
Total Debt Outstanding	\$137.0	8.8	(18.5)	127.3

During fiscal year 2009, the City had the following debt activity:

- Entered into a 48 month installment purchase of \$260,000 for parking meters in the governmental funds and a 48 month installment purchase of \$131,420 for golf carts in the business type funds.
- All other decreases in bonds and installment agreements were due to principal payments on the debt.

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 Note 12 Long Term Debt.

Economic Factors and FY 2009-10 Budget and Rates

- ❖ The City recently received the FEMA response to a second and final appeal by the City for \$494,990. Since this appeal was denied, the City has a legal action in place against the debris contractor and is presently negotiating a settlement. These funds had already been recorded in a prior year as a payable in the Sanitation Fund. The recovery of these funds from the Contractor will represent revenues in the year collected.

- ❖ The City Commission, in light of the recent economic environment, established a Budget Task Force consisting of citizens with financial, insurance and real estate backgrounds to analyze the financial records of the City and provide observations and recommendations to increase revenues, decrease expenses or improve business processes. This task force served for eighteen months and produced a report with over \$4 million in recommendations. In response to this, the City Commission established a permanent Financial Review Board, consisting of seven voting members and two alternates. The members of the Board have financial, real estate and related management backgrounds.

- ❖ The City has taken several steps to maintain balanced budgets for the past year such as the elimination of fifty-one positions, freezing salaries, reducing grants to other entities, line item reductions in operating budgets, deferred capital projects and other budgetary controls. These budgetary impacts are expected to continue into the near future. The City is currently conducting a review of pension plan alternatives, the possible development of a City health clinic, revised health plan benefits, outside engineering analysis of water loss containment and other management analysis of business processes to either increase revenues or decrease costs.

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. 1st Avenue
Delray Beach, FL 33444
Phone: (561) 243-7117

Basic Financial Statements

CITY OF DELRAY BEACH, FLORIDA
STATEMENT OF NET ASSETS
September 30, 2009

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Community Redevelopment Agency (CRA)	Downtown Development Authority (DDA)
ASSETS					
Cash and cash equivalents	\$ 7,696,846	\$ 27,274	\$ 7,724,120	\$ 13,148,512	\$ 100,762
Investments	46,282,480	592,729	46,875,209	-	-
Receivables:					
Accounts, net	2,968,247	3,131,080	6,099,327	1,021,864	1,500
Unbilled accounts	-	1,269,278	1,269,278	-	-
Notes receivable	5,518,875	-	5,518,875	-	-
Interest receivable	1,063,956	-	1,063,956	-	-
Due from other governments	1,765,762	866,207	2,631,969	-	-
Internal balances	(11,654,132)	11,654,132	-	-	-
Inventory	70,893	327,610	398,503	-	-
Prepaid items	581,455	74,114	655,569	-	6,969
Net pension asset	62,025	-	62,025	-	-
Deposits	-	-	-	4,011	-
Due from component units	2,323,987	-	2,323,987	-	-
Bond issuance costs, net	560,496	110,169	670,665	21,640	-
Restricted assets	-	7,548,660	7,548,660	7,150	-
Other asset:					
Investment in regional plant joint venture	-	32,209,642	32,209,642	-	-
Capital assets:					
Non-depreciable capital assets	45,028,054	8,949,798	53,977,852	23,465,339	-
Depreciable capital assets, net	98,805,093	94,604,029	193,409,122	2,522,935	-
Total Assets	<u>201,074,037</u>	<u>161,364,722</u>	<u>362,438,759</u>	<u>40,191,451</u>	<u>109,231</u>
LIABILITIES					
Accounts payable and accrued expenses	4,737,244	1,617,839	6,355,083	409,275	7,214
Contracts payable and retainages	-	55,140	55,140	-	-
Deposits	228,803	1,078,799	1,307,602	7,150	-
Unearned revenue	3,791,194	74,696	3,865,890	6,154	-
Accrued interest on long-term debt	361,050	49,155	410,205	-	-
Due to primary government	-	-	-	2,323,987	-
Payable from restricted assets	-	5,956,600	5,956,600	-	-
Net other postemployment benefits obligation	715,917	140,609	856,526	-	-
Noncurrent liabilities:					
Due within one year	5,730,453	158,858	5,889,311	1,652,914	-
Due in more than one year	74,272,093	41,961,775	116,233,868	12,921,873	-
Total Liabilities	<u>89,836,754</u>	<u>51,093,471</u>	<u>140,930,225</u>	<u>17,321,353</u>	<u>7,214</u>
NET ASSETS					
Invested in capital assets, net of related debt	76,546,448	66,198,545	142,744,993	11,413,487	-
Restricted for:					
Debt service	509,333	-	509,333	7,150	-
Capital Projects	9,962,213	1,592,060	11,554,273	-	-
Specific purposes	257,194	-	257,194	-	-
Unrestricted	23,962,095	42,480,646	66,442,741	11,449,461	102,017
Total Net Assets	<u>\$ 111,237,283</u>	<u>\$ 110,271,251</u>	<u>\$ 221,508,534</u>	<u>\$ 22,870,098</u>	<u>\$ 102,017</u>

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

CITY OF DELRAY BEACH, FLORIDA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2009

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Community Redevelopment Agency (CRA)	Downtown Development Authority (DDA)
					Governmental Activities	Business-type Activities	Total		
PRIMARY GOVERNMENT									
Governmental Activities:									
General Government	\$ 22,331,793	\$ 3,216,555	\$ 4,645,288	\$ 848,436	(13,621,514)	\$ -	\$ (13,621,514)		
Public Safety	54,234,648	6,739,002	1,986,484	200,900	(45,308,262)	-	(45,308,262)		
Physical Environment	9,859,520	971,381	24,979	40,977	(8,822,183)	-	(8,822,183)		
Parks and Recreation	14,790,100	1,465,722	143,090	-	(13,181,288)	-	(13,181,288)		
Interest on Long-term Debt	3,278,142	-	-	-	(3,278,142)	-	(3,278,142)		
Total Governmental Activities	104,494,203	12,392,660	6,799,841	1,090,313	(84,211,389)	-	(84,211,389)		
Business-type Activities:									
Water and Sewer	25,636,462	33,445,652	1,092,926	1,102,611	-	10,004,727	10,004,727		
Municipal Golf Course	2,952,315	3,303,511	37,040	-	-	388,236	388,236		
Lakeview Golf Course	744,544	749,367	5,985	-	-	10,808	10,808		
City Marina	131,235	204,467	35,653	-	-	108,885	108,885		
Sanitation	4,443,701	4,942,922	130,030	-	-	629,251	629,251		
Stormwater Utility	1,390,004	2,095,636	17,366	-	-	722,998	722,998		
Total Business-type Activities	35,298,261	44,741,555	1,319,000	1,102,611	-	11,864,905	11,864,905		
Total Primary Government	\$ 139,792,464	\$ 57,134,215	\$ 8,118,841	\$ 2,192,924	(84,211,389)	11,864,905	(72,346,484)		
COMPONENT UNITS									
Community Redevelopment Agency (CRA)	\$ 10,419,812	\$ 227,680	\$ 16,000	\$ -			\$ (10,176,132)	\$ -	
Downtown Development Authority (DDA)	555,529	-	-	-			-	(555,529)	
Total Component Units	\$ 10,975,341	\$ 227,680	\$ 16,000	\$ -			(10,176,132)	(555,529)	
General Revenues:									
Property Taxes					53,984,307	-	53,984,307	13,103,722	557,315
Franchise Fees					5,333,561	-	5,333,561	-	-
Utilities Service Taxes					8,958,175	-	8,958,175	-	-
Sales Taxes					1,308,213	-	1,308,213	-	-
Local Business Tax					789,705	-	789,705	-	-
Intergovernmental not restricted to specific programs					5,917,818	-	5,917,818	-	-
Investment earnings					322,165	6,897	329,062	60,832	4,442
Miscellaneous					8,425,515	-	8,425,515	-	13,191
Transfers					3,547,891	(3,547,891)	-	-	-
Total General Revenues and Transfers					88,587,350	(3,540,994)	85,046,356	13,164,554	574,948
Change in Net Assets					4,375,961	8,323,911	12,699,872	2,988,422	19,419
Net Assets - October 1, 2008, as restated					106,861,322	101,947,340	208,808,662	19,881,676	82,598
Net Assets - September 30, 2009					\$ 111,237,283	\$ 110,271,251	\$ 221,508,534	\$ 22,870,098	\$ 102,017

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

CITY OF DELRAY BEACH, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2009

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Non-Major Governmental Funds</u>	
ASSETS				
Cash and cash equivalents	\$ 7,297,466	\$ -	\$ 247,952	\$ 7,545,418
Investments	40,952,952	3,796,028	-	44,748,980
Accounts receivable, net	2,783,856	-	139,161	2,923,017
Notes receivable	3,771,484	-	1,747,391	5,518,875
Interest receivable	1,063,956	-	-	1,063,956
Due from other governments	355,216	796,932	613,614	1,765,762
Due from other funds	-	2,774,886	6,164,664	8,939,550
Inventory	23,824	-	-	23,824
Prepaid items	59,891	-	871	60,762
Due from component units	92,025	2,213,966	17,996	2,323,987
Total Assets	<u>\$ 56,400,670</u>	<u>\$ 9,581,812</u>	<u>\$ 8,931,649</u>	<u>\$ 74,914,131</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued items	\$ 2,453,374	\$ 1,076,895	\$ 194,169	\$ 3,724,438
Deposits	228,803	-	-	228,803
Due to other funds	27,849,096	-	-	27,849,096
Deferred revenue	2,129,048	125,000	2,886,797	5,140,845
Total Liabilities	<u>32,660,321</u>	<u>1,201,895</u>	<u>3,080,966</u>	<u>36,943,182</u>
FUND BALANCES				
Reserved for:				
Inventory	23,824	-	-	23,824
Prepaid items	59,891	-	871	60,762
Long-term notes receivables	3,563,484	-	-	3,563,484
Encumbrances	339,576	-	-	339,576
Debt service	-	-	509,333	509,333
Capital projects	5,985	-	-	5,985
Specific purposes	-	-	257,194	257,194
Unreserved, undesignated reported in:				
General Fund	19,747,589	-	-	19,747,589
Capital Projects Funds	-	8,379,917	1,582,296	9,962,213
Special Revenue Funds	-	-	3,500,989	3,500,989
Total Fund Balances	<u>23,740,349</u>	<u>8,379,917</u>	<u>5,850,683</u>	<u>37,970,949</u>
Total Liabilities and Fund Balances	<u>\$ 56,400,670</u>	<u>\$ 9,581,812</u>	<u>\$ 8,931,649</u>	<u>\$ 74,914,131</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, 2009

Total Fund Balances - Governmental Funds		\$ 37,970,949
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	\$ 208,236,230	
Less accumulated depreciation	<u>(72,044,148)</u>	136,192,082
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Interest receivable	945,780	
Long-term receivables	<u>403,871</u>	1,349,651
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.		
		62,025
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	560,496	
Loss on refunding	420,978	
Bond premium	<u>(1,128,604)</u>	(147,130)
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	(361,050)	
Bonds and installment agreements payable	(67,139,569)	
Compensated absences	(7,352,723)	
Net other postemployment benefits obligation	<u>(697,324)</u>	(75,550,666)
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	12,412,999	
Less amount allocated to business-type activities	<u>(1,052,627)</u>	<u>11,360,372</u>
Total Net Assets - Governmental Activities		\$ <u>111,237,283</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, 2009

	Major Funds			Total Governmental Funds
	General Fund	Capital Improvement Fund	Non-Major Governmental Funds	
REVENUES				
Taxes	\$ 65,040,400	\$ -	\$ -	\$ 65,040,400
Fees and permits	8,393,462	-	-	8,393,462
Intergovernmental	7,898,284	2,530,278	2,289,097	12,717,659
Charges for services	7,982,407	-	596,879	8,579,286
Fines and forfeitures	574,409	-	179,064	753,473
Miscellaneous	5,076,872	2,770,029	836,520	8,683,421
Total Revenues	<u>94,965,834</u>	<u>5,300,307</u>	<u>3,901,560</u>	<u>104,167,701</u>
EXPENDITURES				
Current:				
General government	17,899,747	308,475	2,792,792	21,001,014
Public safety	53,570,453	171,192	292,376	54,034,021
Physical environment	4,353,670	1,771,751	1,128,450	7,253,871
Parks and recreation	11,860,062	234,313	396,906	12,491,281
Capital outlay	370,610	7,147,942	502,834	8,021,386
Debt service:				
Principal retirement	3,658,474	-	895,361	4,553,835
Interest and fiscal charges	1,847,901	-	1,286,173	3,134,074
Total Expenditures	<u>93,560,917</u>	<u>9,633,673</u>	<u>7,294,892</u>	<u>110,489,482</u>
Excess of revenues over (under) expenditures	1,404,917	(4,333,366)	(3,393,332)	(6,321,781)
OTHER FINANCING SOURCES (USES)				
Installment agreement issued	-	260,600	-	260,600
Proceeds from sale of capital assets	3,802	-	46,000	49,802
Transfers in	4,101,919	2,136,552	2,975,728	9,214,199
Transfers out	(4,692,965)	(951,537)	(48,108)	(5,692,610)
Total Other Financing Sources (Uses)	<u>(587,244)</u>	<u>1,445,615</u>	<u>2,973,620</u>	<u>3,831,991</u>
Net change in fund balances	817,673	(2,887,751)	(419,712)	(2,489,790)
Fund balances - October 1, 2008	22,922,676	11,267,668	6,270,395	40,460,739
Fund balances - September 30, 2009	<u>\$ 23,740,349</u>	<u>\$ 8,379,917</u>	<u>\$ 5,850,683</u>	<u>\$ 37,970,949</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, 2009

Net Change in Fund Balances - Total Governmental Funds \$ (2,489,790)

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	\$ 8,021,386	
Depreciation expense	<u>(7,166,200)</u>	855,186

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. (496,380)

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	986,840	
Change in long-term receivables	<u>21,369</u>	1,008,209

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	(3,836)	
Net other postemployment benefits obligation	(697,324)	
Compensated absences	(7,748)	
Change in accrued interest payable	<u>29,243</u>	(679,665)

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		
Installment agreement		(260,600)

Debt Retirement and Issue Costs		
Principal paid	4,553,835	
Amortization of bond issuance costs	(213,231)	
Amortization of debt costs	<u>39,920</u>	4,380,524

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

Fund statement net income	2,431,868	
Less allocation to business type activities	<u>(373,391)</u>	<u>2,058,477</u>

Change in Net Assets of Governmental Activities \$ 4,375,961

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, 2009

	<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>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 2,000	\$ 25,274	\$ 27,274	\$ 151,428
Investments	592,729	-	592,729	1,533,500
Accounts receivable, net	2,498,465	632,615	3,131,080	45,230
Unbilled accounts receivable	1,269,278	-	1,269,278	-
Due from other governments	832,900	33,307	866,207	-
Due from other funds	6,772,574	5,108,551	11,881,125	8,308,041
Inventory	213,298	114,312	327,610	47,069
Prepaid expenses	-	74,114	74,114	520,693
Restricted assets:				
Cash and cash equivalents	5,288,092	594,063	5,882,155	-
Investments	1,666,505	-	1,666,505	-
Total Current Assets	<u>19,135,841</u>	<u>6,582,236</u>	<u>25,718,077</u>	<u>10,605,961</u>
Noncurrent Assets:				
Property, land and equipment:				
Land	882,792	4,694,070	5,576,862	-
Buildings	9,244,387	4,370,104	13,614,491	909
Improvements other than buildings	138,479,812	14,905,546	153,385,358	-
Equipment	10,714,815	2,995,708	13,710,523	17,715,031
Construction in progress	3,048,495	324,441	3,372,936	-
Accumulated depreciation	(77,189,732)	(8,916,611)	(86,106,343)	(10,074,875)
Other assets:				
Bond issue costs, net	51,292	58,877	110,169	-
Investment in regional plant joint venture	32,209,642	-	32,209,642	-
Total Noncurrent Assets	<u>117,441,503</u>	<u>18,432,135</u>	<u>135,873,638</u>	<u>7,641,065</u>
Total Assets	<u>136,577,344</u>	<u>25,014,371</u>	<u>161,591,715</u>	<u>18,247,026</u>
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued expenses	698,049	919,790	1,617,839	1,012,806
Contracts payable and retainages	55,140	-	55,140	-
Unearned revenue	63,513	11,183	74,696	-
Accrued interest on long-term debt	49,155	-	49,155	-
Current maturities of installment agreements	-	39,435	39,435	-
Current maturities of revenue bonds	74,837	-	74,837	-
Compensated absences payable	44,586	-	44,586	5,175
Insurance claims payable	-	-	-	1,736,416
Due to other funds	-	1,279,620	1,279,620	-
Refundable deposits	954,388	124,411	1,078,799	-
Total Current Liabilities	<u>1,939,668</u>	<u>2,374,439</u>	<u>4,314,107</u>	<u>2,754,397</u>
Current Liabilities Payable from Restricted Assets:				
Accrued interest on long-term debt	742,091	70,472	812,563	-
Current maturities of revenue bonds	4,620,446	523,591	5,144,037	-
Total Current Liabilities	<u>5,362,537</u>	<u>594,063</u>	<u>5,956,600</u>	<u>-</u>
Total Current Liabilities	<u>7,302,205</u>	<u>2,968,502</u>	<u>10,270,707</u>	<u>2,754,397</u>
Noncurrent Liabilities:				
Net other postemployment benefits obligation	128,989	11,620	140,609	18,593
Long-term portion of compensated absences payable	754,840	47,791	802,631	82,590
Long-term portion of insurance claims payable	-	-	-	2,978,447
Accrued interest on capital appreciation bonds	9,062,171	-	9,062,171	-
Revenue bonds payable, net	27,603,962	4,395,765	31,999,727	-
Installment agreements	-	97,246	97,246	-
Total Noncurrent Liabilities	<u>37,549,962</u>	<u>4,552,422</u>	<u>42,102,384</u>	<u>3,079,630</u>
Total Liabilities	<u>44,852,167</u>	<u>7,520,924</u>	<u>52,373,091</u>	<u>5,834,027</u>
NET ASSETS				
Invested in capital assets, net of related debt	52,881,324	13,317,221	66,198,545	7,641,065
Restricted for:				
Renewal and replacement	1,592,060	-	1,592,060	-
Unrestricted	37,251,793	4,176,226	41,428,019	4,771,934
Total Net Assets	<u>\$ 91,725,177</u>	<u>\$ 17,493,447</u>	<u>109,218,624</u>	<u>\$ 12,412,999</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds				
Cummulative prior year adjustments			679,236	
Current year adjustment			373,391	
Net Assets of Business-Type Activities, Statement of Net Assets			<u>\$ 110,271,251</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, 2009

	Major Fund		Total	Governmental
	Water and Sewer Fund	Non-Major Enterprise Funds	Business-Type Activities- Enterprise Funds	Activities - Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ 33,445,652	\$ 11,295,903	\$ 44,741,555	\$ 15,086,167
Other operating revenue	1,092,926	78,927	1,171,853	2,624,390
Total Operating Revenues	34,538,578	11,374,830	45,913,408	17,710,557
OPERATING EXPENSES				
Personal services	7,693,704	604,447	8,298,151	1,209,048
Other operating expenses	14,155,997	8,194,787	22,350,784	12,785,241
Depreciation	3,544,926	792,195	4,337,121	1,519,844
Total Operating Expenses	25,394,627	9,591,429	34,986,056	15,514,133
Operating Income	9,143,951	1,783,401	10,927,352	2,196,424
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	-	6,897	6,897	33,975
Rent revenue	-	147,147	147,147	-
Share of regional plant joint venture net income	1,846,822	-	1,846,822	-
Insurance recoveries	-	-	-	8,915
Interest expense	(2,200,748)	(211,454)	(2,412,202)	-
Gain (loss) on disposal of equipment	(215,294)	97,668	(117,626)	62,779
Other nonoperating expenses	(2,078)	(512)	(2,590)	-
Total Nonoperating Revenues (Expenses)	(571,298)	39,746	(531,552)	105,669
Income Before Capital Contributions and Transfers	8,572,653	1,823,147	10,395,800	2,302,093
Capital contributions	1,048,791	53,820	1,102,611	103,473
Transfers in	98,705	-	98,705	356,006
Transfers out	(2,984,560)	(662,036)	(3,646,596)	(329,704)
Change In Net Assets	6,735,589	1,214,931	7,950,520	2,431,868
Net Assets - October 1, 2008, as restated	84,989,588	16,278,516	101,268,104	9,981,131
Net Assets - September 30, 2009	\$ 91,725,177	\$ 17,493,447	109,218,624	\$ 12,412,999
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds				
Cumulative prior year adjustments			679,236	
Current year adjustment			373,391	
Net Assets of Business-Type Activities, Statement of Net Assets			\$ 110,271,251	
Reconciliation of Change in Net Assets to the Statement of Activities				
Change In Net Assets as reported above			\$ 7,950,520	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				
Current year adjustment			373,391	
Change In Net Assets as reported on the Statement of Activities for Business-type Activities			\$ 8,323,911	

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, 2009

	<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>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 35,017,737	\$ 10,772,867	\$ 45,790,604	\$ 11,804,327
Receipts from others	257,948	146,873	404,821	8,915
Payments to suppliers	(20,614,557)	(8,395,186)	(29,009,743)	(13,101,926)
Payments to employees	(7,501,128)	(587,859)	(8,088,987)	(1,190,791)
Net cash provided by (used in) operating activities	<u>7,160,000</u>	<u>1,936,695</u>	<u>9,096,695</u>	<u>(2,479,475)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	98,705	-	98,705	356,006
Transfers to other funds	(2,984,560)	(662,036)	(3,646,596)	(329,704)
Net cash provided by (used in) noncapital financing activities	<u>(2,885,855)</u>	<u>(662,036)</u>	<u>(3,547,891)</u>	<u>26,302</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(5,148,867)	(915,212)	(6,064,079)	(1,747,137)
Proceeds from the sale of capital assets	14,164	280,041	294,205	607,580
Capital contributions	853,616	41,945	895,561	-
Installment agreement issued	-	131,420	131,420	-
Principal paid on capital debt	(4,650,789)	(712,205)	(5,362,994)	-
Interest paid on capital debt	(1,319,591)	(160,623)	(1,480,214)	-
Net cash used in capital and related financing activities	<u>(10,251,467)</u>	<u>(1,334,634)</u>	<u>(11,586,101)</u>	<u>(1,139,557)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	-	6,897	6,897	33,975
Sale of investments	1,023,062	-	1,023,062	3,495,473
Purchases of investments	(78,020)	-	(78,020)	-
Net cash provided by investing activities	<u>945,042</u>	<u>6,897</u>	<u>951,939</u>	<u>3,529,448</u>
Net change in cash and cash equivalents	(5,032,280)	(53,078)	(5,085,358)	(63,282)
Cash and cash equivalents - October 1, 2008	10,322,372	672,415	10,994,787	214,710
Cash and cash equivalents - September 30, 2009	<u>\$ 5,290,092</u>	<u>\$ 619,337</u>	<u>\$ 5,909,429</u>	<u>\$ 151,428</u>
Reconciliation of cash and cash equivalents to statement of net assets:				
Unrestricted cash and cash equivalents	\$ 2,000	\$ 25,274	\$ 27,274	\$ 151,428
Restricted cash and cash equivalents	5,288,092	594,063	5,882,155	-
Cash and cash equivalents - September 30, 2009	<u>\$ 5,290,092</u>	<u>\$ 619,337</u>	<u>\$ 5,909,429</u>	<u>\$ 151,428</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income	\$ 9,143,951	1,783,401	\$ 10,927,352	\$ 2,196,424
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation expense	3,544,926	792,195	4,337,121	1,519,844
Provision for doubtful accounts	163,882	-	163,882	-
Miscellaneous and other revenue (expense)	(2,078)	146,635	144,557	8,915
Change in assets and liabilities:				
Accounts receivable	1,402,016	(176,080)	1,225,936	66,716
Due from other governments	(832,900)	(33,307)	(866,207)	-
Due from other funds	(5,890,383)	(1,050,615)	(6,940,998)	(894,542)
Inventory	(2,854)	(16,680)	(19,534)	26,424
Prepaid expenses	470	116,772	117,242	844,484
Accounts payable and accrued expenses	(565,793)	340,088	(225,705)	(86,468)
Unearned revenue	48,078	(6,409)	41,669	-
Compensated absences payable	63,587	4,968	68,555	(336)
Net OPEB obligation	128,989	11,620	140,609	18,593
Insurance claims payable	-	-	-	(1,101,125)
Due to other funds	-	3,624	3,624	(5,078,404)
Refundable deposits	(41,891)	20,483	(21,408)	-
Total adjustments	<u>(1,983,951)</u>	<u>153,294</u>	<u>(1,830,657)</u>	<u>(4,675,899)</u>
Net cash provided by (used in) operating activities	<u>\$ 7,160,000</u>	<u>\$ 1,936,695</u>	<u>\$ 9,096,695</u>	<u>\$ (2,479,475)</u>
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Amortization of bond premiums	\$ (32,616)	\$ (9,834)	\$ (42,450)	\$ -
Amortization of debt issue costs	\$ 29,840	\$ 8,722	\$ 38,562	\$ -
Amortization of deferred loss on refundings	\$ 140,626	\$ 33,849	\$ 174,475	\$ -
Capital contributions	\$ 195,175	\$ 11,875	\$ 207,050	\$ 103,473

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, 2009

	<u>Pension Trust Funds</u>
ASSETS	
Cash and cash equivalents	\$ 4,215,443
Investments:	
Bonds and other interest bearing investments	25,825,265
Equity securities	65,069,477
Mutual funds	72,365,422
Alternative investments	10,565,690
Due from broker for securities sold	1,330,860
Employee contributions receivable	84,343
Prepaid expenses	259,573
Interest and dividends receivable	<u>370,061</u>
Total Assets	<u>180,086,134</u>
LIABILITIES	
Accounts payable	127,703
Due to broker for securities purchased	823,188
State monies held in reserve	1,490,124
Deferred retirement option plan payable	<u>9,742,718</u>
Total Liabilities	<u>12,183,733</u>
NET ASSETS	
Held in trust for pension benefits	<u><u>\$ 167,902,401</u></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, 2009

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions	
Employer	\$ 8,003,395
State	1,400,752
Plan members	1,751,922
Total contributions	<u>11,156,069</u>
Investment earnings (loss)	
Net depreciation in fair value of investments	(3,644,789)
Interest and dividends	2,724,511
	<u>(920,278)</u>
Less investment expenses - custodian fees	714,231
Net investment loss	<u>(1,634,509)</u>
Other income	273,380
Total additions	<u>9,794,940</u>
DEDUCTIONS	
Benefits	10,898,297
Refunds of contributions	102,140
Other operating expenses	213,851
Total deductions	<u>11,214,288</u>
Change In Net Assets	(1,419,348)
Net Assets - October 1, 2008	<u>169,321,749</u>
Net Assets - September 30, 2009	<u><u>\$ 167,902,401</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, 2009

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.

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, 2009

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 business-type activities and 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. Water and sewer and other proprietary fund revenues are recognized as earned when the services are provided.

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 and the eligibility requirements have been met. Interest is recorded when earned. Licenses and permits, fines and

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

2. Significant Accounting Policies (Continued)

forfeitures, and miscellaneous revenue are recorded as revenue when received in cash, because they are generally not measurable until actually received.

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.

Business taxes collected in advance of periods to which they relate are 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, cash equivalents and investments consist of restricted and unrestricted cash deposits, institutional money market mutual funds, time deposits and the Florida PRIME fund (formally known as the Local Government Investment Pool or LGIP). Investments are stated at fair value. 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 collectability appears to be doubtful.

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

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 cost 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 the 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 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.

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

2. Significant Accounting Policies (Continued)

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 summarized 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:

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

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

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

2. Significant Accounting Policies (Continued)

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 for general employees and police or 1,344 hours for 48-hour work week firefighter 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) for general employees and police and 672 hours (84 days) for firefighters according to the following vesting schedule:

Years of Service	Percent Vested
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. The entity-wide statement of net assets reports governmental activities net assets of \$10,728,740 restricted for debt service, capital projects and specific purposes and business-type activities net assets of \$1,592,060 restricted for capital projects. Net assets are not restricted by enabling legislation. Unrestricted net assets consist of net assets not included in invested in capital assets, net of related debt or restricted.

Property Taxes

Ad valorem property taxes are assessed on property valuations as of January 1 and levied the following October. Property taxes are due March 31 and become delinquent April 1. 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. Delinquent tax certificates are sold on June 1 and become a lien on the property.

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

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

2. Significant Accounting Policies (Continued)

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, 2009, 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 (2007/2008) 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, 2003 through 2008. The State law allows local governments to adopt a higher millage rate based on the following approval of the governing body: 1) a majority vote to adopt a rate equal to the adjusted current year rolled-back millage rate plus an adjustment for growth in per capita Florida personal income; 2) a two-thirds vote to adopt a rate equal to the adjusted current year roll back millage rate plus 10%; or, 3) any millage rate approved by unanimous vote or 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 resulted in a total tax levy of \$56,242,594 for 2009, representing a reduction of 9.55% from the property tax levy for 2008. Beginning in 2009, future property tax growth is limited to the annual growth rate of per capita personal income plus the value of new construction.

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 \$1,600,347 for the fiscal year ended September 30, 2009.

Recent Accounting Pronouncements

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.

The GASB has issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which establishes accounting and financial reporting requirements for derivative instruments entered into by state and local governments. The requirements of this statement will be effective for the City for the fiscal year ending September 30, 2010.

The GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. The requirements of this statement will be effective for the City for the fiscal year ending September 30, 2011.

Management has not completed its analysis of the effects of these statements, if any, on the financial statements of the City.

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

2. Significant Accounting Policies (Continued)

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 expenses/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 deposit 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	\$ 13,606,275
Investments in money market mutual fund, time deposits and Florida PRIME	48,541,714
Total cash, cash equivalents and investments - primary government	\$ 62,147,989
Cash and cash equivalents	\$ 7,724,120
Investments	46,875,209
Cash and investments - restricted	7,548,660
Total primary government	62,147,989
Cash, cash equivalents and investments - pension trust funds	178,041,297
Total cash, cash equivalents and investments	\$ 240,189,286

Florida Statutes and City policy authorize the City and its pension trust funds to invest in the Local Government Investment Pool administered by the State Board of Administration (the name of the Local Government Investment Pool has since been changed to "Florida PRIME"); 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 Florida PRIME fund consist of equity in an external 2a7-like investment pool administered by the State of Florida pursuant to statutory requirements. Regulation 2a7 of the U.S. Securities and Exchange Commission (SEC) 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

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

3. Cash, Cash Equivalents and Investments (Continued)

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.

The City's investments at September 30, 2009 consist of the following:

	Carrying Amount (Fair Value)		
	Primary Government	Fiduciary Funds Pension Trust	Total
Investments:			
Florida PRIME	\$ 279	\$ -	\$ 279
Money market mutual funds	38,541,435	4,215,443	42,756,878
Time deposits with financial institutions	10,000,000	-	10,000,000
U.S. Government and Agency securities	-	11,014,380	11,014,380
Corporate bonds	-	14,810,885	14,810,885
Common stocks	-	65,069,477	65,069,477
Mutual funds	-	72,365,422	72,365,422
Alternative investments	-	10,565,690	10,565,690
Total investments	<u>\$ 48,541,714</u>	<u>\$ 178,041,297</u>	<u>\$ 226,583,011</u>

At September 30, 2009, approximately 10% of the investments of the Police and Firefighters' Retirement System Fund, a fiduciary fund, were invested in alternative investments. These alternative investments consist of pooled funds that are not publicly traded that invest in timberlands and real estate. 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, since 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. In addition, the alternative investments may have restrictions for liquidating positions in these funds and future funding commitments. Future confirming events will 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 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.

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 exposure to interest rate risks. The City and its pension funds do not have a formal policy that limits the maturities of its investments. The Florida PRIME and money market mutual funds have a weighted average maturity of less than 90 days, resulting in minimal interest rate risk. Time deposits include two \$5,000,000 certificates of deposit, each maturing exactly one year from the date of purchase. Mutual fund investments of the fiduciary funds include \$37,694,223 in a bond market index mutual fund with a weighted average maturity at September 30, 2009 of 6.4 years. The table below summarizes the scheduled maturities of the remaining investments at September 30, 2009.

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

3. Cash, Cash Equivalents and Investments (Continued)

	Fair Value of Investment Maturities			
	Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
U.S. Government and Agency securities	\$ 1,358,507	\$ 2,832,085	\$ 3,655,066	\$ 3,168,722
Corporate bonds	2,949,753	7,240,801	4,315,562	304,769
Total	\$ 4,308,260	\$ 10,072,886	\$ 7,970,628	\$ 3,473,491

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, 2009 are summarized as follows. All other securities are not rated.

	NRSRO Rating	Fair Value
Primary Government		
Money market mutual fund and Florida PRIME	AAAm	\$ 38,541,714
Pension Trust Funds		
Money market mutual funds	Unrated	4,215,443
U.S. Government and Agency securities	AAA	10,214,438
U.S. Government Agency securities	Unrated	799,942
Corporate bonds	AAA	714,287
Corporate bonds	AA	3,978,344
Corporate bonds	A	9,630,157
Corporate bonds	Baa	488,097

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 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, 2009 all investments were held in independent custodial safekeeping accounts, except money market mutual funds, mutual funds and alternative investments, 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 investments or mutual funds investing in these securities or entities, are particularly sensitive to changes in financial markets and economic conditions, including real estate values, 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.

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

3. Cash, Cash Equivalents and Investments (Continued)

Discretely Presented Component Units

Cash: The CRA's cash at September 30, 2009, includes deposits with financial institutions with a bank balance of \$13,215,000 and a book balance of \$13,148,212 and \$300 of petty cash. The CRA's deposits with financial institutions were entirely covered by federal depository insurance and a collateral pool pledged to the State Treasurer of Florida by financial institutions that comply with the requirements of Florida Statutes and have been designated as a qualified public depository by the State Treasurer. The DDA's cash at September 30, 2009, includes deposits with financial institutions that were fully covered by federal depository insurance.

Investments: The CRA follows the provisions of Florida Statutes for its investment policy. Florida Statutes authorize the CRA to invest in the Florida PRIME fund.

Interest Rate Risk: The CRA's investment policy does not specifically limit the maturity of investments. The Florida PRIME fund has a weighted average maturity of less than ninety days, resulting in minimal interest rate risk.

Credit Risk: The CRA's investment policy addresses credit risk by limiting investments to the Florida PRIME fund, deposits with a financial institution meeting the requirements of a Florida qualified public depository, securities guaranteed by the U.S. Government, or securities that are fully collateralized or secured. The security rating by a Nationally Recognized Statistical Rating Organization (NRSRO) is also an indication of credit risk. The Florida Prime Fund had a credit rating of AAAM at September 30, 2009.

Custodial Credit Risk: The CRA requires any investments in securities to be held in the CRA's name by a third party safekeeping institution. The investment in the Florida Prime Fund is considered *unclassified* pursuant to the custodial credit risk categories of GASB Statement No. 3.

Concentration of Credit Risk: The CRA investments are limited to the Florida Prime Fund and deposits with financial institutions meeting the requirements of a Florida qualified public depository.

Restricted Cash and Cash Equivalents: At September 30, 2009, cash and cash equivalents of \$7,150 were restricted by provisions of bond resolutions to certain allowable expenditures.

4. Receivables

Current receivables and the allowance for doubtful accounts at September 30, 2009 consist of the following:

	Governmental Activities	Business-Type Activities
Property Taxes Receivable:		
General Fund	\$ 1,266,691	\$ -
Stormwater Utility Fund	-	23,307
Accounts Receivable:		
General Fund	6,945,705	-
Water and Sewer Fund	-	4,420,370
Non-Major Funds	139,161	632,615
Internal Service Funds	45,230	-
Allowance for doubtful accounts	(5,428,540)	(675,934)
	<u>\$ 2,968,247</u>	<u>\$ 4,400,358</u>

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

5. Notes Receivable

Notes receivable at September 30, 2009 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 2022 (see below).	\$ 255,168
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).	\$ 3,308,316
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.	28,000
Non-interest-bearing note receivable from CRC for the sale of land, payable in annual installments of \$30,000 through 2015.	180,000
Total General Fund	3,771,484

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 5-20 years. Repayment of loans are contingent upon the sale of real estate prior to the required time frame or release date.	1,747,391
Total Governmental Activities	\$ 5,518,875

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 \$255,168 at September 30, 2009 which is recorded in the General Fund.

Additionally, the City 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, 2009 was \$3,308,316. The loan for \$768,000 was paid in full. At September 30, 2009, interest of \$945,780 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.

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

6. Due from Other Governments

The total amount due from other governments of \$2,631,969 at September 30, 2009, represents the amount due from federal and state sources for intergovernmental revenues and grant reimbursements within various funds.

7. Due from Component Units

The amounts due from component units at September 30, 2009 include the following amounts due from the Delray Beach Community Redevelopment Agency:

<u>General Fund:</u>		
Reimbursement for Plan Reviewer II	\$	18,150
Reimbursement for Parking Study		73,875
 <u>General Construction Fund:</u>		
Reimbursement for NE/SE 1 st One Way Paid		1,471,161
Reimbursement for SW 12 th & 14 th Ave. Beautification		716,837
Reimbursement for Gateway to City		25,968
 <u>Community Development Fund:</u>		
Reimbursement for Planner - Neighborhood Resource Center		17,532
Reimbursement for West Settler's Program Income.		464
Total Due from Component Units		\$ 2,323,987

8. Restricted Assets

Restricted assets of the Enterprise Funds at September 30, 2009 are summarized as follows:

Restricted Assets	Restricted for		
	Debt Service	Renewal and Replacement	Total
Water and Sewer Fund:			
Cash and cash equivalents	\$ 5,288,092	\$ -	\$ 5,288,092
Investments	74,445	1,592,060	1,666,505
Non-Major Enterprise Funds			
Cash and cash equivalents	594,063	-	594,063
Total restricted assets	\$ 5,956,600	\$ 1,592,060	\$ 7,548,660

Restricted assets in the Enterprise Funds result from revenue bond requirements to fund the current portions of principal and interest, 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 (see Note 18. Commitments and Contingencies *Debt Service Reserve Surety Bond*). 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.

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

9. Capital Assets

The major components of capital assets for the City at September 30, 2009 are summarized as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
<u>Non-depreciable Assets:</u>				
Land	\$ 37,751,138	\$ 21,648	\$ (212,642)	\$ 37,560,144
Construction in Progress	9,710,992	4,982,645	(7,225,727)	7,467,910
Total Non-depreciable Assets	<u>47,462,130</u>	<u>5,004,293</u>	<u>(7,438,369)</u>	<u>45,028,054</u>
<u>Depreciable Assets:</u>				
Buildings	33,095,105	4,961,013	(219,665)	37,836,453
Improvements Other Than Buildings	103,735,410	4,431,180	(1,490,132)	106,676,458
Equipment	35,416,844	3,577,559	(2,583,198)	36,411,205
Total Depreciable Assets	<u>172,247,359</u>	<u>12,969,752</u>	<u>(4,292,995)</u>	<u>180,924,116</u>
<u>Less Accumulated Depreciation for:</u>				
Buildings	(11,727,955)	(1,103,274)	171,446	(12,659,783)
Improvements Other Than Buildings	(43,846,309)	(4,168,636)	1,420,591	(46,594,354)
Equipment	(21,433,689)	(3,414,134)	1,982,937	(22,864,886)
Total Accumulated Depreciation	<u>(77,007,953)</u>	<u>(8,686,044)</u>	<u>3,574,974</u>	<u>(82,119,023)</u>
Total Depreciable Assets, net	<u>95,239,406</u>	<u>4,283,708</u>	<u>(718,021)</u>	<u>98,805,093</u>
Governmental Activities Capital Assets, net	<u>\$ 142,701,536</u>	<u>\$ 9,288,001</u>	<u>\$ (8,156,390)</u>	<u>\$ 143,833,147</u>
 Business-Type Activities:				
<u>Non-depreciable Assets:</u>				
Land	\$ 5,576,862	\$ -	\$ -	\$ 5,576,862
Construction in Progress	3,166,811	594,664	(388,539)	3,372,936
Total Non-depreciable Assets	<u>8,743,673</u>	<u>594,664</u>	<u>(388,539)</u>	<u>8,949,798</u>
<u>Depreciable Assets:</u>				
Buildings	13,591,054	23,437	-	13,614,491
Improvements Other Than Buildings	151,758,097	3,946,761	(2,319,500)	153,385,358
Equipment	13,351,429	1,207,548	(848,454)	13,710,523
Total Depreciable Assets	<u>178,700,580</u>	<u>5,177,746</u>	<u>(3,167,954)</u>	<u>180,710,372</u>
<u>Less Accumulated Depreciation for:</u>				
Buildings	(6,697,829)	(416,997)	-	(7,114,826)
Improvements Other Than Buildings	(67,871,756)	(3,010,756)	2,171,287	(68,711,225)
Equipment	(9,963,167)	(909,368)	592,243	(10,280,292)
Total Accumulated Depreciation	<u>(84,532,752)</u>	<u>(4,337,121)</u>	<u>2,763,530</u>	<u>(86,106,343)</u>
Total Depreciable Assets, net	<u>94,167,828</u>	<u>840,625</u>	<u>(404,424)</u>	<u>94,604,029</u>
Business-Type Activities Capital Assets, net	<u>\$ 102,911,501</u>	<u>\$ 1,435,289</u>	<u>\$ (792,963)</u>	<u>\$ 103,553,827</u>

Depreciation expense for the fiscal year ended September 30, 2009 was charged to functions/programs of the primary government as follows:

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

9. Capital Assets (Continued)

Governmental Activities:

General Government	\$ 1,073,417
Public Safety	1,135,972
Physical Environment	2,646,682
Parks and Recreation	2,310,129
Internal Service Funds	1,519,844
Total depreciation expense - Governmental Activities	\$ 8,686,044

Business-Type Activities:

Water and Sewer	\$ 3,544,926
Municipal Golf Course	178,406
Lakeview Golf Course	104,011
City Marina	70,846
Sanitation	2,308
Stormwater Utility	436,624
Total depreciation expense - Business-Type Activities	\$ 4,337,121

Discretely Presented Component Unit – Delray Beach Community Redevelopment Agency

Changes in capital assets of the Delray Beach Community Redevelopment Agency for the fiscal year ended September 30, 2009 are summarized as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Non-depreciable Assets:</u>				
Land and Land Improvements	\$ 22,107,880	\$ 1,357,459	\$ -	\$ 23,465,339
Total Non-depreciable Assets	22,107,880	1,357,459	-	23,465,339
<u>Depreciable Assets:</u>				
Buildings	2,809,204	8,036	-	2,817,240
Equipment, Furniture, and Fixtures	94,972	19,390	-	114,362
Total Depreciable Assets	2,904,176	27,426	-	2,931,602
<u>Less Accumulated Depreciation for:</u>				
Buildings	(209,909)	(101,847)	-	(311,756)
Equipment, Furniture, and Fixtures	(94,166)	(2,745)	-	(96,911)
Total Accumulated Depreciation	(304,075)	(104,592)	-	(408,667)
Total Depreciable Assets, net	2,600,101	(77,166)	-	2,522,935
Total Capital Assets, net	\$ 24,707,981	\$ 1,280,293	\$ -	\$ 25,988,274

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 a separate legal entity, the South Central Regional Wastewater Treatment and Disposal Board, (the "Board"). 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

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

10. Investment in Regional Plant Joint Venture (Continued)

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, 2009, the City had a receivable of \$931,621 from the Board and a payable to the Board of \$523,146. For the year ended September 30, 2009, the City paid approximately \$8,000,000 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.

The Board issues separate financial statements audited by other accountants who issued an unqualified opinion on those financial statements for the year ended September 30, 2009. Those financial statements may be obtained from the Board at 1801 N. Congress Avenue, Delray Beach, Fl 33445. Financial information summarized from the audited financial statements of the Board as of and for the year ended September 30, 2009 is as follows:

Net Assets	
Current and other assets	\$ 6,607,000
Capital assets, net	60,974,792
	Total assets 67,581,792
Current liabilities	3,029,375
Noncurrent liabilities	133,133
	Total liabilities 3,162,508
Net assets	\$ 64,419,284

Change in Net Assets	
Charges for services	\$ 7,009,217
Capital grants and contributions	7,401,773
	Total program revenues 14,410,990
Program expenses	9,843,870
	Net program revenues 4,567,120
Investment losses	(6,788)
Transfers to joint venture participants	(866,687)
	Change in net assets \$ 3,693,645

The City accounts for its investment in the Board as a joint venture recorded on the equity method of accounting. At September 30, 2009, the City's 50% equity interest in the net assets of the Board totaled \$32,209,642 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, 2009 were as follows:

	Due From Other Funds	Due To Other Funds	Transfers In	Transfers Out
Major Governmental Funds				
General Fund	\$ -	\$ 27,849,096	\$ 4,101,919	\$ 4,692,965
Capital Improvement	2,774,886	-	2,136,552	951,537

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

11. Interfund Transactions (Continued)

	Due From Other Funds	Due To Other Funds	Transfers In	Transfers Out
Other Governmental Funds				
Special Revenue Funds:				
Law Enforcement Trust	\$ 257,289	\$ -	\$ -	\$ -
Developers Land Contribution	303,491	-	-	2,400
Community Development	96,291	-	153,545	-
SHIP	711,788	-	-	-
Beautification	585,064	-	900,963	-
Special Projects	1,715,473	-	49,320	37,348
Cemetery Perpetual Care	670,827	-	-	-
Debt Service Fund:				
Utilities Tax	262,357	-	1,856,900	8,360
Capital Projects Funds:				
2004 GO Bond	981,643	-	-	-
Beach Restoration	580,441	-	15,000	-
Total Governmental Funds	<u>8,939,550</u>	<u>27,849,096</u>	<u>9,214,199</u>	<u>5,692,610</u>
Major Proprietary Fund				
Water and Sewer Fund	6,772,574	-	98,705	2,984,560
Other Proprietary Funds				
Municipal Golf Course	-	726,111	-	33,000
Lakeview Golf Course	-	553,509	-	19,000
City Marina	723,210	-	-	48,600
Sanitation	1,597,445	-	-	180,930
Stormwater Utility	2,787,896	-	-	380,506
Internal Service Funds:				
Insurance	7,057,761	-	-	329,704
Central Garage	1,250,280	-	356,006	-
Total Proprietary Funds	<u>20,189,166</u>	<u>1,279,620</u>	<u>454,711</u>	<u>3,976,300</u>
Total Primary Government	<u>\$ 29,128,716</u>	<u>\$ 29,128,716</u>	<u>\$ 9,668,910</u>	<u>\$ 9,668,910</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, 2009, the Central Garage received vehicle transfers from Stormwater Utility of \$287,506 and from the Insurance Fund in the amount of \$28,500 or \$356,006 in total.

City of Delray Beach, Florida

Notes to Financial Statements (Continued)

September 30, 2009

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, 2009:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Revenue bonds	\$ 39,524,722	\$ -	\$ (2,118,948)	\$ 37,405,774	\$ 906,572
General obligation bonds	31,760,000	-	(2,295,000)	29,465,000	2,375,000
Unamortized bond premium	1,264,746	-	(136,142)	1,128,604	-
Unamortized loss on bond refinancing	(517,200)	-	96,222	(420,978)	-
Total bonds payable, net	72,032,268	-	(4,453,868)	67,578,400	3,281,572
Installment agreements	148,082	260,600	(139,887)	268,795	75,961
Compensated absences	7,433,076	917,616	(910,204)	7,440,488	636,504
Insurance claims payable	5,815,988	6,783,317	(7,884,442)	4,714,863	1,736,416
Total Governmental Activities Debt	\$ 85,429,414	\$ 7,961,533	\$ (13,388,401)	\$ 80,002,546	\$ 5,730,453
Business-Type Activities:					
Revenue bonds	\$ 42,654,753	\$ -	\$ (5,256,052)	\$ 37,398,701	\$ 5,218,874
Unamortized bond premium	114,262	-	(42,450)	71,812	-
Unamortized loss on bond refinancing	(426,387)	-	174,475	(251,912)	-
Total bonds payable, net	42,342,628	-	(5,124,027)	37,218,601	5,218,874
Accrued interest on capital appreciation bonds	8,377,883	684,288	-	9,062,171	-
Installment agreements	112,203	131,420	(106,942)	136,681	39,435
Compensated absences	778,662	68,555	-	847,217	44,586
Total Business-Type Activities Debt	\$ 51,611,376	\$ 884,263	\$ (5,230,969)	\$ 47,264,670	\$ 5,302,895

Governmental Activities

Debt service on revenue bonds and installment agreements is payable from available non-ad valorem revenues. Debt service on utility tax obligations is 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, 2009 consisted of the following:

Revenue Bonds:

5.245%, \$10,000,000 Revenue Bonds issued February 25, 2000 (Series 2000) due in principal amounts of \$327,791 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. (*) \$ 3,880,774

3.66%, \$9,685,000 Revenue Refunding and Improvement Bonds issued December 2, 2003 (Series 2003) due in principal amounts of \$550,000 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. (*) 6,890,000

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

12. Long-Term Debt (Continued)

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 (.88375% at September 30, 2009) is based on the 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	37,405,774
Unamortized bond premium	772,665
Unamortized loss on bond refunding	(186,754)
Total Revenue Bonds, Net	37,991,685

General Obligation Bonds:

5.00%, \$15,685,000 General Obligation Bonds issued December 19, 2002 (Series 2002), due in annual principal installments of \$1,775,000 to \$2,055,000 through February 1, 2013, with semi-annual interest payments 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.	7,655,000
3.0%-4.30%, \$14,000,000 General Obligation Bonds issued September 30, 2004 (Series 2004), due in annual principal installments of \$600,000 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.	11,810,000
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	29,465,000
Unamortized bond premium	355,939
Unamortized loss on bond refunding	(234,224)
Total General Obligation Bonds, Net	29,586,715

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

12. Long-Term Debt (Continued)

Other General Obligation Liabilities:

Long-term installment agreements for equipment:	
2.76% to 3.6112%, installment purchase agreements maturing in 2013	\$ 268,795
Compensated absences payable	7,440,488
Insurance claims payable (See Note 15)	<u>4,714,863</u>
Total Governmental Activities Long-Term Debt, including current portion	<u>\$ 80,002,546</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, 2009, the gross amount of the equipment held under these agreements was \$460,173 and the accumulated depreciation totaled \$83,572. 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, 2009 are as follows:

Fiscal year ending September 30:	
2010	\$ 82,303
2011	68,887
2012	68,888
2013	<u>63,147</u>
Total minimum payments	283,225
Less amount representing interest	<u>(14,430)</u>
Outstanding balance at September 30, 2009	<u>\$ 268,795</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 Series 2002 and 2007 issued 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, 2009. Principal and interest paid and utility tax revenues received for the current year were \$2,863,760 and \$8,958,175, 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, 2009

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 \$18,861,440 at September 30, 2009. Principal and interest paid and non-ad valorem revenues received for the current year were \$2,040,176 and \$50,183,394, 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 strives to maintain 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 also strives 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 activities long-term debt, including current portion, as of September 30, 2009 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, 2009 through 2014.	\$ 5,974,475
5.25% to 5.50%, \$15,030,000 Water and Sewer Revenue Bonds issued on December 4, 1997 (Series 1997), with principal amounts of \$3,750,000 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.	7,695,000
5.245%, \$10,000,000 Revenue Bonds issued February 25, 2000 (Series 2000) due in principal amounts of \$107,209 to \$173,852 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. (*)	1,379,226
3.40% to 4.2%, \$15,020,000 Utility Tax Revenue Bonds issued December 19, 2002 (Series 2002) due in principal amounts of \$450,000 to \$510,000 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 and 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.	3,235,000
3.66%, \$9,685,000 Revenue Refunding and Improvement Bonds issued December 2, 2003 (Series 2003) due in principal amounts of \$40,000 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. (*)	430,000

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

12. Long-Term Debt (Continued)

4.12%, \$7,000,000 Water and Sewer Revenue Bonds issued May 6, 2006 (Series 2006A) with principal amounts of \$440,000 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.	\$ 6,770,000
3.98%, \$2,350,000 Water and Sewer Revenue Bonds issued November 17, 2006 (Series 2006B), with principal amounts of \$125,000 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.	2,105,000
4.41%, \$9,000,000 Water and Sewer Revenue Bonds issued September 18, 2007 (Series 2007), with principal amounts of \$200,000 to \$1,220,000 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.	8,810,000
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	37,398,701
Unamortized bond premium	71,812
Unamortized loss on bond refunding	(251,912)
Total Revenue Bonds, Net	37,218,601
Accrued interest on capital appreciation bonds	9,062,171
Long-term installment agreements for equipment:	
2.76% to 3.6112%, maturing in 2013	136,681
Compensated absences payable	847,217
Total Business-Type Activities Long-Term Debt, including current portion	\$ 47,264,670

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

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.

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

12. Long-Term Debt (Continued)

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. Primarily bonds are subject to a penalty for early redemption.
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, 2009, the gross amount of the equipment held under these agreements was \$248,960 and the accumulated depreciation totaled \$187,067. 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, 2009 are as follows:

Fiscal year ending September 30:	
2010	\$ 42,640
2011	34,739
2012	34,740
2013	31,845
Total minimum payments	143,964
Less amount representing interest	(7,283)
Outstanding balance at September 30, 2009	\$ 136,681

Prior Period Adjustment: At October 1, 2008 the City accrued interest of \$8,377,883 on capital appreciation bonds issued in 1993 which was not previously accrued in error. The net assets at October 1, 2008 as originally reported for the business-type activities and Water and Sewer Fund of \$110,325,223 of \$93,367,471, respectively, were restated to \$101,947,340 and \$84,989,588, respectively. Had the error not been made, the change in net assets of the business-type activities and Water and Sewer Fund in the prior year would have been \$796,982 less than the amounts reported.

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 40 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 \$5,970,380 and \$12,688,877, respectively.

Interest Expense: Total interest costs incurred on all City debt for the year ended September 30, 2009 were \$5,690,344 all of which was expensed.

Defeased Bonds: At September 30, 2009 there were no defeased bonds outstanding.

City of Delray Beach, Florida

Notes to Financial Statements (Continued)

September 30, 2009

12. Long-Term Debt (Continued)

Segment Information: A portion of the City’s Series 2002 and Series 2007 Utility Tax Revenue Bonds, Series 2000 Revenue Bonds and Series 2003 Revenue Refunding and Improvement Bonds, were used to finance improvements to the City’s two golf courses and stormwater utility. The City’s golf courses and the stormwater utility are accounted for in three separate nonmajor enterprise funds, however the specific revenue streams of those funds are not specifically pledged for the repayment of those bonds which are secured by the City’s utility tax revenues and non-ad valorem revenues. Accordingly, segment information is not required for the golf course and stormwater utility operations.

Debt Maturities: The annual requirements to pay principal and interest to maturity on the bonds outstanding as of September 30, 2009 are as follows:

Fiscal Year Ending September 30	Governmental Activities				
	Revenue Bonds		General Obligation Bonds		Total
	Principal	Interest	Principal	Interest	
2010	\$ 906,572	\$ 1,661,355	\$ 2,375,000	\$ 1,201,615	\$ 6,144,542
2011	940,982	1,622,888	2,485,000	1,091,540	6,140,410
2012	985,390	1,582,867	2,600,000	973,840	6,142,097
2013	4,028,145	1,540,709	2,720,000	849,827	9,138,681
2014	1,065,322	1,469,892	1,410,000	758,937	4,704,151
2015-2019	6,136,987	6,627,788	7,985,000	2,884,259	23,634,034
2020-2024	7,281,902	5,142,902	9,890,000	1,072,387	23,387,191
2025-2029	9,296,658	3,130,546	-	-	12,427,204
2030-2032	6,763,816	687,415	-	-	7,451,231
Total	\$ 37,405,774	\$ 23,466,362	\$ 29,465,000	\$ 8,832,405	\$ 99,169,541

Fiscal Year Ending September 30	Business-Type Activities		
	Revenue Bonds		
	Principal	Interest	Total
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	2,916,403	3,845,022	6,761,425
2015-2019	10,836,739	5,780,360	16,617,099
2020-2024	6,278,098	609,157	6,887,255
2025-2029	393,342	132,454	525,796
2030-2032	286,184	29,085	315,269
Total	\$ 37,398,701	\$ 20,680,752	\$ 58,079,453

Discretely Presented Component Unit – Delray Beach Community Redevelopment Agency

Component Unit - Changes in component unit long-term liabilities of the Delray Beach Community Redevelopment Agency (CRA) for the year ended September 30, 2009 were as follows:

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

12. Long-Term Debt (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Revenue bonds	\$ 15,415,000	\$ -	\$ (1,365,000)	\$ 14,050,000	\$ 1,425,000
Notes payable	-	494,787	-	494,787	197,914
Pollution remediation obligation	475,971	30,000	(475,971)	30,000	30,000
Total long-term debt	<u>\$ 15,890,971</u>	<u>\$ 524,787</u>	<u>\$ (1,840,971)</u>	<u>\$ 14,574,787</u>	<u>\$ 1,652,914</u>

The CRA outstanding Revenue Bonds at September 30, 2009 consist of the following:

4.80% Delray Beach Community Redevelopment Agency Tax Increment Redevelopment Revenue Bond (Series 1999A), maturity date September 1, 2019.	\$ 5,495,000
4.2982% Delray Beach Community Redevelopment Agency Tax Increment Redevelopment Revenue Bond (Series 2004A Tax Exempt), maturity date September 1, 2019.	7,335,000
5.9095% Delray Beach Community Redevelopment Agency Tax Increment Redevelopment Bonds (Series 2004B Taxable), maturity date September 1, 2016.	<u>1,220,000</u>
Total Revenue Bonds	<u>\$ 14,050,000</u>

Tax Increment Redevelopment Revenue Improvement Note, Series 2006 Taxable: On September 21, 2006, the CRA authorized the issuance of a revolving note agreement with a financial institution for an amount not to exceed \$7 million to finance the development of affordable housing and other redevelopment projects pursuant to the CRA's redevelopment plan. Interest on the outstanding principal balance of the note accrues at a rate equivalent to the one month LIBOR rate plus 28 basis points and is payable semi-annually on June 1st and December 1st, until maturity of the note on December 1, 2009, at which time all outstanding principal is due. The note is secured by a pledge of tax increment revenues on parity with the CRA's outstanding revenue bonds. During the year ended September 30, 2009 the CRA had no borrowings on this note and there was no outstanding liability at September 30, 2009.

Note Payable: The note payable is to the South Florida Regional Planning Council (the "Council") based on an interlocal agreement between the CRA and the Council to provide funding to the CRA for the brownfield remediation and redevelopment of 20 platted lots in the Carver Square subdivision within the City. Interest at 3.0% on the outstanding principal balance is payable semiannually on June 2nd and December 2nd, commencing June 2, 2009. Principal payments are due in equal annual installments of \$98,957 on June 2nd and December 2nd, commencing December 2, 2009 and through maturity on December 2, 2011.

Pollution Remediation Obligation: In 2005 and 2006, the CRA purchased 20 platted lots in the Carver Square subdivision of the City for brownfield remediation and redevelopment of the lots for construction of affordable single family homes. Based on the level of pollution present, State law required the CRA to perform pollution remediation after the property was acquired. The CRA estimated the liability to be \$475,971 based on the contracted costs to perform the required work. In 2009, additional monitoring work was required increasing the total estimated cost by \$30,000. The liability could change over time due to changes in the costs of goods and services or changes in the remediation effort required by regulatory authorities. GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, was effective for the CRA for the year ended September 30, 2009 and establishes accounting and financial reporting requirements for all governments to account for pollution remediation obligations that were previously not reported. The adoption of GASB Statement No. 49 resulted in a restatement to reduce the CRA's governmental activities net assets at October 1, 2008 by \$475,971.

City of Delray Beach, Florida

Notes to Financial Statements (Continued)

September 30, 2009

12. Long-Term Debt (Continued)

Pledged Revenues: The CRA has pledged a portion of future tax increment revenues to repay its outstanding revenue bonds issued in 1999 and 2004 to finance various redevelopment projects within the redevelopment district. The revenue bonds are payable solely from the tax increment revenues generated by increased property values in the redevelopment district. Tax increment revenues were projected to produce more than 200 percent of the debt service requirements over the life of the revenue bonds. Total principal and interest remaining on the bonds at September 30, 2009 was \$17,387,328, payable through September 1, 2019. For the current year, principal and interest paid and the total tax increment revenues were \$2,080,292 and \$13,103,722, respectively.

Interest Expense: Total interest costs incurred and interest paid on all CRA debt for the year ended September 30, 2009, were \$709,945 and \$715,292, respectively. All interest costs were expensed as a direct expense of redevelopment projects.

Annual Debt Service: The annual debt service requirements at September 30, 2009 for all CRA debt are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2010	\$ 1,652,914	\$ 657,065	\$ 2,309,979
2011	1,717,914	591,498	2,309,412
2012	1,693,959	514,040	2,207,999
2013	1,670,000	437,454	2,107,454
2014	1,750,000	358,764	2,108,764
2015-2019	6,090,000	793,348	6,883,348
	\$ 14,574,787	\$ 3,352,169	\$ 17,926,956

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, 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 is accounted for by the City as a separate fund. An actuarial report is prepared annually for each plan.

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 operations of the fund are administered and managed by the General Employees' Pension Fund Board 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.

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

13. Pension Plans (Continued)

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 operations of the fund are administered and managed by the Police and Firefighters' Retirement System 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.

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 using a 3.5% multiplier for each year of service once 20 years of service is attained with a maximum of 87.5%. Employees selecting this option will contribute an additional

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

13. Pension Plans (Continued)

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 remains 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 properties within the City is collected by the State and remitted to the City annually 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 City's pension plans as of October 1, 2008, the date of the most recent actuarial valuations, is summarized as follows:

	General Employees' Pension Fund	Police and Firefighters' Retirement System Fund
Retirees and beneficiaries receiving benefits	213	177
Terminated employees entitled to benefits but not receiving them	48	7
Vested current employees	279	115
Non-vested current employees	136	143

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.

Actuarial Methods and Significant Assumptions

	General Employees' Pension Fund	Police and Firefighters' Retirement System Fund
Valuation date	October 1, 2008	October 1, 2008 Revised June 29, 2009
Actuarial cost method	Aggregate Cost	Entry Age Normal

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

13. Pension Plans (Continued)

	General Employees' Pension Fund	Police and Firefighters' Retirement System Fund
Post retirement benefit increases	None	Annual increase of 1% plus that which can be funded by State revenue
Amortization method	N/A ⁽¹⁾	Level Percent of Payroll – Closed
Remaining amortization period	N/A ⁽¹⁾	30 years
Asset valuation method	Recognition of 20% of difference between market value of assets and expected actuarial asset value	5 year Smooth Market (as of October 1, 2005)
Actuarial assumptions:		
Investment rate of return	7.25%	8.30%
Projected salary increases*	4.4% -7.2% based on service	6.25%
Cost of living increases	N/A	1.00%
* Includes inflation rate	3.00%	4.00%

(1) Use of the Aggregate Cost method does not identify and separately amortize unfunded liabilities. Accordingly, information about funded status and funding progress presented below and as required supplementary information following the notes to the financial statements was prepared using the Entry Age Actuarial Cost method and is intended to serve as a surrogate for the funded status and funding progress of the plan.

The asset valuation method used in determining the annual required contribution for the General Employees' Pension Fund was changed from the 5-year smoothed market method to a method that recognizes 20% of the difference between the market value of assets and the expected actuarial asset value, effective with the October 1, 2008 valuation. Other actuarial assumptions that changed effective with the October 1, 2008 valuation include a decrease in the investment rate of return to 7.25% from 7.75%, projected salary increases of 4.4% – 7.2% versus a fixed 5% used in the prior valuation, and a decrease in the inflation rate to 3% from 4%.

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:

Year Ended September 30	Annual Pension Cost	Percentage Contributed	Net Pension Obligation (Asset)
General Employees' Pension Fund			
2009	\$ 2,502,936	100%	\$ 0
2008	2,398,379	100	0
2007	2,008,058	100	0
Police and Firefighters' Retirement System Fund			
2008	\$ 5,608,475	100%	\$ (62,025)
2007	5,174,531	100	(65,861)
2006	4,789,159	100	(69,935)

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

13. Pension Plans (Continued)

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

Annual required contribution (ARC)	\$ 5,608,475
Interest on net pension obligation (NPO)	(5,598)
Adjustment to ARC	9,434
Annual pension cost	5,612,311
Contributions made	5,608,475
Increase in NPO	3,836
NPO (asset) at October 1, 2007	(65,861)
NPO (asset) at September 30, 2008	\$ (62,025)

Funded Status and Funding Progress

The funded status of the plans as of October 1, 2008, the most recent actuarial valuation date, is as follows (dollar amounts in thousands):

Plan	Actuarial Valuation Date	Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
General Employees	10/1/2008	\$ 80,988	\$ 84,914	\$ 3,926	95.40%	\$ 18,990	20.7%
Police & Firefighters	10/1/2008	119,979	169,035	49,056	70.98%	17,564	279.3%

The schedules of funding progress presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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 determined by 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, 2009 are as follows:

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

13. Pension Plans (Continued)

Statement of Plan Net Assets	
ASSETS	
Cash and cash equivalents	\$ 1,009,965
Investments:	
Equity securities	7,479,067
Mutual funds	62,671,137
Employee contributions receivable	30,068
Prepaid expenses	44,031
Interest and dividends receivable	11,905
Total assets	71,246,173
LIABILITIES	
Accounts payable	34,324
Total liabilities	34,324
NET ASSETS held in trust for pension benefits	\$ 71,211,849
Statement of Changes in Plan Net Assets	
ADDITIONS	
Contributions:	
Employer	\$ 2,621,586
Plan members	606,902
Total contributions	3,228,488
Investment income	
Net appreciation in fair value of investments	1,016,023
Interest	3,378
Dividends	361,220
	1,380,621
Less investment expenses – custodian fees	241,025
Net investment income	1,139,596
Other income	171,160
Total additions	4,539,244
DEDUCTIONS	
Benefits	3,247,825
Refunds of contributions	13,629
Other operating expenses	13,169
Total deductions	3,274,623
Change in net assets	1,264,621
Net Assets at October 1, 2008	69,947,228
Net Assets at September 30, 2009	\$ 71,211,849

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 1st Avenue, Delray Beach, FL 33444 or by calling (561) 243-7012.

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

13. Pension Plans (Continued)

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, 2009 is summarized as follows:

Balance at October 1, 2008	\$	440,765
Employer contributions		36,934
Employee contributions		36,934
Investment loss		(86)
Distributions		(35,252)
Balance at September 30, 2009	\$	479,295

The City has implemented a VantageCare Retirement Health Savings Plan which allows employees in the calendar year prior to termination (retirement), to make 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, 2008	\$	599,831
Investment loss		(11,029)
Service fees		(2,088)
Distributions		(57,469)
Balance as of September 30, 2009	\$	529,245

14. Other Postemployment Benefits (OPEB)

The City adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for the fiscal year ended September 30, 2009. Statement 45 establishes the financial reporting and disclosure requirements by employers for other postemployment benefits (OPEB). In accordance with Statement 45, the City set their net OPEB obligation at zero as of the beginning of the transition year ended September 30, 2009 and will apply the measurement and recognition requirements of Statement 45 on a prospective basis.

OPEB Plan

The City administers a single-employer defined benefit plan (the “OPEB Plan”) that provides medical and life insurance benefits to eligible retired employees and their beneficiaries. The City Commission has the authority to establish and amend premiums for and the benefit provisions of the OPEB Plan. The OPEB Plan is financed on a “pay-as-you-go” basis and is not administered as a formal qualifying trust. The OPEB Plan does not issue a publicly available financial report.

City of Delray Beach, Florida

Notes to Financial Statements (Continued)

September 30, 2009

14. Other Postemployment Benefits (OPEB) (Continued)

Florida Statute 112.0801 requires the City to allow retirees to buy healthcare coverage at the same *group insurance rates* that current employees are charged resulting in an *implicit* healthcare benefit. The State of Florida prohibits the OPEB Plan from separately rating retirees and active employees. Therefore, both groups (active and retirees) are charged an equal, blended rate premium. Although both groups are charged the same blended rate premium, GAAP requires the actuarial figures to be calculated using age adjusted premiums approximating claim costs for retirees separate from active employees. The use of age adjusted premiums results in the addition of an implicit rate subsidy into the actuarial accrued liability. OPEB Plan members receiving benefits contribute 100% of the monthly premiums ranging from a minimum of \$556 to a maximum of \$1,488 for medical/prescription coverage and at a rate of \$.33 per \$1,000 of the face value for life insurance coverage.

Delray Beach Police, Firefighters & Paramedics Retiree Benefit Fund

The Delray Beach Police, Firefighters & Paramedic Retiree Benefit Fund (the “Retiree Benefit Fund”) is a single-employer defined benefit plan established for the purpose of providing full or partial reimbursement for health insurance premiums or other qualified benefits permitted under Section 501(c)(9) of the Internal Revenue Code. The Retiree Benefit Fund was established pursuant to collective bargaining agreements between the City and the Professional Firefighters & Paramedics of Delray Beach, Local 1842, IAFF and the Police Benevolent Association (PBA). A Trust was created on May 14, 2002 and is administered by a separate Board of Trustees consisting of seven individuals, including the President of the Local 1842, IAFF, five union representatives (three PBA, two Local 1842, IAFF) and a non-bargaining unit active firefighter elected by non-bargaining unit participants. The City is neither the trustee nor the administrator of the Retiree Benefit Fund. Accordingly, since the City does not control, have access to or hold any assets of the Trust and has no reversionary rights in the assets of the Trust, the Retiree Benefit Fund is not reported as a fiduciary fund of the City. The Retiree Benefit Fund does not issue a publicly available financial report.

Participants in the Retiree Benefit Fund include persons employed by the City of Delray Beach Fire Rescue Department as certified firefighters or paramedics on or after October 1, 2001; persons employed the City of Delray Beach Police Department as certified law enforcement officers on or after October 1, 2004; and, certain Police and Fire Rescue department employees for whom contributions were made for each year since October 1, 2001, regardless of the employee’s certification as a firefighter, paramedic or law enforcement officer. Participants are eligible for benefits on or after the first day of the month following the date of their retirement from the City. The Retiree Benefit Fund currently does not require contributions from participants. The obligation of the City to fund the Retiree Benefit Fund is established by the applicable collective bargaining agreements in effect between the City and the unions. The Retiree Benefit Fund provides for a minimum annual benefit of \$3,900 for covered employees that are not certified as firefighters, paramedics or law enforcement officers. For certified firefighters, paramedics and law enforcement officers, the Retiree Benefit Fund provides for an annual benefit of \$5,200 reduced 3% per year for service less than 25 years, and increased 3% per year for service greater than 25 years.

Actuarial Methods and Significant Assumptions

	OPEB Plan	Retiree Benefit Fund
Valuation date	October 1, 2007	October 1, 2008
Actuarial cost method	Entry Age Normal	Entry Age Normal
Post retirement benefit increases	None	None
Health care cost trend rates	10% per year initially, reduced annually by .5% to an ultimate rate of 5% in 2018	N/A – Benefits are for fixed amounts and do not adjust for changes in health care costs

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

14. Other Postemployment Benefits (OPEB) (Continued)

	OPEB Plan	Retiree Benefit Fund
Amortization method	Level Percent of Payroll – Closed	Level Percent of Payroll – Closed
Remaining amortization period	30 years	24 – 30 years
Asset valuation method	N/A ⁽¹⁾	Market Value of Assets
Actuarial assumptions:		
Investment rate of return	4.5% ⁽²⁾	8.0% net of investment related expenses
Projected salary increases*	4.0%	6.25%
* Includes inflation rate	N/A	4.00%

(1) The plan is funded on a pay-as-you-go basis and is not administered as a formal qualifying trust. There were no plan assets as of October 1, 2007, the date of the most recent valuation.

(2) Since there are currently no invested plan assets held in trust to finance the OPEB obligations, the investment rate of return is the long-term expectation of investment return on assets held in City funds pursuant to its Investment Policy.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Projections of benefits are based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point. In addition, projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective and accordingly, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Annual OPEB Cost and Net OPEB Obligation

The annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and the amortization on any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Statement 45 allows for implementation during the transition year to set the net OPEB obligation to zero as of the beginning of the year and to apply the measurement and recognition requirements on a prospective basis. The City's annual OPEB cost and the net OPEB obligation for the year ended September 30, 2009 (transition year) was based on an actuarial valuation done as of October 1, 2007 for the OPEB Plan and October 1, 2008 for the Retiree Benefit Fund and is summarized as follows:

	OPEB Plan	Retiree Benefit Fund	Total
Annual required contribution	\$ 949,409	\$ 576,584	\$ 1,525,993
Interest on net OPEB obligation	-	-	-
Adjustment to annual required contribution	-	-	-
Annual OPEB cost	949,409	576,584	1,525,993
Contributions made	-	(669,467)	(669,467)

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

14. Other Postemployment Benefits (OPEB) (Continued)

	OPEB Plan	Retiree Benefit Fund	Total
Increase in net OPEB obligation (asset)	\$ 949,409	\$ (92,883)	\$ 856,526
Net OPEB obligation at October 1, 2008	-	-	-
Net OPEB obligation (asset) at September 30, 2009	\$ 949,409	\$ (92,883)	\$ 856,526

During the year ended September 30, 2009, the City contributed 0% and 116% of the annual required contribution to the OPEB Plan and Retiree Benefit Fund, respectively. Since the year ended September 30, 2009 was the year of implementation of Statement 45 and the City has elected to implement prospectively, prior year comparative data is not available.

Funded Status and Funding Progress

The OPEB Plan is financed on a pay-as-you-go basis. The City is required to contribute to the Retiree Benefit Fund an amount equal to the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded liabilities (or funding excess) over a period not to exceed 30 years. The current ARC rate is 2.85% of annual covered payroll. The funded status of each plan as of the most recent actuarial valuation date is as follows (dollar amounts in thousands):

Plan	Actuarial Valuation Date	Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
OPEB Plan	10/1/2007	\$ -	\$ 11,436	\$ 11,436	0%	\$ 42,431	27.0%
Retiree Benefit Fund	10/1/2008	2,057	7,970	5,913	25.8%	20,257	29.2%

The schedule of funding progress is intended to present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. Since fiscal year 2009 is the year of implementation of Statement 45, funded status information for prior years is not available.

15. 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 large 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 of commercial insurance would apply should the loss fund be exhausted in a given year. The City also maintains a self-insured health plan with Cigna as the third party administrator. 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.

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

15. Self-Insurance Program (Continued)

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, 2009, contributions of \$12,478,324 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 \$4,714,863 (\$1,736,416 current and \$2,978,447 long-term) at September 30, 2009, which is a decrease of \$1,101,125 from the prior year. The decrease reflects slower claims development for all lines of insurance and a reduction in very large 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 (IBNR). The following summarizes the claims liability activity for the current and prior year:

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	5,815,988
Claims incurred	6,811,396
Claims paid	<u>(7,912,521)</u>
Balance at September 30, 2009	<u><u>\$ 4,714,863</u></u>

The claims liability at September 30, 2009 and 2008 is summarized as follows:

	2009	2008
Current	\$ 1,736,416	\$ 1,830,149
Non-current	<u>2,978,447</u>	<u>3,985,839</u>
	<u><u>\$ 4,714,863</u></u>	<u><u>\$ 5,815,988</u></u>

16. Related Party Transactions

The CRA is a component unit of the City of Delray Beach, Florida. For the year ended September 30, 2009 the CRA's tax increment revenues include \$8,238,669 received from the City. CRA expenditures for the year ended September 30, 2009, include charges of approximately \$1,243,000 for contractual services provided by the City to the CRA in connection with various administrative and development activities and a \$500,000 sponsorship of City tennis tournaments. At September 30, 2009, the City had a receivable from the CRA of approximately \$2,324,000 for reimbursements of certain administrative and redevelopment expenditures.

17. Expenditures in Excess of Appropriations

For the year ended September 30, 2009 expenditures exceeded the budgeted appropriations for the following General Fund departments.

General Government	
City Manager	\$ 4,864
City Clerk	5,156
Finance	18,564
Cemetery	7,636

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

17. Expenditures in Excess of Appropriations (Continued)

Public Safety		
Building Inspection	\$	34,645
Physical Environment		
Building Maintenance		7,206
Parks and Recreation		
Teen Center		97
Beach Operations		12,221
Community Center		3,472
Parks Maintenance		184,651

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

Discretely Presented Component Unit – Delray Beach Community Redevelopment Agency

For the year ended September 30, 2009 expenditures exceeded the final budgeted appropriations for the following General Fund functions:

General Government	\$	52,491
Property Management		356
Economic Development		
Areawide and Neighborhood Plans		223,946
Redevelopment Projects		515,810
Community Improvement and Economic Development		31,807

18. 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, 2009 are as follows:

Capital Projects funds	\$	5,942,142
Water and Sewer Fund		1,272,759
		<u>7,214,901</u>

Payments from the Water and Sewer Fund for work in progress have been capitalized as construction in progress in the Water and Sewer Fund. The projects financed by the capital projects 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.

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

18. Commitments and Contingencies (Continued)

Waste Management

The City has a contract with Waste Management, Inc. for garbage collection. During 2009 a resident complaint prompted an investigation by the City to determine whether customers may have been overbilled by Waste Management. The investigation is ongoing and the ultimate outcome cannot be determined at this time, although City management does not believe that any resulting receivable or payable would be material to the financial position of the City.

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 and applicable federal and state laws and regulations.

Debt Service Reserve Surety Bond

The City’s Utility Tax Revenue Bonds (Series 2002 and 2007) and Water and Sewer Revenue Bonds (Series 1993 and 1997), collectively the “Bonds”, require the City to maintain a debt service reserve equivalent to the maximum principal and interest due on the Bonds in any year through maturity. The Bonds’ resolutions provide that the City may purchase a credit facility for the debt service reserve requirement from an institution with the highest credit rating for municipal bonds insured or guaranteed by that institution. The City purchased surety bonds from Ambac Assurance Corporation (AMBAC), MBIA Assurance Corp. (MBIA) and Financial Security Assurance Holdings Ltd. (FSA) to satisfy the debt service reserve requirement for the Bonds at the date of issue. At September 30, 2009 AMBAC, MBIA and FSA had credit ratings less than the highest rating from Moody’s Investor Service, Inc. (Moody’s) and Standard and Poor’s (S&P). City management, in consultation with bond counsel, has determined that the City is not required to obtain surety bonds or provide cash and investments to replace the sureties on hand at September 30, 2009. The Bonds outstanding at September 30, 2009 have a credit rating no lower than the City’s underlying rating of A2 from Moody’s and A from S&P.

Discretely Presented Component Unit – Delray Beach Community Redevelopment Agency

Delray Beach Public Library: The CRA entered into an agreement dated July 1, 2003, with the City and the Delray Beach Public Library Association, Inc. (the “Library”) for relocation of the Delray Beach Public Library to West Atlantic Avenue. In 2005, under the terms of the agreement, the CRA exchanged a parcel of property owned by the CRA on West Atlantic Avenue with a carrying value of approximately \$509,000 for the current library site owned by the City. The CRA also agreed that in the event it disposes of the current library site, any proceeds in excess of \$1.7 million, plus all related selling expenses incurred by the CRA, will be paid to the City.

Operating Grants: The CRA entered into agreements with the following organizations to provide funding for their operations during the year ending September 30, 2010:

City of Delray Beach – Clean and Safe Program	\$	1,048,005
Delray Beach Community Land Trust, Inc.		350,000
Delray Beach Public Library Association, Inc.		308,000
Downtown Marketing Cooperative		210,000
Old School Square, Inc.		285,000
EPOCH, Inc.		250,000
Total Grant Commitments	\$	2,451,005

City of Delray Beach, Florida
Notes to Financial Statements (Continued)
September 30, 2009

18. Commitments and Contingencies (Continued)

Discretely Presented Component Unit – Downtown Development Authority

Cooperative Agreement: The DDA entered into an agreement with the City and CRA and the Greater Delray Beach Chamber of Commerce (the name of the group is the Downtown Marketing Cooperative (the “Cooperative”)). The Cooperative is governed by a six member appointee board each composed of two appointees from the Chamber, two appointees from the CRA and one appointee each from the DDA and the City. The agreement was originally for a term of three years between January 1, 2006 and December 31, 2008, and was extended through December 31, 2011. Each party is obligated by the agreement to contribute funds annually to support the activities of the Cooperative. The agreement requires the following contributions: CRA \$160,000, DDA \$121,891, City \$40,000 and the Chamber \$22,000 in cash plus in-kind services including telephone, secretarial and office facilities for the DDA. The Cooperative is required to reimburse the City 35% of its overtime costs over \$1,000 per event. The Cooperative also agreed to pay the full costs of any equipment the City is required to rent from a contract supplier to support the event as well as rental cost of a hydraulic stage. All required contributions to the Cooperative were made for the year ended September 30, 2009.

Required Supplementary Information

CITY OF DELRAY BEACH, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the Fiscal Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 63,462,620	\$ 65,165,620	\$ 65,040,400	\$ (125,220)
Fees and permits	11,301,180	9,312,590	8,393,462	(919,128)
Intergovernmental	7,022,460	6,460,780	6,297,937	(162,843)
Charges for services	7,379,500	7,265,200	7,982,407	717,207
Fines and forfeitures	860,600	836,600	574,409	(262,191)
Miscellaneous	5,938,650	5,222,819	5,080,674	(142,145)
Total Revenues	<u>95,965,010</u>	<u>94,263,609</u>	<u>93,369,289</u>	<u>(894,320)</u>
EXPENDITURES				
Current:				
General government	17,734,360	18,995,813	17,914,694	1,081,119
Public safety	53,962,550	53,756,072	52,284,241	1,471,831
Physical environment	4,731,670	4,662,488	4,460,217	202,271
Parks and recreation	11,969,440	11,882,902	11,881,904	998
Debt service:				
Principal retirement	3,741,330	3,741,330	3,658,474	82,856
Interest and fiscal charges	1,921,430	1,842,730	1,847,901	(5,171)
Total Expenditures	<u>94,060,780</u>	<u>94,881,335</u>	<u>92,047,431</u>	<u>2,833,904</u>
Excess of Revenues Over (Under)				
Expenditures	1,904,230	(617,726)	1,321,858	1,939,584
OTHER FINANCING SOURCES (USES)				
Transfers in	3,183,100	4,106,950	4,101,919	(5,031)
Transfers out	(4,856,330)	(4,632,192)	(4,692,965)	(60,773)
Total Other Financing Sources (Uses)	<u>(1,673,230)</u>	<u>(525,242)</u>	<u>(591,046)</u>	<u>(65,804)</u>
Net change in fund balance	<u>\$ 231,000</u>	<u>\$ (1,142,968)</u>	730,812	<u>\$ 1,873,780</u>
Fund balance - October 1, 2008			22,922,676	
Difference between GAAP and budgetary basis			86,861	
Fund balance - September 30, 2009			<u>\$ 23,740,349</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, 2009

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 \$596,417 during the year ended September 30, 2009, which increased the original General Fund appropriations (expenditures and transfers out) from \$98,917,110 to a revised total of \$99,513,527.

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 revenues and expenditures reported on the basis of GAAP. These differences can be reconciled as follows:

	Revenues	Expenditures
Current year encumbrances outstanding at year end	\$ -	\$ 339,576
Prior year encumbrances paid in the current year	-	(252,715)
Net encumbered expenditures	-	86,861
On-behalf payments for pension benefits	(1,600,347)	(1,600,347)
Proceeds from sale of capital assets	3,802	-
Net differences - GAAP and budgetary basis	(1,596,545)	(1,513,486)
GAAP basis	94,965,834	93,560,917
Budgetary basis	\$ 93,369,289	\$ 92,047,431

City of Delray Beach, Florida

Required Supplementary Information—
Schedules of Pension Funding Progress

September 30, 2009

General Employees' Pension Plan							
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)— Entry Age (b)	Unfunded (Assets in Excess of) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Assets in Excess of) AAL as a Percentage of Covered Payroll [(b-a)/c]	
10/1/2003	\$ 56,610,019	\$ 53,583,420	\$ (3,026,599)	105.6 %	\$ 14,807,342	(20.4) %	
10/1/2004	58,552,571	59,247,630	695,059	98.8	15,844,035	4.4	
10/1/2005	61,455,670	62,126,597	670,927	98.9	16,203,652	4.1	
10/1/2006	70,326,850	71,373,310	1,046,460	98.5	16,839,131	6.2	
10/1/2007	77,436,230	78,839,518	1,403,288	98.2	17,817,350	7.9	
10/1/2008	80,987,834	84,913,592	3,925,758	95.4	18,990,051	20.7	

Note: The annual required contribution for the General Employees' Pension Plan is determined using the Aggregate Cost method, which does not identify and separately amortize unfunded liabilities. Accordingly, information about funded status and funding progress presented in the notes to the financial statements and above as required supplementary information was prepared using the Entry Age Actuarial Cost method for that purpose and is intended to serve as a surrogate for the funded status and funding progress of the plan.

Police and Firefighters' Retirement System							
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)— Entry Age (b)	Unfunded (Assets in Excess of) AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded (Assets in Excess of) AAL as a Percentage of Covered Payroll [(b-a)/c]	
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	
10/1/2008	119,979,020	169,034,580	49,055,560	71.0	17,564,005	279.3	

City of Delray Beach, Florida

Required Supplementary Information—
Schedules of Employer and State Pension Contributions

For the Fiscal Year Ended September 30, 2009

General Employees' Pension Plan		
Fiscal Year Ended September 30,	Annual Required Contribution	Percentage Contribution
2004	\$ 701,388	100.0 %
2005	1,441,861	100.0
2006	2,011,383	100.0
2007	2,008,058	100.0
2008	2,398,379	100.0
2009	2,502,936	100.0

Police and Firefighters' Retirement System				
Fiscal Year Ended September 30,	Annual State Contribution	Annual Required Employer Contribution	Total Annual Required Contribution	Percentage Contribution
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	504,922	5,608,475	6,113,397	100.0
2009	504,922	6,395,442	6,900,364	100.0

Note: During the prior fiscal year, the asset valuation method was changed to Actuarial Value of Assets (AVA) from a five year smoothed market for the Police and Firefighters' Retirement System Plan. 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.

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.

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, 2009

	Special Revenue							Debt	Capital Projects		Total
	Law	Developers	Community	SHIP	Beautification	Special	Cemetery	Utilities	2004	Beach	Non-Major
	Enforcement	Land									
Trust	Contribution	Development			Projects	Perpetual	Tax			Funds	
ASSETS											
Cash and cash equivalents	\$ -	\$ -	\$ 976	\$ -	\$ -	\$ -	\$ -	\$ 246,976	\$ -	\$ -	\$ 247,952
Accounts receivable, net	-	-	1,800	-	-	113,206	24,155	-	-	-	139,161
Notes receivable	-	-	966,947	780,444	-	-	-	-	-	-	1,747,391
Due from other governments	-	-	497,996	-	-	35,429	-	-	-	80,189	613,614
Due from other funds	257,289	303,491	96,291	711,788	585,064	1,715,473	670,827	262,357	981,643	580,441	6,164,664
Prepaid items	500	-	-	-	-	75	-	-	296	-	871
Due from component units	-	-	17,996	-	-	-	-	-	-	-	17,996
Total Assets	\$ 257,789	\$ 303,491	\$ 1,582,006	\$ 1,492,232	\$ 585,064	\$ 1,864,183	\$ 694,982	\$ 509,333	\$ 981,939	\$ 660,630	\$ 8,931,649
LIABILITIES AND FUND BALANCES											
LIABILITIES											
Accounts payable and accrued items	\$ 95	\$ -	\$ 104,894	\$ 2,109	\$ 19,321	\$ 7,773	\$ -	\$ -	\$ -	\$ 59,977	\$ 194,169
Deferred revenue	-	-	1,396,649	1,490,123	-	25	-	-	-	-	2,886,797
Total Liabilities	95	-	1,501,543	1,492,232	19,321	7,798	-	-	-	59,977	3,080,966
FUND BALANCES											
Reserved for:											
Prepaid items	500	-	-	-	-	75	-	-	296	-	871
Debt service	-	-	-	-	-	-	-	509,333	-	-	509,333
Specific purposes	257,194	-	-	-	-	-	-	-	-	-	257,194
Unreserved, reported in:											
Capital Projects Funds	-	-	-	-	-	-	-	-	981,643	600,653	1,582,296
Special Revenue Funds	-	303,491	80,463	-	565,743	1,856,310	694,982	-	-	-	3,500,989
Total Fund Balances	257,694	303,491	80,463	-	565,743	1,856,385	694,982	509,333	981,939	600,653	5,850,683
Total Liabilities and Fund Balances	\$ 257,789	\$ 303,491	\$ 1,582,006	\$ 1,492,232	\$ 585,064	\$ 1,864,183	\$ 694,982	\$ 509,333	\$ 981,939	\$ 660,630	\$ 8,931,649

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, 2009

	Special Revenue							Debt	Capital Projects		Total Non-Major Governmental Funds
	Law	Developer	Community	SHIP	Beautification	Special	Cemetery	Utilities	2004	Beach	
	Enforcement	Land									
Trust	Contribution						Tax				
REVENUES											
Intergovernmental	\$ -	\$ -	\$ 1,546,548	\$ 568,462	\$ -	\$ 174,087	\$ -	\$ -	\$ -	\$ -	\$ 2,289,097
Charges for services	-	-	-	-	-	579,464	17,415	-	-	-	596,879
Fines and forfeitures	90,304	-	-	-	-	88,760	-	-	-	-	179,064
Miscellaneous	277	119,866	431,848	2,145	857	195,505	75,466	8,360	1,454	742	836,520
Total Revenues	90,581	119,866	1,978,396	570,607	857	1,037,816	92,881	8,360	1,454	742	3,901,560
EXPENDITURES											
Current:											
General government	-	-	1,914,699	570,607	-	302,383	5,103	-	-	-	2,792,792
Public safety	60,067	-	-	-	-	232,309	-	-	-	-	292,376
Physical environment	-	-	-	-	1,120,450	8,000	-	-	-	-	1,128,450
Parks and recreation	-	-	-	-	-	173,201	-	-	41,405	182,300	396,906
Capital outlay	-	135,350	215,464	-	23,321	99,690	-	-	29,009	-	502,834
Debt service:											
Principal retirement	-	-	-	-	-	-	-	895,361	-	-	895,361
Interest and fiscal charges	-	-	-	-	-	-	-	1,286,173	-	-	1,286,173
Total Expenditures	60,067	135,350	2,130,163	570,607	1,143,771	815,583	5,103	2,181,534	70,414	182,300	7,294,892
Excess of Revenues Over (Under)											
Expenditures	30,514	(15,484)	(151,767)	-	(1,142,914)	222,233	87,778	(2,173,174)	(68,960)	(181,558)	(3,393,332)
OTHER FINANCING SOURCES (USES)											
Proceeds from sale of capital assets	-	-	-	-	-	46,000	-	-	-	-	46,000
Transfers in	-	-	153,545	-	900,963	49,320	-	1,856,900	-	15,000	2,975,728
Transfers out	-	(2,400)	-	-	-	(37,348)	-	(8,360)	-	-	(48,108)
Total Other Financing Sources (Uses)	-	(2,400)	153,545	-	900,963	57,972	-	1,848,540	-	15,000	2,973,620
Net change in fund balance	30,514	(17,884)	1,778	-	(241,951)	280,205	87,778	(324,634)	(68,960)	(166,558)	(419,712)
Fund balances - October 1, 2008	227,180	321,375	78,685	-	807,694	1,576,180	607,204	833,967	1,050,899	767,211	6,270,395
Fund balances - September 30, 2009	\$ 257,694	\$ 303,491	\$ 80,463	\$ -	\$ 565,743	\$ 1,856,385	\$ 694,982	\$ 509,333	\$ 981,939	\$ 600,653	\$ 5,850,683

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, 2009

	Municipal Golf Course	Lakeview Golf Course	City Marina	Sanitation	Stormwater Utility	Total Non-Major Enterprise Funds
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 14,940	\$ 10,334	\$ -	\$ -	\$ -	\$ 25,274
Accounts receivable, net	260	-	-	632,355	-	632,615
Due from other governments	-	-	33,307	-	-	33,307
Due from other funds	-	-	723,210	1,597,445	2,787,896	5,108,551
Inventory	97,621	16,691	-	-	-	114,312
Prepaid expenses	55,365	17,286	571	-	892	74,114
Restricted assets						
Cash and cash equivalents	348,117	188,449	-	-	57,497	594,063
Total Current Assets	<u>516,303</u>	<u>232,760</u>	<u>757,088</u>	<u>2,229,800</u>	<u>2,846,285</u>	<u>6,582,236</u>
Noncurrent Assets:						
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	11,584,886	14,905,546
Equipment	1,700,081	387,793	69,652	26,245	811,937	2,995,708
Construction in progress	-	-	13,500	-	310,941	324,441
Accumulated depreciation	(2,688,356)	(691,410)	(906,433)	(33,072)	(4,597,340)	(8,916,611)
Other asset						
Bond issue costs, net	36,515	22,362	-	-	-	58,877
Total Noncurrent Assets	<u>4,060,007</u>	<u>2,723,020</u>	<u>356,978</u>	<u>5,131</u>	<u>11,286,999</u>	<u>18,432,135</u>
Total Assets	<u>4,576,310</u>	<u>2,955,780</u>	<u>1,114,066</u>	<u>2,234,931</u>	<u>14,133,284</u>	<u>25,014,371</u>
LIABILITIES						
Current Liabilities:						
Accounts payable and accrued expenses	76,682	10,953	-	810,229	21,926	919,790
Unearned revenue	-	-	11,183	-	-	11,183
Current maturities of installment agreements	31,582	7,853	-	-	-	39,435
Due to other funds	726,111	553,509	-	-	-	1,279,620
Refundable deposits	97,861	-	11,550	15,000	-	124,411
	<u>932,236</u>	<u>572,315</u>	<u>22,733</u>	<u>825,229</u>	<u>21,926</u>	<u>2,374,439</u>
Current Liabilities Payable from Restricted Assets:						
Accrued interest on long-term debt	30,717	15,849	-	-	23,906	70,472
Current maturities of revenue bonds	317,400	172,600	-	-	33,591	523,591
	<u>348,117</u>	<u>188,449</u>	<u>-</u>	<u>-</u>	<u>57,497</u>	<u>594,063</u>
Total Current Liabilities	<u>1,280,353</u>	<u>760,764</u>	<u>22,733</u>	<u>825,229</u>	<u>79,423</u>	<u>2,968,502</u>
Noncurrent Liabilities:						
Net other postemployment benefits obligation	-	-	-	4,648	6,972	11,620
Long-term portion of compensated absences payable	-	-	-	22,843	24,948	47,791
Revenue bonds payable, net	2,028,200	984,697	-	-	1,382,868	4,395,765
Installment agreements	97,246	-	-	-	-	97,246
Total Noncurrent Liabilities	<u>2,125,446</u>	<u>984,697</u>	<u>-</u>	<u>27,491</u>	<u>1,414,788</u>	<u>4,552,422</u>
Total Liabilities	<u>3,405,799</u>	<u>1,745,461</u>	<u>22,733</u>	<u>852,720</u>	<u>1,494,211</u>	<u>7,520,924</u>
NET ASSETS						
Invested in capital assets, net of related debt	1,549,064	1,535,508	356,978	5,131	9,870,540	13,317,221
Unrestricted	(378,553)	(325,189)	734,355	1,377,080	2,768,533	4,176,226
Total Net Assets	<u>\$ 1,170,511</u>	<u>\$ 1,210,319</u>	<u>\$ 1,091,333</u>	<u>\$ 1,382,211</u>	<u>\$ 12,639,073</u>	<u>\$ 17,493,447</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, 2009

	Municipal Golf Course	Lakeview Golf Course	City Marina	Sanitation	Stormwater Utility	Total Non-Major Enterprise Funds
OPERATING REVENUES						
Charges for services	\$ 3,303,511	\$ 749,367	\$ 204,467	\$ 4,942,922	\$ 2,095,636	\$ 11,295,903
Other operating revenue	14,833	5,985	35,653	5,090	17,366	78,927
Total Operating Revenues	<u>3,318,344</u>	<u>755,352</u>	<u>240,120</u>	<u>4,948,012</u>	<u>2,113,002</u>	<u>11,374,830</u>
OPERATING EXPENSES						
Personal services	-	-	-	229,341	375,106	604,447
Other operating expenses	2,770,936	597,412	60,389	4,212,052	553,998	8,194,787
Depreciation	178,406	104,011	70,846	2,308	436,624	792,195
Total Operating Expenses	<u>2,949,342</u>	<u>701,423</u>	<u>131,235</u>	<u>4,443,701</u>	<u>1,365,728</u>	<u>9,591,429</u>
Operating Income	369,002	53,929	108,885	504,311	747,274	1,783,401
NONOPERATING REVENUES (EXPENSES)						
Interest revenue	-	-	831	1,028	5,038	6,897
Rent revenue	22,207	-	-	124,940	-	147,147
Interest expense	(95,892)	(42,768)	-	-	(72,794)	(211,454)
Gain (loss) on disposal of equipment	93,193	(115)	-	-	4,590	97,668
Other nonoperating expenses	(274)	(238)	-	-	-	(512)
Total Nonoperating Revenues (Expenses)	<u>19,234</u>	<u>(43,121)</u>	<u>831</u>	<u>125,968</u>	<u>(63,166)</u>	<u>39,746</u>
Income Before Capital Contributions and Transfers	388,236	10,808	109,716	630,279	684,108	1,823,147
Capital Contributions	-	-	-	-	53,820	53,820
Transfers out	(33,000)	(19,000)	(48,600)	(180,930)	(380,506)	(662,036)
Change In Net Assets	355,236	(8,192)	61,116	449,349	357,422	1,214,931
Net Assets - October 1, 2008	815,275	1,218,511	1,030,217	932,862	12,281,651	16,278,516
Net Assets - September 30, 2009	<u>\$ 1,170,511</u>	<u>\$ 1,210,319</u>	<u>\$ 1,091,333</u>	<u>\$ 1,382,211</u>	<u>\$ 12,639,073</u>	<u>\$ 17,493,447</u>

CITY OF DELRAY BEACH, FLORIDA
 COMBINING STATEMENT OF CASH FLOWS
 NON-MAJOR ENTERPRISE FUNDS
 For the Fiscal Year Ended September 30, 2009

	Municipal Golf Course	Lakeview Golf Course	City Marina	Sanitation	Stormwater Utility	Total Non-Major Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 3,343,931	\$ 755,360	\$ 196,006	\$ 4,771,218	\$ 1,706,352	\$ 10,772,867
Receipts from others	21,933	-	-	124,940	-	146,873
Payments to suppliers	(2,861,229)	(487,395)	(103,827)	(4,495,394)	(447,341)	(8,395,186)
Payments to employees	-	-	-	(219,791)	(368,068)	(587,859)
Net cash provided by operating activities	<u>504,635</u>	<u>267,965</u>	<u>92,179</u>	<u>180,973</u>	<u>890,943</u>	<u>1,936,695</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITY						
Transfers to other funds	(33,000)	(19,000)	(48,600)	(180,930)	(380,506)	(662,036)
Net cash used in noncapital financing activity	<u>(33,000)</u>	<u>(19,000)</u>	<u>(48,600)</u>	<u>(180,930)</u>	<u>(380,506)</u>	<u>(662,036)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(411,765)	(2,143)	(44,410)	(1,071)	(455,823)	(915,212)
Proceeds from the sale of capital assets	275,251	-	-	-	4,790	280,041
Capital contributions	-	-	-	-	41,945	41,945
Installment agreement issued	131,420	-	-	-	-	131,420
Principal paid on capital debt	(432,578)	(249,005)	-	-	(30,622)	(712,205)
Interest paid on capital debt	(60,224)	(27,069)	-	-	(73,330)	(160,623)
Net cash used in capital and related financing activities	<u>(497,896)</u>	<u>(278,217)</u>	<u>(44,410)</u>	<u>(1,071)</u>	<u>(513,040)</u>	<u>(1,334,634)</u>
CASH FLOWS FROM INVESTING ACTIVITY						
Interest received	-	-	831	1,028	5,038	6,897
Net cash provided by investing activity	<u>-</u>	<u>-</u>	<u>831</u>	<u>1,028</u>	<u>5,038</u>	<u>6,897</u>
Net change in cash and cash equivalents	(26,261)	(29,252)	-	-	2,435	(53,078)
Cash and cash equivalents - October 1, 2008	389,318	228,035	-	-	55,062	672,415
Cash and cash equivalents - September 30, 2009	<u>\$ 363,057</u>	<u>\$ 198,783</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,497</u>	<u>\$ 619,337</u>
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	\$ 369,002	\$ 53,929	\$ 108,885	\$ 504,311	\$ 747,274	\$ 1,783,401
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation expense	178,406	104,011	70,846	2,308	436,624	792,195
Miscellaneous revenue (expense)	21,933	(238)	-	124,940	-	146,635
Change in assets and liabilities:						
Accounts receivable	706	8	-	(176,794)	-	(176,080)
Due from other governments	-	-	(33,307)	-	-	(33,307)
Due from other funds	-	-	(42,795)	(601,170)	(406,650)	(1,050,615)
Inventory	(2,920)	(13,760)	-	-	-	(16,680)
Prepaid expenses	16,184	4,309	(571)	-	96,850	116,772
Accounts payable and accrued expenses	5,208	7,317	(72)	317,828	9,807	340,088
Unearned revenue	-	-	(6,409)	-	-	(6,409)
Compensated absences payable	-	-	-	4,902	66	4,968
Other postemployment benefits obligation	-	-	-	4,648	6,972	11,620
Due to other funds	(108,765)	112,389	-	-	-	3,624
Refundable deposits	24,881	-	(4,398)	-	-	20,483
Total adjustments	<u>135,633</u>	<u>214,036</u>	<u>(16,706)</u>	<u>(323,338)</u>	<u>143,669</u>	<u>153,294</u>
Net cash provided by operating activities	<u>\$ 504,635</u>	<u>\$ 267,965</u>	<u>\$ 92,179</u>	<u>\$ 180,973</u>	<u>\$ 890,943</u>	<u>\$ 1,936,695</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	\$ -	\$ -	\$ -	\$ -	\$ 11,875	\$ 11,875

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, 2009

	Insurance	Central Garage	Total Internal Service Funds
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 151,328	\$ 100	\$ 151,428
Investments	1,533,500	-	1,533,500
Accounts receivable, net	45,230	-	45,230
Due from other funds	7,057,761	1,250,280	8,308,041
Inventory	-	47,069	47,069
Prepaid expenses	520,693	-	520,693
Total Current Assets	<u>9,308,512</u>	<u>1,297,449</u>	<u>10,605,961</u>
Noncurrent Assets:			
Property, land and equipment			
Buildings	-	909	909
Equipment	19,596	17,695,435	17,715,031
Accumulated depreciation	(16,320)	(10,058,555)	(10,074,875)
Total Noncurrent Assets	<u>3,276</u>	<u>7,637,789</u>	<u>7,641,065</u>
Total Assets	<u>9,311,788</u>	<u>8,935,238</u>	<u>18,247,026</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued expenses	914,361	98,445	1,012,806
Compensated absences payable	1,737	3,438	5,175
Insurance claims payable	1,736,416	-	1,736,416
Total Current Liabilities	<u>2,652,514</u>	<u>101,883</u>	<u>2,754,397</u>
Noncurrent Liabilities:			
Net other postemployment benefits obligation	4,648	13,945	18,593
Long-term portion of compensated absences payable	34,790	47,800	82,590
Long-term portion of insurance claims payable	2,978,447	-	2,978,447
Total Noncurrent Liabilities	<u>3,017,885</u>	<u>61,745</u>	<u>3,079,630</u>
Total Liabilities	<u>5,670,399</u>	<u>163,628</u>	<u>5,834,027</u>
NET ASSETS			
Invested in capital assets	3,276	7,637,789	7,641,065
Unrestricted	3,638,113	1,133,821	4,771,934
Total Net Assets	<u>\$ 3,641,389</u>	<u>\$ 8,771,610</u>	<u>\$ 12,412,999</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, 2009

	Insurance	Central Garage	Total Internal Service Funds
OPERATING REVENUES			
Charges for services	\$ 12,478,324	\$ 2,607,843	\$ 15,086,167
Other operating revenue	879,411	1,744,979	2,624,390
Total Operating Revenues	<u>13,357,735</u>	<u>4,352,822</u>	<u>17,710,557</u>
OPERATING EXPENSES			
Personal services	331,181	877,867	1,209,048
Other operating expenses	10,968,624	1,816,617	12,785,241
Depreciation	1,502	1,518,342	1,519,844
Total Operating Expenses	<u>11,301,307</u>	<u>4,212,826</u>	<u>15,514,133</u>
Operating Income	2,056,428	139,996	2,196,424
NONOPERATING REVENUES			
Interest revenue	31,244	2,731	33,975
Insurance recoveries	-	8,915	8,915
Gain on disposal of equipment	-	62,779	62,779
Total Nonoperating Revenues	<u>31,244</u>	<u>74,425</u>	<u>105,669</u>
Income Before Capital Contributions and Transfers	2,087,672	214,421	2,302,093
Capital contributions	-	103,473	103,473
Transfers in	-	356,006	356,006
Transfers out	<u>(329,704)</u>	<u>-</u>	<u>(329,704)</u>
Change In Net Assets	1,757,968	673,900	2,431,868
Net Assets - October 1, 2008	1,883,421	8,097,710	9,981,131
Net Assets - September 30, 2009	<u>\$ 3,641,389</u>	<u>\$ 8,771,610</u>	<u>\$ 12,412,999</u>

CITY OF DELRAY BEACH, FLORIDA
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 For the Fiscal Year Ended September 30, 2009

	Insurance	Central Garage	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 8,346,047	\$ 3,458,280	\$ 11,804,327
Receipts from others	-	8,915	8,915
Payments to suppliers	(11,277,067)	(1,824,859)	(13,101,926)
Payments to employees	(329,275)	(861,516)	(1,190,791)
Net cash provided by (used in) operating activities	(3,260,295)	780,820	(2,479,475)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	-	356,006	356,006
Transfers to other funds	(329,704)	-	(329,704)
Net cash provided by (used in) noncapital financing activities	(329,704)	356,006	26,302
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	-	(1,747,137)	(1,747,137)
Proceeds from the sale of capital assets	-	607,580	607,580
Net cash used in capital and related financing activities	-	(1,139,557)	(1,139,557)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	31,244	2,731	33,975
Sale of investments	3,495,473	-	3,495,473
Net cash provided by investing activities	3,526,717	2,731	3,529,448
Net change in cash and cash equivalents	(63,282)	-	(63,282)
Cash and cash equivalents - October 1, 2008	214,610	100	214,710
Cash and cash equivalents - September 30, 2009	\$ 151,328	\$ 100	\$ 151,428
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	\$ 2,056,428	\$ 139,996	\$ 2,196,424
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation expense	1,502	1,518,342	1,519,844
Miscellaneous revenue	-	8,915	8,915
Change in assets and liabilities:			
Accounts receivable	66,716	-	66,716
Due from other funds	-	(894,542)	(894,542)
Inventory	-	26,424	26,424
Prepaid expenses	843,308	1,176	844,484
Accounts payable and accrued expenses	(50,626)	(35,842)	(86,468)
Compensated absences payable	(2,742)	2,406	(336)
Other postemployment benefits obligation	4,648	13,945	18,593
Insurance claims payable	(1,101,125)	-	(1,101,125)
Due to other funds	(5,078,404)	-	(5,078,404)
Total adjustments	(5,316,723)	640,824	(4,675,899)
Net cash provided by (used in) operating activities	\$ (3,260,295)	\$ 780,820	\$ (2,479,475)
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITY			
Equipment contributed from governmental capital assets	\$ -	\$ 103,473	\$ 103,473

Fiduciary Funds

Fiduciary Funds are used to account for assets held in trust or as an agent by the City for others and include 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, 2009

	General Employees' Pension	Police and Firefighters' Retirement System	Total Pension Trust Funds
ASSETS			
Cash and cash equivalents	\$ 1,009,965	\$ 3,205,478	\$ 4,215,443
Investments:			
Bonds and other interest bearing investments	-	25,825,265	25,825,265
Equity securities	7,479,067	57,590,410	65,069,477
Mutual funds	62,671,137	9,694,285	72,365,422
Alternative investments	-	10,565,690	10,565,690
Due from broker for securities sold	-	1,330,860	1,330,860
Employee contributions receivable	30,068	54,275	84,343
Prepaid expenses	44,031	215,542	259,573
Interest and dividends receivable	11,905	358,156	370,061
Total Assets	<u>71,246,173</u>	<u>108,839,961</u>	<u>180,086,134</u>
LIABILITIES			
Accounts payable	34,324	93,379	127,703
Due to broker for securities purchased	-	823,188	823,188
State monies held in reserve	-	1,490,124	1,490,124
Deferred retirement option plan payable	-	9,742,718	9,742,718
Total Liabilities	<u>34,324</u>	<u>12,149,409</u>	<u>12,183,733</u>
NET ASSETS			
Held in trust for pension benefits	<u>\$ 71,211,849</u>	<u>\$ 96,690,552</u>	<u>\$ 167,902,401</u>

CITY OF DELRAY BEACH, FLORIDA
 COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS
 PENSION TRUST FUNDS
 For the Fiscal Year Ended September 30, 2009

	General Employees' Pension	Police and Firefighters' Retirement System	Total Pension Trust Funds
ADDITIONS			
Contributions			
Employer	\$ 2,621,586	\$ 5,381,809	\$ 8,003,395
State	-	1,400,752	1,400,752
Plan members	606,902	1,145,020	1,751,922
Total contributions	<u>3,228,488</u>	<u>7,927,581</u>	<u>11,156,069</u>
Investment income			
Net appreciation (depreciation) in fair value of investments	1,016,023	(4,660,812)	(3,644,789)
Interest and dividends	364,598	2,359,913	2,724,511
	<u>1,380,621</u>	<u>(2,300,899)</u>	<u>(920,278)</u>
Less investment expenses - custodian fees	241,025	473,206	714,231
Net investment income (loss)	<u>1,139,596</u>	<u>(2,774,105)</u>	<u>(1,634,509)</u>
Other income	<u>171,160</u>	<u>102,220</u>	<u>273,380</u>
Total additions	<u>4,539,244</u>	<u>5,255,696</u>	<u>9,794,940</u>
DEDUCTIONS			
Benefits	3,247,825	7,650,472	10,898,297
Refunds of contributions	13,629	88,511	102,140
Other operating expenses	13,169	200,682	213,851
Total deductions	<u>3,274,623</u>	<u>7,939,665</u>	<u>11,214,288</u>
Change In Net Assets	1,264,621	(2,683,969)	(1,419,348)
Net Assets - October 1, 2008	69,947,228	99,374,521	169,321,749
Net Assets - September 30, 2009	<u>\$ 71,211,849</u>	<u>\$ 96,690,552</u>	<u>\$ 167,902,401</u>

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, 2009			Fiscal Year Ended September 30, 2008		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenue:						
Taxes:						
Ad valorem	\$ 54,235,620	\$ 53,984,307	\$ (251,313)	\$ 55,281,000	\$ 55,302,837	\$ 21,837
Sales and use	1,300,000	1,308,213	8,213	1,452,000	1,365,552	(86,448)
Utility	4,458,000	4,580,118	122,118	4,557,250	4,374,797	(182,453)
Communications Services Tax	4,400,000	4,378,057	(21,943)	3,900,000	3,963,485	63,485
Local business tax	772,000	789,705	17,705	767,000	752,238	(14,762)
Total taxes	65,165,620	65,040,400	(125,220)	65,957,250	65,758,909	(198,341)
Fees and permits:						
Building permits	2,674,000	2,043,002	(630,998)	2,867,000	2,631,683	(235,317)
Franchise fees	5,587,790	5,333,561	(254,229)	5,451,270	5,247,442	(203,828)
Miscellaneous	1,050,800	1,016,899	(33,901)	1,023,900	1,062,610	38,710
Total fees and permits	9,312,590	8,393,462	(919,128)	9,342,170	8,941,735	(400,435)
Intergovernmental:						
Federal shared revenue:						
FEMA Mutual Aid	-	-	-	48,050	48,045	(5)
Forestry Grant	-	-	-	20,551	20,552	1
Hazmat Sustainment	118,411	87,159	(31,252)	15,926	2,169	(13,757)
Emergency Relief Program	-	-	-	3,763	3,763	-
Highway Safety Fund Grant	30,000	24,979	(5,021)	58,000	55,312	(2,688)
Total federal shared revenue	148,411	112,138	(36,273)	146,290	129,841	(16,449)
State shared revenue:						
State revenue sharing	1,625,000	1,656,907	31,907	1,830,000	1,836,298	6,298
Local government sales tax	4,079,000	3,972,093	(106,907)	4,625,000	4,453,598	(171,402)
Alcoholic beverage licenses tax	67,000	70,691	3,691	67,000	72,653	5,653
Municipal fuel tax refund	50,000	54,003	4,003	45,000	43,658	(1,342)
Mobile home licenses tax	1,000	643	(357)	1,000	869	(131)
Fire incentive	51,840	54,960	3,120	41,640	51,718	10,078
State grants	201,090	108,521	(92,569)	74,060	74,060	-
Total state shared revenue	6,074,930	5,917,818	(157,112)	6,683,700	6,532,854	(150,846)
Shared revenue from local units:						
Children's Services Council Grant	59,998	59,977	(21)	314,825	303,121	(11,704)
County occupational licenses	128,000	124,891	(3,109)	128,000	134,567	6,567
Local grants	19,441	23,113	3,672	23,860	32,000	8,140
PBC grants	30,000	60,000	30,000	-	13,120	13,120
Total shared revenue from local units	237,439	267,981	30,542	466,685	482,808	16,123
Total intergovernmental	6,460,780	6,297,937	(162,843)	7,296,675	7,145,503	(151,172)

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, 2009			Fiscal Year Ended September 30, 2008		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
Revenue (continued):						
Charges for services:						
General government	\$ 157,290	\$ 156,654	\$ (636)	\$ 189,220	\$ 175,636	\$ (13,584)
Public safety	5,420,260	5,985,279	565,019	5,415,300	5,878,758	463,458
Physical environment	152,000	103,009	(48,991)	132,000	132,099	99
Parking	700,000	850,957	150,957	449,000	498,246	49,246
Human services	200	250	50	200	10	(190)
Culture and recreation	835,450	886,258	50,808	824,050	854,485	30,435
Total charges for services	<u>7,265,200</u>	<u>7,982,407</u>	<u>717,207</u>	<u>7,009,770</u>	<u>7,539,234</u>	<u>529,464</u>
Fines and forfeitures:						
Court	663,100	420,855	(242,245)	668,400	366,544	(301,856)
Penalties on licenses and permits	60,000	47,713	(12,287)	63,000	42,753	(20,247)
Violations of local ordinances	113,500	105,841	(7,659)	113,000	1,920	(111,080)
Total fines and forfeitures	<u>836,600</u>	<u>574,409</u>	<u>(262,191)</u>	<u>844,400</u>	<u>411,217</u>	<u>(433,183)</u>
Miscellaneous:						
Interest	362,180	234,318	(127,862)	1,404,500	1,312,143	(92,357)
Rents and special assessments	90,420	130,787	40,367	78,540	111,369	32,829
Sale of capital assets	2,000	3,802	1,802	2,700	2,590	(110)
Contributions and donations	2,511,054	2,445,661	(65,393)	10,697,715	1,575,317	(9,122,398)
Recovery of administrative costs	2,106,870	2,107,448	578	2,179,121	2,185,832	6,711
Other	150,295	158,658	8,363	150,630	136,502	(14,128)
Total miscellaneous	<u>5,222,819</u>	<u>5,080,674</u>	<u>(142,145)</u>	<u>14,513,206</u>	<u>5,323,753</u>	<u>(9,189,453)</u>
Total revenue	<u>94,263,609</u>	<u>93,369,289</u>	<u>(894,320)</u>	<u>104,963,471</u>	<u>95,120,351</u>	<u>(9,843,120)</u>
Other financing sources:						
Transfers in:						
Water and Sewer Fund	1,363,120	1,363,120	-	1,179,360	1,179,360	-
Municipal Golf Course Fund	52,000	52,000	-	57,000	57,000	-
City Marina Fund	48,600	48,600	-	49,000	49,000	-
Utilities Tax Fund	1,528,450	1,521,810	(6,640)	1,436,450	1,449,224	12,774
Insurance Fund	-	1,609	1,609	-	-	-
Sanitation Fund	83,930	83,930	-	84,130	84,130	-
Stormwater Utility Fund	93,000	93,000	-	84,000	84,000	-
Special Projects Fund	33,233	33,233	-	-	-	-
Capital Improvement Fund	904,617	904,617	-	50,000	50,000	-
Total other financing sources	<u>4,106,950</u>	<u>4,101,919</u>	<u>(5,031)</u>	<u>2,939,940</u>	<u>2,952,714</u>	<u>12,774</u>
Total revenue and other financing sources	<u>\$ 98,370,559</u>	<u>\$ 97,471,208</u>	<u>\$ (899,351)</u>	<u>\$ 107,903,411</u>	<u>\$ 98,073,065</u>	<u>\$ (9,830,346)</u>
Reconciliation to GAAP basis statements:						
On-behalf payments		1,600,347			1,920,394	
Revenue and other financing sources - GAAP basis		<u>\$ 99,071,555</u>			<u>\$ 99,993,459</u>	

City of Delray Beach, Florida

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

	Fiscal Year Ended September 30, 2009					Fiscal Year Ended September 30, 2008				
	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	\$ 379,989	\$ 304,407	\$ 39,036	\$ 343,443	\$ 36,546	\$ 312,824	\$ 276,344	\$ 27,423	\$ 303,767	\$ 9,057
City manager	516,130	520,994	-	520,994	(4,864)	538,883	536,185	-	536,185	2,698
Human resources	716,480	684,110	5,775	689,885	26,595	926,454	862,514	10,000	872,514	53,940
City clerk	565,520	570,676	-	570,676	(5,156)	581,977	536,841	534	537,375	44,602
Finance	1,671,375	1,689,939	-	1,689,939	(18,564)	1,662,649	1,640,624	-	1,640,624	22,025
Information technology	1,570,360	1,540,642	-	1,540,642	29,718	1,606,365	1,485,066	12,130	1,497,196	109,169
City attorney	1,065,699	1,019,655	18,500	1,038,155	27,544	988,620	927,389	10,325	937,714	50,906
Administrative services administration	697,360	692,622	-	692,622	4,738	702,476	686,435	-	686,435	16,041
Clean and Safe	217,760	202,439	-	202,439	15,321	212,056	206,390	-	206,390	5,666
Cemetery	368,900	376,536	-	376,536	(7,636)	402,655	366,265	-	366,265	36,390
Old School Square	205,000	205,000	-	205,000	-	205,000	205,000	-	205,000	-
Library	1,530,000	1,530,000	-	1,530,000	-	1,530,000	1,530,000	-	1,530,000	-
Miscellaneous grants	203,500	202,699	-	202,699	801	205,250	205,250	-	205,250	-
Transfers to component units	8,304,390	8,238,669	-	8,238,669	65,721	8,788,390	8,702,275	-	8,702,275	86,115
Miscellaneous (nondepartmental)	983,350	72,995	-	72,995	910,355	9,043,765	830,147	-	830,147	8,213,618
Total general government	18,995,813	17,851,383	63,311	17,914,694	1,081,119	27,707,364	18,996,725	60,412	19,057,137	8,650,227
Public safety:										
Law enforcement	26,924,407	26,071,431	99,762	26,171,193	753,214	27,972,160	26,688,791	42,076	26,730,867	1,241,293
Fire control	22,441,923	21,808,036	44,112	21,852,148	589,775	22,375,900	21,632,556	10,932	21,643,488	732,412
Community improvement administration	507,510	501,942	-	501,942	5,568	548,866	508,813	-	508,813	40,053
Planning and zoning	1,300,572	1,168,094	-	1,168,094	132,478	1,476,442	1,269,369	72,666	1,342,035	134,407
Building inspection	1,357,900	1,392,545	-	1,392,545	(34,645)	1,578,568	1,479,282	-	1,479,282	99,286
Code compliance	1,223,760	1,198,319	-	1,198,319	25,441	1,238,882	1,276,453	-	1,276,453	(37,571)
Total public safety	53,756,072	52,140,367	143,874	52,284,241	1,471,831	55,190,818	52,855,264	125,674	52,980,938	2,209,880
Physical environment:										
Engineering	689,050	623,321	17,640	640,961	48,089	680,096	677,228	-	677,228	2,868
Parking facilities	1,108,798	936,839	105,300	1,042,139	66,659	763,413	754,006	21,940	775,946	(12,533)
Public works:										
Traffic operations	431,480	426,853	-	426,853	4,627	431,834	438,553	-	438,553	(6,719)
Administration	182,510	180,929	-	180,929	1,581	181,573	175,251	-	175,251	6,322
Street lighting	881,750	808,126	-	808,126	73,624	811,889	819,426	-	819,426	(7,537)
Street maintenance	789,240	774,343	-	774,343	14,897	754,069	774,298	-	774,298	(20,229)
Building maintenance	579,660	586,441	425	586,866	(7,206)	563,009	562,207	-	562,207	802
Total physical environment	4,662,488	4,336,852	123,365	4,460,217	202,271	4,185,883	4,200,969	21,940	4,222,909	(37,026)

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, 2009					Fiscal Year Ended September 30, 2008				
	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	
Expenditures (continued):										
Parks and recreation:										
Administration	\$ 652,439	\$ 639,124	\$ 2,680	\$ 641,804	\$ 10,635	\$ 723,321	\$ 608,021	\$ 11,200	\$ 619,221	
After school program	676,857	673,056	-	673,056	3,801	728,650	717,783	-	717,783	
Summer day camp program	2,338	1,156	-	1,156	1,182	10,275	2,147	-	2,147	
Teen center	249,623	249,654	66	249,720	(97)	262,065	233,430	-	233,430	
Beach operations	1,460,273	1,472,494	-	1,472,494	(12,221)	1,425,986	1,405,659	-	1,405,659	
Catherine Strong Park	178,478	174,369	-	174,369	4,109	186,836	175,434	-	175,434	
Cultural/Facilities maintenance	-	-	-	-	-	-	1,517	-	1,517	
Community center	305,850	309,262	60	309,322	(3,472)	306,205	297,818	-	297,818	
Veteran's Park	155,358	153,746	-	153,746	1,612	160,722	153,006	-	153,006	
C. Spencer Pompey Park	990,075	946,709	3,060	949,769	40,306	1,048,009	1,054,919	3,946	1,058,865	
Parks maintenance	3,540,029	3,723,819	861	3,724,680	(184,651)	3,742,744	3,599,479	-	3,599,479	
Soccer complex	53,947	48,451	-	48,451	5,496	71,361	50,343	-	50,343	
Tennis centers	1,145,652	1,059,828	-	1,059,828	85,824	1,103,770	1,031,382	-	1,031,382	
Stadium	1,561,693	1,542,539	-	1,542,539	19,154	1,539,441	1,484,323	11,485	1,495,808	
Aquatics	394,604	383,742	2,299	386,041	8,563	393,340	370,378	4,458	374,836	
Athletics	515,686	494,929	-	494,929	20,757	562,186	523,592	13,600	537,192	
Total parks and recreation	11,882,902	11,872,878	9,026	11,881,904	998	12,264,911	11,709,231	44,689	11,753,920	
Debt service:										
Principal retirement	3,741,330	3,658,474	-	3,658,474	82,856	3,157,640	3,081,851	-	3,081,851	
Interest and fiscal charges	1,842,730	1,847,901	-	1,847,901	(5,171)	1,974,440	2,007,950	-	2,007,950	
Total debt service	5,584,060	5,506,375	-	5,506,375	77,685	5,132,080	5,089,801	-	5,089,801	
Total expenditures and encumbrances	94,881,335	91,707,855	339,576	92,047,431	2,833,904	104,481,056	92,851,990	252,715	93,104,705	
Other financing uses:										
Transfers out:										
Community Development Fund	149,430	149,430	-	149,430	-	177,640	177,640	-	177,640	
Beautification Fund	835,000	895,773	-	895,773	(60,773)	827,000	827,000	-	827,000	
Utilities Tax Fund	1,856,900	1,856,900	-	1,856,900	-	2,586,640	2,586,640	-	2,586,640	
Capital Improvement Fund	1,775,862	1,775,862	-	1,775,862	-	1,685,100	1,685,100	-	1,685,100	
Beach Restoration Fund	15,000	15,000	-	15,000	-	-	-	-	-	
Total other financing uses	4,632,192	4,692,965	-	4,692,965	(60,773)	5,276,380	5,276,380	-	5,276,380	
Total expenditures, encumbrances and other financing uses	\$ 99,513,527	\$ 96,400,820	\$ 339,576	96,740,396	\$ 2,773,131	\$ 109,757,436	\$ 98,128,370	\$ 252,715	98,381,085	
Reconciliation to GAAP basis statements:										
Current year encumbrances outstanding				(339,576)					(252,715)	
Prior year encumbrances paid in current year				252,715					408,194	
On-behalf payments				1,600,347					1,920,394	
Expenditures and other financing uses - GAAP basis				\$ 98,253,882					\$ 100,456,958	

Schedules of Debt Service Requirements

City of Delray Beach, Florida

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

Fiscal Year Ending September 30	General Obligation Bonds	Revenue Bonds	Water and Sewer Revenue Bonds	Installment Agreements	Total Requirements
2010	\$ 3,576,615	\$ 3,428,265	\$ 5,830,675	\$ 124,943	\$ 12,960,498
2011	3,576,540	3,427,363	5,821,315	103,626	12,928,844
2012	3,573,840	3,427,990	5,924,853	103,628	13,030,311
2013	3,569,827	6,435,158	5,925,898	94,992	16,025,875
2014	2,168,937	3,341,602	5,925,037	-	11,435,576
2015	2,167,092	3,343,718	5,922,490	-	11,433,300
2016	2,171,935	3,342,026	2,114,922	-	7,628,883
2017	2,174,200	2,793,154	2,111,452	-	7,078,806
2018	2,179,513	2,793,728	2,109,653	-	7,082,894
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	2,121,954	-	6,898,568
2022	2,188,760	2,590,750	2,119,812	-	6,899,322
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
	\$ 38,297,405	\$ 68,804,636	\$ 50,146,953	\$ 427,189	\$ 157,676,183

City of Delray Beach, Florida

Combined Schedule of General Obligation Bond Debt Service Requirements

Fiscal Year Ending September 30	Principal	Interest	Total	Balance Outstanding at End of Fiscal Year
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>\$ 29,465,000</u>	<u>\$ 8,832,405</u>	<u>\$ 38,297,405</u>	

City of Delray Beach, Florida

Schedule of General Obligation Bonds (Series 2002)

Fiscal Year Ending September 30	Principal		Interest		Total	Balance Outstanding at End of Fiscal Year	Interest Rate
	February 1	February 1	February 1	August 1			
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>\$ 7,655,000</u>	<u>\$ 490,125</u>	<u>\$ 298,750</u>	<u>\$ 8,443,875</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 at Date of Issue – 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			
2010	\$ 600,000	\$ 228,620	\$ 219,620	\$ 1,048,240	\$ 14,674,376	3.00%	
2011	620,000	219,620	209,545	1,049,165	13,625,211	3.25	
2012	640,000	209,545	197,545	1,047,090	12,578,121	3.75	
2013	665,000	197,545	185,907	1,048,452	11,529,669	3.50	
2014	690,000	185,907	172,970	1,048,877	10,480,792	3.75	
2015	715,000	172,970	159,564	1,047,534	9,433,258	3.75	
2016	745,000	159,564	144,664	1,049,228	8,384,030	4.00	
2017	775,000	144,664	130,133	1,049,797	7,334,233	3.75	
2018	805,000	130,133	114,837	1,049,970	6,284,263	3.80	
2019	835,000	114,837	98,555	1,048,392	5,235,871	3.90	
2020	870,000	98,555	81,155	1,049,710	4,186,161	4.00	
2021	905,000	81,155	62,602	1,048,757	3,137,404	4.10	
2022	940,000	62,602	42,863	1,045,465	2,091,939	4.20	
2023	980,000	42,863	22,038	1,044,901	1,047,038	4.25	
2024	1,025,000	22,038	-	1,047,038	-	4.30	
	<u>\$ 11,810,000</u>	<u>\$ 2,070,618</u>	<u>\$ 1,841,998</u>	<u>\$ 15,722,616</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 at Date of Issue – 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			
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>\$ 2,169,207</u>	<u>\$ 1,961,707</u>	<u>\$ 1,961,707</u>	<u>\$ 14,130,914</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)

Fiscal Year Ending September 30	Principal	Interest	Total	Balance Outstanding at End of Fiscal Year
2010	\$ 1,505,000	\$ 1,923,265	\$ 3,428,265	\$ 65,764,197
2011	1,565,000	1,862,363	3,427,363	62,336,834
2012	1,630,000	1,797,990	3,427,990	58,908,844
2013	4,705,000	1,730,158	6,435,158	52,473,686
2014	1,710,000	1,631,602	3,341,602	49,132,084
2015	1,785,000	1,558,718	3,343,718	45,788,366
2016	1,860,000	1,482,026	3,342,026	42,446,340
2017	1,390,000	1,403,154	2,793,154	39,653,186
2018	1,450,000	1,343,728	2,793,728	36,859,458
2019	1,520,000	1,281,632	2,801,632	34,057,826
2020	1,375,000	1,216,500	2,591,500	31,466,326
2021	1,440,000	1,147,750	2,587,750	28,878,576
2022	1,515,000	1,075,750	2,590,750	26,287,826
2023	1,590,000	1,000,000	2,590,000	23,697,826
2024	1,670,000	920,500	2,590,500	21,107,326
2025	1,755,000	837,000	2,592,000	18,515,326
2026	1,840,000	749,250	2,589,250	15,926,076
2027	1,935,000	657,250	2,592,250	13,333,826
2028	2,030,000	560,500	2,590,500	10,743,326
2029	2,130,000	459,000	2,589,000	8,154,326
2030	2,235,000	352,500	2,587,500	5,566,826
2031	2,350,000	240,750	2,590,750	2,976,076
2032	2,465,000	123,250	2,588,250	387,826
	<u>\$ 43,450,000</u>	<u>\$ 25,354,636</u>	<u>\$ 68,804,636</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				
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>\$ 5,260,000</u>	<u>\$ 790,815</u>	<u>\$ 790,814</u>	<u>\$ 6,841,629</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				
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>\$ 3,235,000</u>	<u>\$ 254,498</u>	<u>\$ 254,498</u>	<u>\$ 3,743,996</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 at Date of Issue – 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 original bonds issued were governmental activities debt and approximately 81% of the bonds were 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				
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>\$ 7,320,000</u>	<u>\$ 796,107</u>	<u>\$ 796,107</u>	<u>\$ 8,912,214</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 June 1	December 1	June 1				
2010	\$ 30,000	\$ 614,350	\$ 614,350	\$ 1,258,700	\$ 44,940,500	4.00%	
2011	25,000	613,750	613,750	1,252,500	43,688,000	4.00	
2012	20,000	613,250	613,250	1,246,500	42,441,500	4.00	
2013	20,000	612,850	612,850	1,245,700	41,195,800	4.00	
2014	70,000	612,450	612,450	1,294,900	39,900,900	4.00	
2015	70,000	611,050	611,050	1,292,100	38,608,800	4.00	
2016	70,000	609,650	609,650	1,289,300	37,319,500	4.00	
2017	-	608,250	608,250	1,216,500	36,103,000	0.00	
2018	-	608,250	608,250	1,216,500	34,886,500	0.00	
2019	-	608,250	608,250	1,216,500	33,670,000	0.00	
2020	1,375,000	608,250	608,250	2,591,500	31,078,500	5.00	
2021	1,440,000	573,875	573,875	2,587,750	28,490,750	5.00	
2022	1,515,000	537,875	537,875	2,590,750	25,900,000	5.00	
2023	1,590,000	500,000	500,000	2,590,000	23,310,000	5.00	
2024	1,670,000	460,250	460,250	2,590,500	20,719,500	5.00	
2025	1,755,000	418,500	418,500	2,592,000	18,127,500	5.00	
2026	1,840,000	374,625	374,625	2,589,250	15,538,250	5.00	
2027	1,935,000	328,625	328,625	2,592,250	12,946,000	5.00	
2028	2,030,000	280,250	280,250	2,590,500	10,355,500	5.00	
2029	2,130,000	229,500	229,500	2,589,000	7,766,500	5.00	
2030	2,235,000	176,250	176,250	2,587,500	5,179,000	5.00	
2031	2,350,000	120,375	120,375	2,590,750	2,588,250	5.00	
2032	2,465,000	61,625	61,625	2,588,250	-	5.00	
	<u>\$ 24,635,000</u>	<u>\$ 10,782,100</u>	<u>\$ 10,782,100</u>	<u>\$ 46,199,200</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 at Date of Issue – 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			
2010	\$ -	\$ 13,477	\$ 13,404	\$ 13,404	\$ 26,881	\$ 3,468,542	0.88375%
2011	-	13,477	13,404	13,404	26,881	3,441,661	0.88375%
2012	-	13,477	13,477	13,477	26,954	3,414,707	0.88375%
2013	3,000,000	13,477	13,404	13,404	3,026,881	387,826	0.88375%
	<u>\$ 3,000,000</u>	<u>\$ 53,908</u>	<u>\$ 53,689</u>	<u>\$ 53,689</u>	<u>\$ 3,107,597</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
2010	\$ 4,620,446	\$ 1,210,229	\$ 5,830,675	\$ 44,316,278
2011	4,844,635	976,680	5,821,315	38,494,963
2012	2,355,737	3,569,116	5,924,853	32,570,110
2013	2,303,206	3,622,692	5,925,898	26,644,212
2014	2,241,725	3,683,312	5,925,037	20,719,175
2015	2,198,726	3,723,764	5,922,490	14,796,685
2016	1,605,000	509,922	2,114,922	12,681,763
2017	1,670,000	441,452	2,111,452	10,570,311
2018	1,740,000	369,653	2,109,653	8,460,658
2019	1,815,000	294,099	2,109,099	6,351,559
2020	1,895,000	214,793	2,109,793	4,241,766
2021	1,990,000	131,954	2,121,954	2,119,812
2022	2,075,000	44,812	2,119,812	-
	<u>\$ 31,354,475</u>	<u>\$ 18,792,478</u>	<u>\$ 50,146,953</u>	

City of Delray Beach, Florida

Schedule of Water and Sewer Revenue Bonds (Series 1993)

Fiscal Year Ending September 30	Serial Bond		Interest		Total	Balance Outstanding at End of Fiscal Year	Interest Rate
	Principal October 1	October 1	April 1				
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 of each year
- 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 at Date of Issue – 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				
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>\$ 7,695,000</u>	<u>\$ 315,413</u>	<u>\$ 108,488</u>	<u>\$ 8,118,901</u>			

- Original Authorization – \$15,030,000
- Issued – \$15,030,000
- Date of Issue – December 4, 1997
- 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 at Date of Issue – 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 2006A)

Fiscal Year Ending September 30	Serial Bond			Total	Balance Outstanding at End of Fiscal Year	Interest Rate
	Principal October 1	Interest October 1	Interest April 1			
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>\$ 6,770,000</u>	<u>\$ 1,040,712</u>	<u>\$ 901,250</u>	<u>\$ 8,711,962</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				
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>\$ 2,105,000</u>	<u>\$ 319,996</u>	<u>\$ 278,106</u>	<u>\$ 2,703,102</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	April 1			
2010	\$ 200,000	\$ 194,260	\$ 189,850	\$ 584,110	\$ 11,598,878	4.41%	
2011	210,000	189,850	185,440	585,290	11,013,588	4.41	
2012	210,000	185,440	180,590	576,030	10,437,558	4.41	
2013	220,000	180,590	175,298	575,888	9,861,670	4.41	
2014	230,000	175,298	169,565	574,863	9,286,807	4.41	
2015	240,000	169,565	163,611	573,176	8,713,631	4.41	
2016	940,000	163,611	143,766	1,247,377	7,466,254	4.41	
2017	980,000	143,766	122,819	1,246,585	6,219,669	4.41	
2018	1,020,000	122,819	100,768	1,243,587	4,976,082	4.41	
2019	1,060,000	100,768	77,395	1,238,163	3,737,919	4.41	
2020	1,110,000	77,395	52,920	1,240,315	2,497,604	4.41	
2021	1,170,000	52,920	27,342	1,250,262	1,247,342	4.41	
2022	1,220,000	27,342	-	1,247,342	-	4.41	
	<u>\$ 8,810,000</u>	<u>\$ 1,783,624</u>	<u>\$ 1,589,364</u>	<u>\$ 12,182,988</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 Reclaimed Water 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
2010	\$ 115,396	\$ 9,547	\$ 124,943	\$ 302,246
2011	96,839	6,787	103,626	198,620
2012	99,547	4,081	103,628	94,992
2013	93,694	1,298	94,992	-
	\$ 405,476	\$ 21,713	\$ 427,189	

Schedule of installment agreements consists of the following:

- 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.

- Sun Trust Leasing – Original amount of principal—\$260,600, 48-month term, 2.7600% interest, dates September 18, 2009 through August 18, 2013—parking meters.

- Sun Trust Leasing – Original amount of principal—\$131,420, 48-month term, 2.7600% interest, dates September 18, 2009 through August 18, 2013—golf carts at Delray Beach Golf Course.

City of Delray Beach, Florida

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

Fiscal Year Ending September 30	Principal		Interest		Total	Balance Outstanding at End of Fiscal Year	Interest Rate
	September 1	September 1	Sept. 1/Mar. 1	Sept. 1/Mar. 1			
2010	\$ 1,425,000	\$ 651,128	\$ 2,076,128	\$ 15,311,200	4.2982% - 5.9095%		
2011	1,520,000	584,076	2,104,076	13,207,124	4.2982 - 5.9095		
2012	1,595,000	512,558	2,107,558	11,099,566	4.2982 - 5.9095		
2013	1,670,000	437,454	2,107,454	8,992,112	4.2982 - 5.9095		
2014	1,750,000	358,764	2,108,764	6,883,348	4.2982 - 5.9095		
2015	1,420,000	276,274	1,696,274	5,187,074	4.2982 - 5.9095		
2016	1,250,000	209,746	1,459,746	3,727,328	4.2982 - 5.9095		
2017	1,090,000	151,440	1,241,440	2,485,888	4.2982 - 4.8000		
2018	1,140,000	103,184	1,243,184	1,242,704	4.2982 - 4.8000		
2019	1,190,000	52,704	1,242,704	-	4.2982 - 4.8000		
	<u>\$ 14,050,000</u>	<u>\$ 3,337,328</u>	<u>\$ 17,387,328</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, 2009.

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.

Contents	Page
Financial Trends	109
<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	117
<i>These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.</i>	
Debt Capacity	120
<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	124
<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	126
<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 Seven Fiscal Years

Accrual Basis of Accounting

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities							
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	\$ 76,546,448
Restricted	5,992,593	24,530,625	22,855,797	8,014,482	20,850,170	12,644,718	10,728,740
Unrestricted	8,359,365	13,393,763	20,185,194	22,245,386	23,371,450	23,694,418	23,962,095
Total governmental activities net assets	\$ 40,348,311	\$ 53,054,943	\$ 67,858,955	\$ 85,724,857	\$ 95,271,496	\$ 106,860,322	\$ 111,237,283
Business-type activities							
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	\$ 66,198,545
Restricted	5,387,916	4,859,275	4,469,621	1,338,263	7,038,221	6,658,262	1,592,060
Unrestricted	20,023,794	23,182,592	23,565,069	34,032,926	40,529,960	38,161,102	42,480,646
Total business-type activities net assets	\$ 79,230,007	\$ 82,389,573	\$ 87,350,025	\$ 94,395,565	\$ 102,350,931	\$ 110,325,223	\$ 110,271,251
Primary government							
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	\$ 142,744,993
Restricted	11,380,509	29,389,900	27,325,418	9,352,745	27,888,391	19,302,980	12,320,800
Unrestricted	28,383,159	36,576,355	43,750,263	56,278,312	63,901,410	61,855,520	66,442,741
Total primary government net assets	\$ 119,578,318	\$ 135,444,516	\$ 155,208,980	\$ 180,120,422	\$ 197,622,427	\$ 217,185,545	\$ 221,508,534

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 Seven Fiscal Years
Accrual Basis of Accounting*

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental activities:							
General government	\$ 12,615,732	\$ 13,504,963	\$ 16,634,186	\$ 20,944,239	\$ 25,304,576	\$ 25,137,520	\$ 22,331,793
Public safety	41,494,100	42,413,760	44,818,400	49,389,129	55,930,194	56,742,719	54,234,648
Physical environment	4,129,748	4,154,255	4,569,904	5,931,521	7,194,134	8,130,445	9,859,520
Parks and recreation	10,804,249	10,608,918	11,164,817	12,428,343	14,723,853	14,457,336	14,790,100
Interest on long-term debt	1,715,063	2,476,264	2,078,244	2,755,249	1,389,786	2,832,011	3,278,142
Total governmental activities expenses	70,758,892	73,158,160	79,265,551	91,448,481	104,542,543	107,300,031	104,494,203
Business-type activities:							
Water/Sewer Utility	18,865,811	22,835,889	19,975,077	20,432,143	22,407,194	23,932,410	25,636,462
Municipal Golf Course	2,942,377	3,381,336	3,382,942	3,467,334	3,440,617	3,265,478	2,952,315
Lakeview Golf Course	700,932	696,573	709,142	653,116	748,549	704,782	744,544
City Marina	103,101	104,143	109,026	114,222	120,146	121,004	131,235
Sanitation	2,354,354	4,338,426	3,788,232	9,053,052	2,897,768	3,476,663	4,443,701
Stormwater Utility	1,429,557	1,078,343	1,111,291	1,050,275	1,331,003	1,506,764	1,390,004
Total business-type activities expenses	26,396,132	32,434,710	29,075,710	34,770,142	30,945,277	33,007,101	35,298,261
Total primary government expenses	\$ 97,155,024	\$ 105,592,870	\$ 108,341,261	\$ 126,218,623	\$ 135,487,820	\$ 140,307,132	\$ 139,792,464
Program Revenues							
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	\$ 3,216,555
Public safety	6,041,301	5,481,990	5,823,023	5,310,373	6,033,201	6,543,112	6,739,002
Physical environment	615,657	633,729	598,019	641,251	626,974	649,216	971,381
Parks and recreation	1,264,769	1,092,586	1,157,013	1,143,867	1,236,660	1,282,353	1,465,722
Operating grants and contributions:							
General government	1,326,703	1,975,397	1,829,154	3,260,394	3,165,420	3,945,992	4,645,288
Public safety	784,980	1,868,212	2,006,827	1,825,883	2,033,988	2,292,523	1,986,484
Physical environment	238,877	360,352	427,188	1,226,975	547,284	103,357	24,979
Parks and recreation	97,473	57,955	398,307	3,137,386	1,345,900	997,425	143,090
Capital grants and contributions:							
General government	-	1,611,519	1,184,058	342,025	1,383,440	622,993	848,436
Public safety	-	-	-	-	-	749,250	200,900
Physical environment	202,031	152,477	470,063	-	-	8,250,000	40,977
Parks and recreation	150,000	1,641,635	479,116	-	-	-	-
Total governmental activities program revenues	14,548,198	18,499,549	18,740,100	21,874,491	20,894,152	30,058,388	20,282,814
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	33,445,652
Municipal Golf Course	2,475,728	3,294,989	3,300,439	3,437,934	3,467,778	3,459,044	3,303,511
Lakeview Golf Course	828,116	827,397	823,777	768,299	853,654	681,561	749,367
City Marina	109,352	150,644	155,200	149,294	160,605	208,598	204,467
Sanitation	2,521,938	2,602,241	2,538,402	2,615,981	3,094,658	3,383,499	4,942,922
Stormwater Utility	1,629,589	1,661,505	1,672,635	1,702,322	2,097,527	2,090,146	2,095,636
Operating Capital grants and contributions:							
Water/Sewer	323,978	2,038,967	786,217	1,913,869	951,487	2,595,258	1,092,926
Municipal Golf Course	92,298	113,720	130,408	131,171	182,796	43,969	37,040
Lakeview Golf Course	4,336	17,165	35,502	55,415	6,171	5,410	5,985
City Marina	205	56,912	2,177	273	491	884	35,653
Sanitation	103,703	1,790,775	1,237,680	5,663,671	115,040	417,250	130,030
Stormwater Utility	260,465	30,435	20,552	45,157	362,325	17,509	17,366
Capital grants and contributions:							
Water/Sewer	1,909,473	1,968,840	1,290,786	967,462	1,424,878	996,447	1,102,611
Municipal Golf Course	10,508	-	-	-	-	-	-
Stormwater Utility	-	-	-	146,026	-	-	-
Total business-type activities program revenues	32,986,671	38,188,644	36,420,714	43,345,519	41,879,411	43,145,524	47,163,166
Total primary government program revenues	\$ 47,534,869	\$ 56,688,193	\$ 55,160,814	\$ 65,220,010	\$ 62,773,563	\$ 73,203,912	\$ 67,445,980
Net (expense)/revenue							
Governmental activities	\$ (56,210,694)	\$ (54,658,611)	\$ (60,525,451)	\$ (69,573,990)	\$ (83,648,391)	\$ (77,241,643)	\$ (84,211,389)
Business-type activities	6,590,539	5,753,934	7,345,004	8,575,377	10,934,134	10,138,423	11,864,905
Total primary government net expense	\$ (49,620,155)	\$ (48,904,677)	\$ (53,180,447)	\$ (60,998,613)	\$ (72,714,257)	\$ (67,103,220)	\$ (72,346,484)

CITY OF DELRAY BEACH, FLORIDA

Changes in Net Assets

Last Seven Fiscal Years

Accrual Basis of Accounting

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes:							
Property taxes	\$ 32,069,034	\$ 36,055,993	\$ 41,581,718	\$ 49,825,341	\$ 59,091,002	\$ 55,302,837	\$ 53,984,307
Franchise fees	3,467,379	3,817,080	3,989,989	4,879,168	5,257,560	5,247,442	5,333,561
Utility service taxes	8,093,064	7,704,692	8,088,142	8,678,710	8,222,944	8,338,282	8,958,175
Sales taxes	1,715,268	1,806,689	1,895,507	1,488,936	1,438,613	1,365,552	1,308,213
Local business tax	-	-	-	-	-	-	789,705
Intergovernmental, unrestricted	5,827,651	6,443,433	6,928,194	7,393,652	6,927,534	6,532,854	5,917,818
Investment earnings	460,913	462,340	1,543,167	2,561,044	2,816,429	2,064,705	322,165
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	8,425,515
Transfers	2,586,058	2,672,550	2,575,410	1,976,519	3,716,720	2,659,368	3,547,891
Total governmental activities	<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>	<u>88,587,350</u>
Business-type activities							
Investment earnings	128,491	78,182	190,858	446,682	737,952	495,237	6,897
Transfers	(2,586,058)	(2,672,550)	(2,575,410)	(1,976,519)	(3,716,720)	(2,659,368)	(3,547,891)
Total business-type activities	<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>	<u>(3,540,994)</u>
Total primary government	<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>	<u>\$ 85,046,356</u>
Changes in Net Assets							
Governmental activities	\$ (3,373,694)	\$ 11,914,556	\$ 14,804,012	\$ 17,865,902	\$ 9,546,639	\$ 11,589,826	\$ 4,375,961
Business-type activities	4,132,972	3,159,566	4,960,452	7,045,540	7,955,366	7,974,292	8,323,911
Total primary government	<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>	<u>\$ 12,699,872</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 Seven Fiscal Years

Accrual Basis of Accounting

Fiscal Year	Property Taxes	Franchise Fees	Local Business Tax	Utility Service Tax	Sales and Use Tax	Total
2003	\$ 32,069,034	\$ 3,467,379	\$ -	\$ 8,093,064	\$ 1,715,268	\$ 45,344,745
2004	36,355,993	3,817,080	-	7,704,692	1,806,689	49,684,454
2005	41,584,718	3,989,989	-	8,088,142	1,895,507	55,558,356
2006	49,825,341	4,879,168	-	8,678,710	1,488,936	64,872,155
2007	59,091,002	5,257,560	-	8,222,944	1,438,613	74,010,119
2008	55,302,837	-	-	8,338,282	1,365,552	65,006,671
2009	53,984,307	-	789,705	8,958,175	1,308,213	65,040,400

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

Effective with the 2008 fiscal year, franchise fees are categorized as revenue from Fees and Permits.

Effective with the 2009 fiscal year, local business tax receipts (formerly occupational licenses) are no longer categorized as revenue from Fees and Permits.

CITY OF DELRAY BEACH, FLORIDA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General fund										
Reserved	\$ 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	\$ 3,992,760
Unreserved	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	19,747,589
Total General Fund	<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>	<u>\$ 23,740,349</u>
All other governmental funds										
Reserved	\$ 152,147,593	\$ 137,163,690	\$ 126,308,825	\$ 1,054,524	\$ 691,647	\$ 685,255	\$ 686,909	\$ 744,096	\$ 2,563,856	\$ 767,398
Unreserved, reported in:										
Capital Project Funds	-	-	-	1,034,344	23,844,943	22,170,982	7,327,573	20,161,989	11,584,321	9,962,213
Fiduciary Funds	761,210	845,185	1,071,679	-	-	-	-	-	-	-
Special Revenue Funds	265,808	462,148	990,931	3,903,725	4,069,657	5,027,645	3,764,814	3,488,365	3,389,886	3,500,989
Total all other governmental funds	<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>	<u>\$ 14,230,600</u>

CITY OF DELRAY BEACH, FLORIDA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Taxes	\$ 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	\$ 65,040,400
Fees and permits	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	8,393,462
Intergovernmental	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	12,717,659
Charges for services	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	8,579,286
Fines and forfeitures	823,568	743,651	1,551,790	2,049,424	1,142,328	1,067,211	787,710	1,072,459	664,344	753,473
Miscellaneous	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	8,683,421
Total revenues	56,112,670	60,428,200	69,093,583	69,276,319	79,204,981	89,650,723	107,044,629	108,580,673	106,394,221	104,167,701
Expenditures										
Current										
General government	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	21,001,014
Public safety	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	54,034,021
Physical environment	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	7,253,871
Parks and recreation	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	12,491,281
Grants	1,369,685	1,471,684	1,600,243	-	-	-	-	-	-	-
Capital Outlay	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	8,021,386
Debt service										
Principal retirement	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	4,553,835
Interest and other fiscal charges	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	3,134,074
Bond issue costs	-	-	-	316,194	102,520	22,000	-	353,104	25,365	-
Total expenditures	59,215,036	64,536,865	94,509,854	86,503,526	84,088,383	101,515,100	123,148,290	129,545,963	119,377,657	110,489,482
Excess of revenues over (under) expenditures	(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)	(6,321,781)
Other financing sources (uses)										
Installment agreement issued	-	-	-	-	-	-	-	-	-	260,600
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	49,802
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	7,373,500	8,240,447	7,686,084	8,763,402	10,795,139	9,580,467	10,337,375	13,086,133	9,707,274	9,214,199
Transfers out	(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)	(5,692,610)
Total other financing sources (uses)	12,573,460	363,652	26,336,950	13,785,759	27,438,632	14,146,210	2,847,927	36,538,064	5,663,550	3,831,991
Net change in fund balances	\$ 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)	\$ (2,489,790)
Debt service as a percentage of non-capital expenditures	9.50%	10.26%	8.83%	29.94%	19.23%	8.31%	7.62%	14.90%	7.84%	8.11%

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

Fiscal Year	Property Taxes	Franchise Fees	Local Business Tax	Utility Service Tax	Sales Tax	Total
2000	\$ 23,429,259	\$ 3,207,320	\$ -	\$ 6,442,358	\$ 1,450,563	\$ 34,529,500
2001	26,042,931	3,663,331	-	6,671,200	1,524,142	37,901,604
2002	29,011,246	3,426,725	-	7,875,835	1,562,176	41,875,982
2003	32,069,034	3,467,379	-	8,093,064	1,715,268	45,344,745
2004	36,355,993	3,817,080	-	7,704,692	1,806,689	49,684,454
2005	41,584,718	3,989,989	-	8,088,142	1,895,507	55,558,356
2006	49,825,341	4,879,168	-	8,678,710	1,488,936	64,872,155
2007	59,091,002	5,257,560	-	8,222,944	1,438,613	74,010,119
2008	55,302,837	-	-	8,338,282	1,365,552	65,006,671
2009	53,984,307	-	789,705	8,958,175	1,308,213	65,040,400

Effective with the 2008 fiscal year, franchise fees are categorized as revenue from Fees and Permits.

Effective with the 2009 fiscal year, local business tax receipts (formerly occupational licenses) are no longer categorized as revenue from Fees and Permits.

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			Estimated Actual Value	Total Taxable Assessed Value as a % of Estimated Actual Value
		Real Property	Personal Property	Assessed Property			Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate		
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	7.3000	11,374,426,933	76.42%	
2009	2008	10,881,842,880	339,398,773	2,954,529	11,224,196,182	3,074,589,654	8,149,606,528	6.8504	10,634,938,238	76.63%	

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
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
2009	6.3900	0.4604	6.8504	7.2510	3.9656	1.6215	19.6885

Tax rate limits	- Ten mills per Florida Statute 200.081 (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, 2009

	2009				2000			
	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	\$ 82,307,311	\$ 563,838	1	1.04%				
Palm Beach County Health Facilities Auth.	61,046,946	418,196	2	0.77%	\$ 61,735,425	\$ 472,276	6	2.01%
RREEF	60,071,383	411,513	3	0.76%				
Linton Delray LLC	56,358,753	386,080	4	0.71%				
Tenet Healthcare Corp.	51,311,894	351,507	5	0.65%				
Life Care Retirement Communities Inc.	46,252,628	316,849	6	0.58%				
Citation Club Investors	45,527,268	311,880	7	0.58%	100,952,810	772,289	2	3.29%
Ocean Properties Ltd.	38,323,893	262,534	8	0.48%	68,674,510	525,360	5	2.24%
Morse Operations Inc.	31,538,888	216,054	9	0.40%	60,325,490	461,490	7	1.97%
Realty Associates Fund V	28,114,709	192,597	10	0.36%				
St. Stephen Limited Partnership					103,598,693	792,530	1	3.38%
Delray Intracoastal					75,334,902	576,312	4	2.46%
Office Depot Inc.					88,871,373	679,866	3	2.90%
Depot Realty					59,878,693	458,072	8	1.95%
Arbors Association Ltd.					58,942,092	450,907	9	1.92%
Minto Builders Florida, Inc.					48,844,575	373,661	10	1.59%
Totals	<u>\$ 500,853,673</u>	<u>\$ 3,431,048</u>		<u>6.33%</u>	<u>\$ 665,423,138</u>	<u>\$ 5,090,487</u>		<u>21.69%</u>

*Source: Palm Beach County Property Appraiser's Office

*Total taxes levied:

Fiscal Year 2009 \$ 54,234,643

Fiscal Year 2000 \$ 23,465,518

*City Millage Rate:

Fiscal Year 2009 6.8504

Fiscal Year 2000 7.6500

CITY OF DELRAY BEACH, FLORIDA

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ending September 30,	Net Tax Levy*	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Property Tax Collections	Collections as a Percent of Current Levy
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%
2009	54,234,643	53,745,390	99.10%	238,917	53,984,307	99.54%

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			
2000	\$ 21,135,000	\$ 22,386,460	\$ 451,869	\$ 50,810,443	\$ 112,541	\$ 94,896,313	3.95%	\$ 1,581
2001	19,950,000	18,886,017	316,318	48,527,126	112,540	87,792,001	3.45%	1,448
2002	18,705,000	43,540,238	192,215	44,212,490	53,228	106,703,171	4.09%	1,734
2003	17,035,000	28,099,770	166,785	41,568,665	103,940	86,974,160	3.19%	1,390
2004	29,620,000	21,032,245	608,837	40,950,104	71,691	92,282,877	3.32%	1,455
2005	37,925,000	18,804,696	910,224	36,909,770	38,071	94,587,761	3.36%	1,481
2006	36,045,000	17,491,783	774,922	39,647,694	99,774	94,059,173	3.30%	1,467
2007	33,980,000	38,550,798	445,551	47,533,675	173,843	120,683,867	4.02%	1,875
2008	31,760,000	39,524,722	148,082	42,654,753	112,203	114,199,760	3.22%	1,778
2009	29,465,000	37,405,774	268,795	37,398,701	136,681	104,674,951	2.77%	1,641

CITY OF DELRAY BEACH, FLORIDA

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Assessed Value of Taxable Property	Percentage of Assessed Value of Taxable Property	Population	General Bonded Debt Per Capita
2000	\$ 21,135,000	\$ -	\$ 21,135,000	\$ 3,169,823,854	0.67%	60,020	\$ 352.13
2001	19,950,000	-	19,950,000	3,393,573,636	0.59%	60,645	328.96
2002	18,705,000	-	18,705,000	3,759,600,909	0.50%	61,527	304.01
2003	17,035,000	-	17,035,000	4,151,462,658	0.41%	62,578	272.22
2004	29,620,000	-	29,620,000	4,705,803,129	0.63%	63,439	466.91
2005	37,925,000	-	37,925,000	5,377,691,728	0.71%	63,888	593.62
2006	36,045,000	-	36,045,000	6,451,499,363	0.56%	64,095	562.37
2007	33,980,000	-	33,980,000	8,362,590,396	0.41%	64,360	527.97
2008	31,760,000	-	31,760,000	8,692,058,600	0.37%	64,220	494.55
2009	29,465,000	-	29,465,000	8,149,606,528	0.36%	63,789	461.91

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, 2009*

	Total Outstanding	Percentage Applicable to City of Delray Beach⁽¹⁾	Amount Applicable to City of Delray Beach
Direct:			
City of Delray Beach	\$ 29,465,000	100.00%	\$ 29,645,000
Overlapping:			
Palm Beach County	270,150,000	5.00%	13,507,500
Palm Beach County School District	32,835,000	5.00%	1,641,750
Total overlapping debt	302,985,000		15,149,250
Total direct and overlapping debt payable from ad valorem taxes	\$ 332,450,000		\$ 44,794,250
Population			63,789
Total direct and overlapping debt per capita			\$ 702.23

⁽¹⁾ 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

Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Revenue Available for Debt Coverage	Current Debt Service	Current Coverage
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
2009 (4)	34,538,578	18,981,078	15,557,500	5,945,074	2.62

(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, \$8,053,985 and \$3,085,995 in Fiscal Years 2006 through 2009 respectively. These amounts reflect expenses for the South Central Regional Wastewater Treatment Plant (SCRWTBD) which is a joint venture in the City's financial statement, which relate to projects funded by bond proceeds.

CITY OF DELRAY BEACH, FLORIDA

Principal Employers

September 30, 2009

Employer	Fiscal Year 2009		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Tenet Healthcare Corp/dba Delray Medical	1,516	1	N/A
Publix Supermarkets	432	2	N/A
JET Flite Inc.	425	3	N/A
Amnoco Services	400	4	N/A
Ed Morse Delray Toyota Kia	350	5	N/A
Home Depot	330	6	N/A
Delray Motors	301	7	N/A
Lincoln Mercury Mitsubishi	300	8	N/A
Pinecrest Rehabilitation Hospital	300	8	N/A
South County Medical Health Center	300	8	N/A
Totals	<u>4,654</u>		

Source: Florida Agency for Workforce Innovation (AWI)

Note: Data is not available for 1999

Note: Total City Employees - 814

N/A: Information is not available.

CITY OF DELRAY BEACH, FLORIDA

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	City Population ⁽¹⁾	County Population ⁽¹⁾	County Per Capita Personal Income ⁽²⁾	Estimated Total Personal Income ⁽³⁾	Median Age ⁽²⁾	School Enrollment ⁽⁴⁾	Unemployment Rate ⁽⁵⁾
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%
2009	63,789	1,287,344	59,147	3,772,927,983	43.2	7,945	11.5%

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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government	64	66	66	65	68	66	69	71	71	69
Public Safety										
Community Improvement	3	3	4	4	4	4	5	5	4.5	5
Planning & Zoning	13	15	15	15	15	15	15	17	16	16
Building Inspection	20	20	20	20	20	21	21	23	21	20
Code Compliance	16	16	16	16	17	17	17	17	17	18
Law Enforcement	229	234	234	237	233	234	236	238	238	236
Fire Control	138	139	144	144	148	149	154	154	154	154
Community Development										
Block Grant	8	9	9	6	6	6	5	7	7.5	7
Insurance	3	4	4	4	4	4	4	4	4	4
City Garage	10	10	10	11	12	12	12	12	12	12
Physical Environment										
Public Works	22	22	22	24	24	25	25	25	25.5	25.5
Engineering	7	7	7	7	7	7	8	8	7	7
Sanitation	3	4	4	4	4	4	4	4	4	4
Stormwater Utility	6	6	6	6	6	6	6	6	6	6
Parks and Recreation	89	93	94	98	98	108	108	114	115	113
Water & Sewer Utility	103	107	107	108	110	114	115	117	117.5	117.5
Total	734	755	762	769	776	792	804	822	820	814

CITY OF DELRAY BEACH, FLORIDA

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public Safety										
Police										
Stations	4	4	4	4	3	3	3	3	2	3
Patrol Units	N/A	N/A	90	123	136	144	151	159	163	219
Fire										
Fire Stations ⁽¹⁾	6	6	6	6	6	6	6	6	6	6
Fire trucks	12	12	13	15	15	15	15	16	16	16
ALS Rescue Vehicles	8	8	8	8	8	8	8	9	9	9
Leisure Services										
Ballfields - lighted	16	23	23	23	23	22	22	15	15	15
Basketball courts	4	2	2	2	2	4	4	5	5	5
Soccer fields (2)	0	0	0	0	0	0	0	7	7	7
Tennis courts	26	28	28	28	28	47	47	47	47	47
Parks	13	13	17	17	17	17	17	17	17	17
Roads and Streets										
Lane miles ⁽³⁾	N/A	N/A	N/A	299	299	299	299	299	305	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) There are no separate soccer fields, but use football fields for games.
- (3) 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 Seven Fiscal Years

Function	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Public Safety							
Police							
Physical arrests	2,486	2,476	2,444	2,875	3,108	3,161	2,534
Traffic violations	12,880	14,471	12,040	13,928	10,962	10,882	11,249
Fire							
Number of calls	10,744	11,960	11,591	12,024	11,772	12,410	11,905
Parks and Recreation							
Library							
Circulation	253,835	233,106	227,820	228,871	257,656	270,590	274,611
Programs offered	625	642	650	910	1,112	1,287	1,224
Program attendance	20,818	22,742	20,056	32,873	32,852	35,116	33,770
Leisure Services							
Youth athletic participants	927	1,904	2,343	2,655	10,597	19,537	20,965
Camp program participants	670	365	358	322	625	561	699
Class participants	14,376	14,007	11,090	10,634	15,093	19,662	24,700
Water/Sewer Utility							
Water customers	19,436	19,760	20,135	20,437	20,963	21,056	21,156
Water main breaks	N/A	N/A	N/A	N/A	N/A	434	442
Sewer customers	19,300	19,600	20,000	20,400	20,900	21,006	21,088
Sewer main breaks	N/A	N/A	N/A	N/A	N/A	4	3
Avg daily water consumption (thousands of gallons)	11,930	10,963	12,746	12,348	11,602	10,040	10,944

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, 2009

Company	Type of Coverage	Property/Risk Covered	Amount of Coverage
Florida Municipal Insurance Trust	Workers' Compensation Genera/Auto Liability Property Damage Auto Physical Damage Boiler & Machinery Inland Marine Equipment	On the job injury Legal liabilities All risk, including wind (hurricane) Auto Physical Damage Boiler & Machinery Inland Marine Equipment	Statutory/\$1,000,000 \$5 million/occurrence Property schedule Actual cash value except RC (Fire) \$5 million/occurrence \$1 million aggregate
AIG (National Union)	Fiduciary Liability	General Employee Pension	\$1 million/claim/aggregate
American International Specialty	Pollution (excluding Storage Tank)	Pollution (excluding Storage Tank)	\$1 million/loss
Burlington Insurance	Skate Park Liability-Primary Skate Park Liability-Excess	Primary Liability Excess Liability	\$1 million/occurrence; \$2 million aggregate \$4 million/occurrence
Travelers	Fiduciary Liability	Police & Firefighters Pension	\$1 million/claim/aggregate
Colony Insurance	Women's Club Liability	Legal liabilities	\$1 million/occurrence; \$2 million aggregate
American Bankers	Flood Insurance-Fire Station #2 Flood Insurance-Delray Swim & Tennis Flood Insurance - City Marina	Flood insurance Flood insurance Flood insurance	\$500,000 \$500,000 \$500,000
Aspen Specialty	RR Crossing & Sidetrack	RR Crossing & Sidetrack	\$2 million/occurrence; \$4 million aggregate
Essex Insurance	General Liability	FPL banners & parking lots	\$1 million/occurrence; \$2 million aggregate
Admiral Insurance Company	EMS Director Liability (FD contract)	Director liability	\$1 million/\$3 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*

To 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, 2009, which collectively comprise the basic financial statements of the City of Delray Beach, Florida, and have issued our report thereon dated March 24, 2010. 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 opinions 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain additional matters that we reported to management in a separate management letter dated March 24, 2010.

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

March 24, 2010

CITY OF DELRAY BEACH, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE

For the Fiscal Year Ended September 30, 2009

Grantor/ Program Title	CFDA Number	Contract/Grantor Number	2009 Program Expenditures	Transfers to Subrecipients
Federal Awards				
U.S. Department of Housing and Urban Development				
Direct Awards				
Community Development Block Grants/Entitlement Grants	14.218	B-06-MC-12-0033	\$ 39,279	\$ 0
Community Development Block Grants/Entitlement Grants	14.218	B-07-MC-12-0033	428,150	90,836
Pass-through Award from Palm Beach County Community Development Block Grants - State's Program	14.228	07DB-3V-10-60-01-Z07	<u>337,873</u>	<u>0</u>
Total U.S. Department of Housing and Urban Development			<u>805,302</u>	<u>90,836</u>
U.S. Department of Interior				
Direct Award				
Clean Vessel Act	15.516	F0958	33,308	0
U.S. Department of Justice				
Bureau of Justice Assistance				
Direct Awards				
Bulletproof Vest Partnership Program	16.607	2006-BOBX06132740	3,559	0
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007-DJ-BX-0509	60,576	0
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2008-DJ-BX-0118	<u>11,534</u>	<u>0</u>
Total U.S. Department of Justice			<u>75,669</u>	<u>0</u>
U.S. Department of Transportation				
Pass-through Award from the State of Florida				
Florida Department of Transportation				
Highway Planning and Construction				
Homewood Blvd. Bicycle Lane Project	20.205	AP806	500,000	0
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	K2-09-17-22	<u>25,037</u>	<u>0</u>
Total U.S. Department of Transportation			<u>525,037</u>	<u>0</u>
U.S. Department of Homeland Security				
Direct Award				
Public Assistance Grant	97.036	06-WL-&K-10-60-02-654	1,916	
Pass-through Award from the State of Florida				
Department of Financial Services				
Homeland Security Grant Program	97.067	08DS-60-13-00-16-373	<u>87,159</u>	<u>0</u>
Total U.S. Department of Homeland Security			<u>89,075</u>	<u>0</u>
Total Federal Awards			<u>\$ 1,528,391</u>	<u>\$ 90,836</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, 2009

Grantor/ State Project Title	CSFA Number	Contract/Grantor Number	2009 Program Expenditures	Transfers to Subrecipients
State Financial Assistance				
Florida Department of Environmental Protection				
Pass-through Award from South Florida Water Management District Water Protection and Sustainability Program	37.066	4600001677	\$ 832,900	\$ 0
Florida Department of State				
Direct Award Historical Preservation Grant	45.031	S0906	4,750	0
Florida Housing Finance Corporation				
Direct Award State Housing Initiatives Partnership Program	52.901	28.07	570,607	0
Florida Department of Transportation				
Direct Awards				
Florida Highway Beautification Council Grant	55.003	AOQ54	46,087	0
Public Transit Service Development Program	55.012	AP367	59,892	0
Public Transit Service Development Program	55.012	APD52	4,470	0
Intermodal Development Program	55.014	AOU55	47,491	0
Total Florida Department of Transportation			<u>157,940</u>	<u>0</u>
Florida Department of Health				
Pass-through Award from Palm Beach County County Grant Awards	64.005	C80	43,880	0
Total State Financial Assistance			<u>\$ 1,610,077</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, 2009

1. Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented in accordance with the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, 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 presents the federal awards and state financial assistance expended by the City of Delray Beach, Florida, for the year ended September 30, 2009 on the modified accrual basis of accounting. Because the schedule presents only a selected portion of the operations of the City of Delray Beach, Florida, it is not intended to and does not present the financial position or changes in net assets of the City of Delray Beach, Florida.

2. 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
and Chapter 10.550, Rules of the Auditor General

To 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 Department of Financial Services' State Projects Compliance Supplement, that are applicable to each of its major Federal programs and State projects for the year ended September 30, 2009. The major federal programs and state projects of the City of Delray Beach, Florida, are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs and State projects is the responsibility of the management of the City of Delray Beach, Florida. Our responsibility is to express an opinion on compliance by the City of Delray Beach, Florida, based on our audit.

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

In our opinion, the City of Delray Beach, Florida, complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs and State projects for the year ended September 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, and which are described in the accompanying schedule of findings and questioned costs as items 2009-1, 2009-2, 2009-3, 2009-4, 2009-5 and 2009-6.

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 responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

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

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

March 24, 2010

CITY OF DELRAY BEACH, FLORIDA

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

For the Fiscal Year Ended September 30, 2009

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

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

Identification of Major Programs:

Major Federal Award Programs

CFDA No.

U.S. Department of Housing and Urban Development

Direct Award
Community Development Block Grants/Entitlement Grants 14.218

U.S. Department of Transportation

Pass-through Award from State of Florida
Florida Department of Transportation
Highway Planning and Construction
Homewood Blvd. Bicycle Lane Project 20.205

Dollar threshold used to distinguish between Type A and
Type B Federal award programs: \$ 300,000

Auditee qualified as low-risk auditee? Yes No

CITY OF DELRAY BEACH, FLORIDA

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

For the Fiscal Year Ended September 30, 2009

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

<u>Major State Financial Assistance Projects</u>	<u>State CSFA No.</u>
Florida Department of Environmental Protection	
Pass-through Award from South Florida Water Management District	
Water Protection and Sustainability Program	37.066
Florida Housing Finance Corporation	
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	
2009-1	Community Development Block Grant CFDA # 14.218 (Allowable Activities) Grant No. B-07-MC-12-0033	Unknown
	<i>Criteria:</i> The City develops an annual Action Plan which is approved by the grantor and prescribes how the grant funds will be spent and allocated to the various types of programs.	
	<i>Condition:</i> The City’s expenditures for housing rehabilitation totaled \$264,621 for the year ended September 30, 2009. Of this amount \$182,805 was expended for salaries and benefits for two City building inspectors and a secretary and \$4,274 was expended for overhead costs. The remaining balance of \$77,542 was expended for contractor costs for housing rehabilitation.	
	<i>Effect:</i> The grant funds expended for contract and direct costs to rehabilitate housing were 29% of the total housing rehabilitation expenditures while salary, benefits and overhead costs reimbursed to the City were 71% of the total housing rehabilitation expenditures.	

CITY OF DELRAY BEACH, FLORIDA

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

For the Fiscal Year Ended September 30, 2009

**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>
---------------------------	----------------	-----------------------------

Cause: The City is allocating 100% of the time for two inspectors and a secretary to the housing rehabilitation program expenditures.

Population and Items Tested: Auditor received an expenditure listing for this grant and summarized the total administrative expenses and compared to what was budgeted by the City.

Recommendation: We recommend that the City assess the amount of each employees' time charged to the housing rehabilitation program in relation to the actual rehabilitation contract work performed on client homes.

Grantee Response: As referenced in CF 570.202(b)(9) rehabilitation services is an eligible cost which includes staff salaries and related expenses to market rehabilitation funds; process applications and counsel owners, tenants, contractors and other entities; underwrite and service loans; perform work write-ups and cost estimates; and manage construction.

2009-2	Community Development Block Grant CFDA # 14.218 (Allowable Costs) Grant No. B-07-MC-12-0033	\$ 62,177
---------------	--	------------------

Criteria: The City develops an annual Action Plan which is approved by the grantor and prescribes how the grant funds will be spent and allocated to the various types of programs.

Condition: The City's Program Year 4 Action Plan for 2008-2009 expenditures for *CD Objective 5* states that the City will "Utilize CDBG funds to install sidewalk improvements within the northwest/southwest neighborhoods..." Expenditures for the year ended September 30, 2009 charged to *CD Objective 5* totaled \$66,223. Of this amount, \$60,911 was paid to a contractor for road improvements. The expenditures charged to *CD Objective 5* for sidewalks also included \$1,266 for maintenance expenditures for a vehicle that was used by the City's Building Inspector. The City did not provide any supporting documentation for the vehicle maintenance expenditures.

Effect: Road improvements were not approved in the Action Plan and were therefore not allowable. Vehicle maintenance expenditures were unsubstantiated. Total questioned costs for these items were \$62,177.

CITY OF DELRAY BEACH, FLORIDA

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

For the Fiscal Year Ended September 30, 2009

**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>
---------------------------	----------------	-----------------------------

Cause: Unknown.

Population and Items Tested: Auditor randomly selected 18 transactions from the City's expenditure listing for this grant and at least one transaction from each department. There were less than 30 transactions in total, excluding payroll and administrative related transactions.

Recommendation: We recommend that the City request approval from the grantor for the expenditures related to road improvements and vehicle maintenance. If not approved, the City should reimburse the program for the unallowable costs.

Grantee Response: The City amended the FY07-08 Action Plan pursuant to federal regulations, reallocating \$100,000 of unused funds from that fiscal year for infrastructure improvements which includes streets, curbs, water/sewer lines and/or sidewalks. This action was approved by the City Commission on March 17, 2009. Again the activity of infrastructure improvements includes but is not limited to streets, curbs, water/sewer lines and/or sidewalks. Staff cannot locate the expenditure listed as a disallowable expense for vehicle maintenance associated with a building inspector position within the account activity listing.

2009-3	Community Development Block Grant CFDA # 14.218 (Earmarking/Allowable Costs) Grant No. B-07-MC-12-0033	Unknown
---------------	---	----------------

Criteria: The grant agreement and Action Plan requires that no more than 20% of the overall grant funds can be used for administration. The City's Program Year 4 Action Plan for 2008-2009 expenditures for *CD Objective 1* has \$104,980 budgeted for administration.

Condition: The City's Program Year 4 Action Plan for 2008-2009 expenditures budgeted \$104,980 for *CD Objective 1* for administration.

Effect: The City's expenditures for administration for the year ended September 30, 2009 included \$97,610 in Division 1961 for salaries, benefits and overhead for the Department Coordinator and \$49,448 in Division 1963 for salaries, benefits and overhead for a secretary. The total administrative expenditures were \$147,058 which exceeded the 20% limitation on administration expenditures.

CITY OF DELRAY BEACH, FLORIDA

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

For the Fiscal Year Ended September 30, 2009

**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>
----------------------------------	-----------------------	------------------------------------

Cause: The City was unaware that secretarial costs for housing rehabilitation should be considered administrative expenses.

Population and Items Tested: Auditor received an expenditure listing for this grant and summarized the amount of administrative expenses.

Recommendation: We recommend that the City limit administrative expenses to no more than 20% of the total grant expenditures.

Grantee Response: The City's annual allocation of CDBG funds for FY 08/09 was \$581,160, the 20% allowable administrative expense would have been \$116,232. As indicated by the CAPER Report, generated through the IDIS system which monitors the expenditures and reimbursements of CDBG activities; the City expended \$90,895.63 on Planning and Administration. This amount represents a percentage of 15.72. Salaries associated with housing rehabilitation activities are project costs not administration.

U.S. DEPARTMENT OF TRANSPORTATION

**2009-4 Highway Planning and Construction –
Homewood Blvd. Bicycle Lane Project
CFDA # 20.205 (Davis Bacon)
Grant No. AP806**

Unknown

Criteria: Entities shall include in their construction contracts pursuant to the Davis-Bacon Act, a requirement that the contractor comply with the requirements of the Davis-Bacon Act and the Department of Labor (DOL) regulations. The contractor is required to submit to the City, for each week in which any contract work is performed, a copy of the certified payroll and statement of compliance.

Condition: Auditor requested a copy of the contractor's certified payrolls. The City could not initially produce the certified payrolls. The City was able to provide copies of the payroll certifications from the contractor, but the certifications were sent/dated December 2009, during audit field work rather than dated in April through June 2009 when the contractor work was performed.

Effect: Unknown.

CITY OF DELRAY BEACH, FLORIDA

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

For the Fiscal Year Ended September 30, 2009

**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>
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Cause: The City did not have the contractor submit payroll certifications when the contractor submitted reimbursement requests.

Population and Items Tested: Auditor randomly selected three transactions from the City's expenditure listing for this grant totaling \$395,292 which represented 77% of the total grant expenditures.

Recommendation: We recommend that the City requests a copy of the certified payrolls when the contractor submits for reimbursement and review the certified payrolls for compliance with the applicable Davis-Bacon and DOL requirements.

Grantee Response: The City concurs with the audit finding and will obtain the certified payrolls timely in the future.

FLORIDA HOUSING FINANCE CORPORATION

2009-5	State Housing Initiative Partnership (SHIP) Program CSFA # 52.901 (Allowable Activities)	\$ 2,604
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Criteria: The cost of administering the SHIP program may not exceed 10% of the overall program distribution (total budget) plus 5% of the program income deposited into the trust fund.

Condition: The City budgeted and was allowed \$57,601 for administrative expenses of the program, but spent \$60,205 for administrative expenses, or \$2,604 over the allowed amount.

Effect: The City is not in compliance with the amount of administrative expenses allowed for this program.

Cause: Unknown.

Population and Items Tested: Auditor received an expenditure listing for this grant and summarized the total administrative expenses.

Recommendation: We recommend that the City limit administrative expenses to no more than 10% of the total grant expenditures.

CITY OF DELRAY BEACH, FLORIDA

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

For the Fiscal Year Ended September 30, 2009

**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>
	<p><i>Grantee Response:</i> In fiscal year 08-09 the City received \$621,636 plus \$733.43 program income. The allowable administrative maximum amount was \$62,163. There was an unused balance of \$1,958 remaining in the fund account.</p> <p>FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</p>	
2009-6	<p>Water Protection and Sustainability Program CSFA No. 37.066 (Reporting) Grant No. 4600001677</p> <p><i>Criteria:</i> The grant agreement requires that on or before December 31, 2008; March 31, 2009; and June 30, 2009; the City shall provide a Project Status Report as prescribed by the grant agreement (Article 4 – Funding Payments and Reporting).</p> <p><i>Condition:</i> The City did not timely submit the report for the quarter ended December 31, 2008, which was due December 31, 2008, but was not submitted until February 9, 2009.</p> <p><i>Effect:</i> The funding agency would not be informed of the project status.</p> <p><i>Cause:</i> The City did not timely submit the report.</p> <p><i>Population and Items Tested:</i> There are four reports that were required to be submitted (three progress reports and a final close out report). The City timely filed three of the reports and one report was not timely filed/submitted.</p> <p><i>Recommendation:</i> We recommend that the City timely file the progress reports as prescribed by the grant agreement.</p> <p><i>Grantee Response:</i> The City concurs with the audit finding and will submit progress reports timely in the future.</p>	None

CITY OF DELRAY BEACH, FLORIDA

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

For the Fiscal Year Ended September 30, 2009

SECTION IV – PRIOR YEAR FINDINGS

<u>Finding Number</u>	<u>Finding</u>	<u>Questioned Costs</u>
	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	
	<i>Condition:</i> The City did not obtain periodic certifications for employees whose salaries and wages were fully charged to the CDBG program stating 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.	
	<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.	
	<i>Current Status:</i> The recommendation was adopted and no similar findings were noted during the 2009 audit.	



CORRECTIVE ACTION PLAN

The City of Delray Beach, Florida, respectfully submits the following corrective action plan for the fiscal year ended September 30, 2009. The finding from the schedule of findings and questioned costs for the year ended September 30, 2009 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

2009-1 **Community Development Block Grant
CFDA # 14.218 (Allowable Activities)
Grant No. B-07-MC-12-0033**

Criteria: The City develops an annual Action Plan which is approved by the grantor and prescribes how the grant funds will be spent and allocated to the various types of programs.

Condition: The City's expenditures for housing rehabilitation totaled \$264,621 for the year ended September 30, 2009. Of this amount \$182,805 was expended for salaries and benefits for two City building inspectors and a secretary and \$4,274 was expended for overhead costs. The remaining balance of \$77,542 was expended for contractor costs for housing rehabilitation.

Effect: The grant funds expended for contract and direct costs to rehabilitate housing were 29% of the total housing rehabilitation expenditures while salary, benefits and overhead costs reimbursed to the City were 71% of the total housing rehabilitation expenditures.

Cause: The City is allocating 100% of the time for two inspectors and a secretary to the housing rehabilitation program expenditures.

Population and Items Tested: Auditor received an expenditure listing for this grant and summarized the total administrative expenses and compared to what was budgeted by the City.

Recommendation: We recommend that the City assess the amount of each employees' time charged to the housing rehabilitation program in relation to the actual rehabilitation contract work performed on client homes.

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

Finding Number	Finding
2009-1 (Continued)	<p><i>Action Taken:</i> The Neighborhood Services Division believes they are in compliance with no further action needed.</p>
2009-2	<p>Community Development Block Grant CFDA # 14.218 (Allowable Costs) Grant No. B-07-MC-12-0033</p> <p><i>Criteria:</i> The City develops an annual Action Plan which is approved by the grantor and prescribes how the grant funds will be spent and allocated to the various types of programs.</p> <p><i>Condition:</i> The City’s Program Year 4 Action Plan for 2008-2009 expenditures for <i>CD Objective 5</i> states that the City will “Utilize CDBG funds to install sidewalk improvements within the northwest/southwest neighborhoods...” Expenditures for the year ended September 30, 2009 charged to <i>CD Objective 5</i> totaled \$66,223. Of this amount, \$60,911 was paid to a contractor for road improvements. The expenditures charged to <i>CD Objective 5</i> for sidewalks also included \$1,266 for maintenance expenditures for a vehicle that was used by the City’s Building Inspector. The City did not provide any supporting documentation for the vehicle maintenance expenditures.</p> <p><i>Effect:</i> Road improvements were not approved in the Action Plan and were therefore not allowable. Vehicle maintenance expenditures were unsubstantiated. Total questioned costs for these items were \$62,177.</p> <p><i>Cause:</i> Unknown.</p> <p><i>Population and Items Tested:</i> Auditor randomly selected 18 transactions from the City’s expenditure listing for this grant and at least one transaction from each department. There were less than 30 transactions in total, excluding payroll and administrative related transactions.</p> <p><i>Recommendation:</i> We recommend that the City request approval from the grantor for the expenditures related to road improvements and vehicle maintenance. If not approved, the City should reimburse the program for the unallowable costs.</p> <p><i>Action Taken:</i> The Neighborhood Services Division believes they are in compliance with no further action needed.</p>
2009-3	<p>Community Development Block Grant CFDA # 14.218 (Earmarking/Allowable Costs) Grant No. B-07-MC-12-0033</p> <p><i>Criteria:</i> The grant agreement and Action Plan requires that no more than 20% of the overall grant funds can be used for administration. The City’s Program Year 4 Action Plan for 2008-2009 expenditures for <i>CD Objective 1</i> has \$104,980 budgeted for administration.</p> <p><i>Condition:</i> The City’s Program Year 4 Action Plan for 2008-2009 expenditures budgeted \$104,980 for <i>CD Objective 1</i> for administration.</p>

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

Finding Number	Finding
2009-3 (Continued)	<p><i>Effect:</i> The City's expenditures for administration for the year ended September 30, 2009 included \$97,610 in Division 1961 for salaries, benefits and overhead for the Department Coordinator and \$49,448 in Division 1963 for salaries, benefits and overhead for a secretary. The total administrative expenditures were \$147,058 which exceeded the 20% limitation on administration expenditures.</p> <p><i>Cause:</i> The City was unaware that secretarial costs for housing rehabilitation should be considered administrative expenses.</p> <p><i>Population and Items Tested:</i> Auditor received an expenditure listing for this grant and summarized the amount of administrative expenses.</p> <p><i>Recommendation:</i> We recommend that the City limit administrative expenses to no more than 20% of the total grant expenditures.</p> <p><i>Action Taken:</i> The Neighborhood Services Division believes they are in compliance with no further action needed.</p>
	<p>U.S. DEPARTMENT OF TRANSPORTATION</p>
2009-4	<p>Highway Planning and Construction – Homewood Blvd. Bicycle Lane Project CFDA # 20.205 (Davis Bacon) Grant No. AP806</p> <p><i>Criteria:</i> Entities shall include in their construction contracts pursuant to the Davis-Bacon Act, a requirement that the contractor comply with the requirements of the Davis-Bacon Act and the Department of Labor (DOL) regulations. The contractor is required to submit to the City, for each week in which any contract work is performed, a copy of the certified payroll and statement of compliance.</p> <p><i>Condition:</i> Auditor requested a copy of the contractor's certified payrolls. The City could not initially produce the certified payrolls. The City was able to provide copies of the payroll certifications from the contractor, but the certifications were sent/dated December 2009, during audit field work rather than dated in April through June 2009 when the contractor work was performed.</p> <p><i>Effect:</i> Unknown.</p> <p><i>Cause:</i> The City did not have the contractor submit payroll certifications when the contractor submitted reimbursement requests.</p> <p><i>Population and Items Tested:</i> Auditor randomly selected three transactions from the City's expenditure listing for this grant totaling \$395,292 which represented 77% of the total grant expenditures.</p>

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

Finding Number	Finding
2009-4 (Continued)	<p><i>Recommendation:</i> We recommend that the City requests a copy of the certified payrolls when the contractor submits for reimbursement and review the certified payrolls for compliance with the applicable Davis-Bacon and DOL requirements.</p> <p><i>Action Taken:</i> The Environmental Services Department is aware of the Davis-Bacon and DOL requirements and will ensure that a certified payroll will be received and reviewed prior to any reimbursements.</p>

B. FINDINGS AND QUESTIONED COSTS – STATE FINANCIAL ASSISTANCE PROJECTS

FLORIDA HOUSING FINANCE CORPORATION

**2009-5 State Housing Initiative Partnership (SHIP) Program
CSFA # 52.901 (Allowable Activities)**

Criteria: The cost of administering the SHIP program may not exceed 10% of the overall program distribution (total budget) plus 5% of the program income deposited into the trust fund.

Condition: The City budgeted and was allowed \$57,601 for administrative expenses of the program, but spent \$60,205 for administrative expenses, or \$2,604 over the allowed amount.

Effect: The City is not in compliance with the amount of administrative expenses allowed for this program.

Cause: Unknown.

Population and Items Tested: Auditor received an expenditure listing for this grant and summarized the total administrative expenses.

Recommendation: We recommend that the City limit administrative expenses to no more than 10% of the total grant expenditures.

Action Taken: The Neighborhood Services Division believes they are in compliance with no further action needed.

**B. FINDINGS AND QUESTIONED COSTS – STATE FINANCIAL ASSISTANCE PROJECTS
(Continued)**

**Finding
Number**

Finding

FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION

**2009-6 Water Protection and Sustainability Program
CSFA No. 37.066 (Reporting)
Grant No. 4600001677**

Criteria: The grant agreement requires that on or before December 31, 2008; March 31, 2009; and June 30, 2009; the City shall provide a Project Status Report as prescribed by the grant agreement (Article 4 – Funding Payments and Reporting).

Condition: The City did not timely submit the report for the quarter ended December 31, 2008, which was due December 31, 2008, but was not submitted until February 9, 2009.

Effect: The funding agency would not be informed of the project status.

Cause: The City did not timely submit the report.

Population and Items Tested: There are four reports that were required to be submitted (three progress reports and a final close out report). The City timely filed three of the reports and one report was not timely filed/submitted.

Recommendation: We recommend that the City timely file the progress reports as prescribed by the grant agreement.

Action Taken: The Environmental Services Department will ensure that grant requirements are met by filing all required reports in a timely manner.

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.

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MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Management Letter

To the Honorable Mayor and
City Commission
City of Delray Beach, Florida

We have audited the financial statements of the City of Delray Beach, Florida, as of and for the year ended September 30, 2009, and have issued our report thereon dated March 24, 2010. 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, 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 Chapter 10.550, Rules of the Auditor General, and Schedule of Findings and Questioned Costs. Disclosures in those reports, which are dated March 24, 2010, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida, and unless otherwise required to be reported in the report on compliance and internal controls or schedule of findings and questioned costs, this letter is required to include the following information.

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.

1. Section 10.551(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

We noted that our recommendations related to comment (2008-1) Community Development Block Grants/Entitlement Grants, (2008-2) Utility Billing, (2008-3) Purchasing, (2008-4) Capital Asset Disposals, and (2008-6) Payroll included in our management dated April 2, 2009, were implemented by the City in the current year or no longer apply.

2. Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include 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 complied with Section 218.415, Florida Statutes for the year ended September 30, 2009.
3. Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we have the following recommendations:

2009-7 Bank Reconciliations

Criteria: Bank reconciliations should agree to amounts recorded in the general ledger.

Condition: We noted that the balance per the September 2009 bank reconciliation for the pooled cash account did not agree to the amount recorded in the general ledger.

Effect: The reconciled general ledger balance per the bank reconciliation did not agree to the general ledger by approximately \$2,600.

Cause: A journal entry was recorded to adjust pooled cash in the general ledger after the bank reconciliation had been prepared and approved.

Recommendation: Bank reconciliations should reflect adjustments posted to the related account(s) and agree to the general ledger balance. Once adjustments to the reconciliations have been made, any revisions should be properly documented and approved by management.

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 (every three to six months) or 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. The person reviewing the report or activity logs should sign and date it to document their approval and retain it for verification as part of the audit.
- Periodically, on a routine schedule at least annually, 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 and date it to document their 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. The person preparing the report or logs of any changes should sign and date it to document their approval and retain it for verification as part of the audit.

- Offsite backups should be encrypted to prevent inappropriate use of the data in the event the backup is lost or unauthorized access to the backup is obtained.

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

4. Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. See Schedule of Findings and Questioned Costs for comments related to contracts or grant agreements.
5. Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies.

2009-8 Expenditures Over Appropriations

We noted that the City's expenditures exceeded the final budgeted appropriations for the year ended September 30, 2009 for the several General Fund functions as indicated in Note 17 to the financial statements. We recommend that the City review expenditures in relation to budgeted amounts during the year and amend the budget as necessary to prevent over-expenditure of budgeted categories.

6. Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 to the financial statements.
7. Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes, as of and for the year ended September 30, 2009.
8. Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the Annual Financial Report for the City for the fiscal year ended September 30, 2009, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2009. 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, 2009.
9. Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures as of September 30, 2009. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on the representations made by management and the review of financial information provided by management. The results of our procedures disclosed no matters that are required to be reported.

The responses by the City's management to matters identified in our management letter are described in the accompanying Response to Management Letter. We did not audit the responses of the City and, accordingly, we express no opinion on them.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. U.S. generally accepted auditing standards require us to indicate that this report is intended solely for the information and use of the City Commission and management of the City of Delray Beach, Florida, 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.*

March 24, 2010



March 31, 2010

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

Subject: Response to the Management Letter Comments
Comprehensive Annual Financial Report – September 30, 2009

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

2009-1 Community Development Block Grant – The Neighborhood Services Division believes that, as referenced in CF 570.202(b)(9), rehabilitation services is an eligible cost which includes staff salaries and related expenses to market rehabilitation funds; process applications and counsel owners, tenants, contractors and other entities; underwrite and service loans; perform work write-ups and cost estimates; and manage construction.

2009-2 Community Development Block Grant – The Neighborhood Services Division believes the City amended the FY07-08 Action Plan pursuant to federal regulations, reallocating \$100,000 of unused funds from that fiscal year for infrastructure improvements which includes streets, curbs, water/sewer lines and/or sidewalks. This action was approved by the City Commission on March 17, 2009. Again the activity of infrastructure improvements includes but is not limited to streets, curbs, water/sewer lines and/or sidewalks. Staff cannot locate the expenditure listed as a disallowable expense for vehicle maintenance associated with a building inspector position within the account activity listing.

2009-3 Community Development Block Grant – The Neighborhood Services Division believes the City's annual allocation of CDBG funds for FY 08/09 was \$581,160, and the 20% allowable administrative expense would have been \$116,232. As indicated by the CAPER Report, generated through the IDIS system which monitors the expenditures and reimbursements of CDBG activities; the City expended \$90,895.63 on Planning and Administration. This amount represents a percentage of 15.72. Salaries associated with housing rehabilitation activities are project costs not administration.

2009-4 Highway Planning and Construction Grant – The City concurs with the audit finding and will obtain the certified payrolls timely in the future.

2009-5 State Housing Initiative Partnership (SHIP) Program – In fiscal year 08-09 the City received \$621,636 plus \$733.43 program income. The allowable administrative maximum amount was \$62,163. There was an unused balance of \$1,958 remaining in the fund account.

2009-6 Water Protection and Sustainability Program – The City concurs with the audit finding and will submit progress reports timely in the future.

2009-7 Bank Reconciliations – Normally at year end, there are 2 reconciliations. The first bank reconciliation has all the adjustments and reconciling items listed. Journal entries are made for the adjustments, then a second reconciliation is prepared which should be “clean” with only bank adjustments such as deposits in transit. At this year end, there was staff turnover and the new accountant made an error in the journal entry. Normally a new accountant’s work is scrutinized but due to the workload and deadlines, only a cursory review was made when the journal entry was approved. As soon as the error was found, more stringent reviews were implemented.

2009-8 Expenditures Over Appropriations – The City concurs with the audit finding and will attempt to identify and make budget adjustments to prevent over expenditures in the future.

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.

Sincerely,



Joseph M. Safford
Finance Director

mls/jms
doc: audgen09