

City of Delray Beach, Florida

Comprehensive Annual Financial Report
for the Year Ended September 30, 2015



Fire-Rescue Headquarters Public Plaza

COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Delray Beach, Florida

Year Ended September 30, 2015
with Report of Independent Certified Public Accountants

Comprehensive Annual Financial Report

City of Delray Beach, Florida

Year Ended September 30, 2015
with Report of Independent Certified Public Accountants

Prepared by the
Finance Department

City of Delray Beach, Florida
 Comprehensive Annual Financial Report
 Year Ended September 30, 2015

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Introductory Section

CITY OF DELRAY BEACH



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



March 25, 2016

Honorable Mayor
City Commission
City Manager
City Staff
Citizens and Friends of Delray Beach, Florida

Ladies and Gentlemen:

We are pleased to submit the Comprehensive Annual Financial Report (“CAFR”) of the City of Delray Beach, Florida (“the City”), for the fiscal year ended September 30, 2015. State law requires that every local government entity publish a complete set of audited financial statements within nine months of the close of each fiscal year. This CAFR is published to fulfill that requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Caler, Donten, Levine, Cohen, Porter & Veil, P.A., Certified Public Accountants, have issued an unmodified opinion on the financial statements of the City of Delray Beach for the year ended September 30, 2015. The independent auditor’s report is located at the front of the financial section of this CAFR. Management’s Discussion and Analysis (“MD&A”) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

THE CITY OF DELRAY BEACH

Profile

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 65,100 with additional estimated 12,600 seasonal residents.

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 three (3) years who presides over four (4) Commissioners who are elected at large on a non-partisan basis for three (3) 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 administrative 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 by either Civil Service regulations or union agreements.

Services Provided

The City of Delray Beach provides a full range of community services including public safety (police, fire protection and rescue services); parks and recreation (beaches, pools, marina, boat ramps, parks and multiple recreation centers); and public works (traffic, street maintenance and parking). Other recreational amenities of the City include golf courses, tennis courts and the tennis stadium.

The Environmental Services Department provides water and sewer, stormwater, engineering and construction services. The Community Improvement Department provides building permits, inspections, code enforcement, garbage and trash services, and administers the City's Community Development Block Grants. The City also provides general administrative services and financial support services. The City provides water, fire protection, emergency medical services, police dispatch services, building inspection and permitting, and limited sewer services to the Town of Gulfstream. Fire protection and emergency medical services, and limited water services are provided to the Town of Highland Beach. Both towns are serviced on a contractual basis.

Reporting Entity

This report includes all funds of the primary government (City of Delray Beach) and all organizations and component units for which the City is financially accountable, including the Community Redevelopment Agency ("CRA"), Downtown Development Authority ("DDA"), and South Central Regional Wastewater Treatment and Disposal Board ("SCRWTDB"), which was established as a joint venture with equity interests between the cities of Delray Beach and Boynton Beach.

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. In accordance with state laws, the Approved Budget is posted on the City's website within 30 days of adoption. Appropriated budgets are legally required to be adopted for the general fund. Non-appropriated budgets, which are not legally required to be adopted, are also prepared for special revenue funds, enterprise funds and internal service funds. Budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the departmental level.

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

Economic Conditions and Outlook

The City maintains a good financial condition based on planning and fiscal controls. Standard & Poor's rates the City's outstanding General Obligation bonds AAA.

The decrease in taxable assessed values that began in 2009 has reversed, with significant growth beginning in 2012. The 2015 tax roll had an increase of 10.2%, although the total assessed value has not yet returned to the 2008 level. Building permit activity in 2015 was up compared to last year. We expect these positive economic trends to continue.

CURRENT MAJOR INITIATIVES

Beautification Project

In 2015, a ribbon cutting ceremony was held to celebrate the completion of the US1/Federal Highway Beautification Project, stretching from just south of SE 10th Street to just north of George Bush Boulevard. The project, which was included in the City's Downtown Master Plan, is expected to promote a safer corridor for pedestrians and cyclists, stimulate economic activity along Federal Highway and provide improved transit opportunities such as additional bus shelters. Wider sidewalks and decorative street lighting between SE 2nd Street and NE 2nd Street embody the City's charm and character. Additional landscaping complements two lanes of traffic in each direction and bicycle lanes along the corridor offer a healthier mode of commuting.

Beach Master Plan

In 2009, the City of Delray Beach, in cooperation with Delray Beach Community Redevelopment Agency and the Beach Property Owners Association, conducted a citywide charrette to develop a Beach Area Master Plan. At the end of 2013, phase I of the Master Plan was completed. The pavilion was rebuilt to the exact replica of the original 1929 pavilion that was destroyed by a hurricane in 1947. The rebuilt pavilion includes new landscaping, updated showers, signage and trash containers.

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. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations utilize these criteria. Management believes that the City's system of internal accounting controls adequately safeguards the assets of the 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, 2015 disclosed no instances of material weaknesses in the internal control structure and disclosed no significant violation of applicable laws and regulations.

AWARDS AND ACKNOWLEDGMENTS

Financial Statement Awards

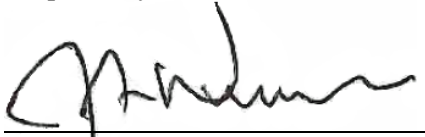
The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Delray Beach, Florida, for its CAFR for the fiscal year ended September 30, 2014. This was the 32nd consecutive year the City received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe our current report meets the Certificate of Achievement Program’s requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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 commitment of the entire Finance Department, coordinated by the City’s Chief Accounting Officer. Their technical expertise and concerted efforts were truly evident in the audit process. Their assistance and cooperation have allowed us to prepare, on a timely basis, a report which gives its readers a comprehensive view of the City’s financial and economic position.

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.

Respectfully submitted,



Jack Warner
Chief Financial Officer



Government Finance Officers Association

**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, 2014

Executive Director/CEO

CITY OF DELRAY BEACH, FLORIDA

LIST OF PRINCIPAL OFFICIALS

September 30, 2015

CITY COMMISSION

Mayor Cary Glickstein

Vice-Mayor Shelly Petrolia

Deputy Vice-Mayor Al Jacquet

Commissioner Jordana L. Jarjura

Commissioner Mitchell J. Katz

CITY STAFF

City Manager Donald B. Cooper

Assistant City Manager Francine Ramaglia

Assistant City Manager David E. Scott

City Attorney Noel Pfeffer

City Clerk Chevelle D. Nubin

Community Improvement Director Michael A. Coleman

Environmental Services Director John J. Morgan, Jr.

Chief Financial Officer Jack Warner

Fire Chief Danielle Connor

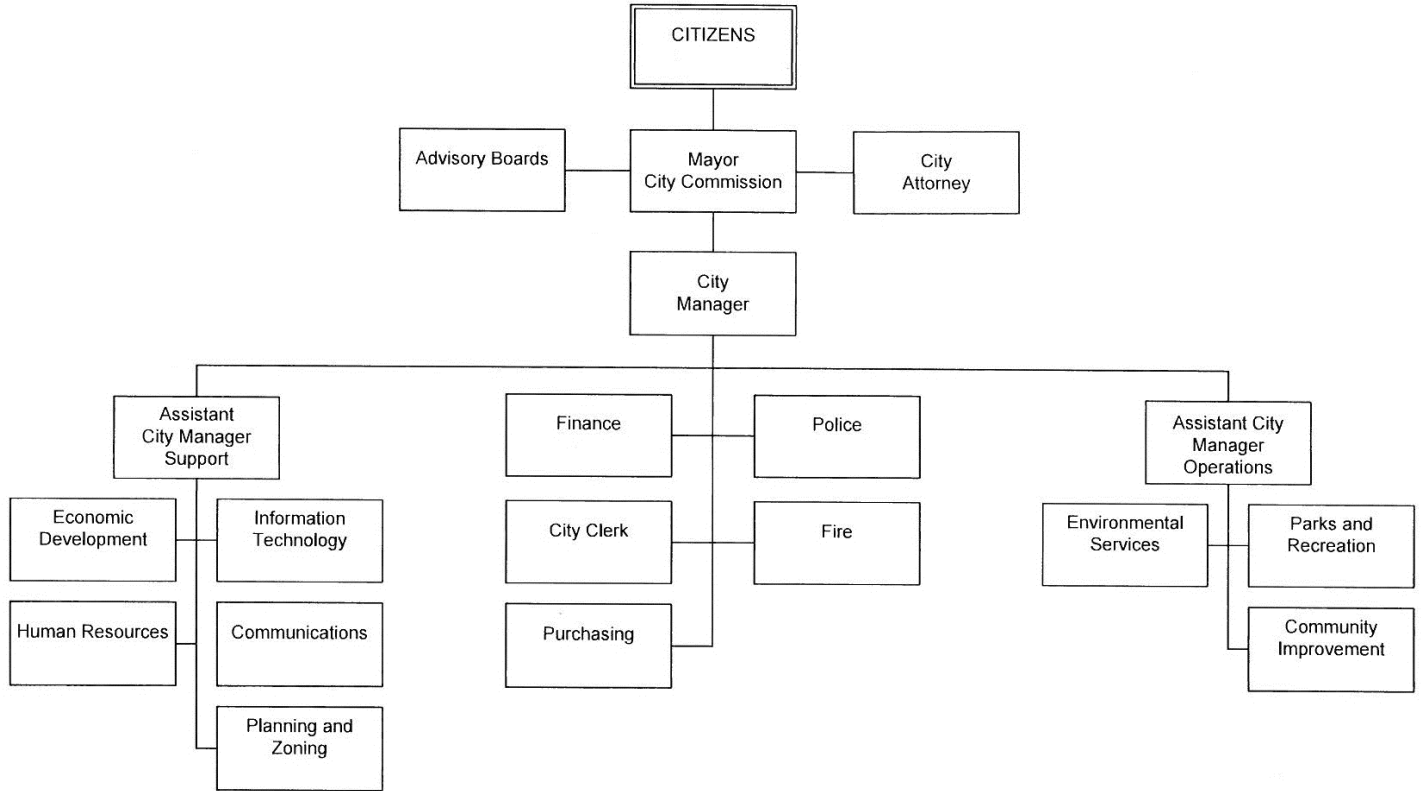
Human Resources Director Tennille Decoste

Parks and Recreation Director Suzanne F. Fisher

Planning and Zoning Director Timothy Stillings

Police Chief Jeffrey S. Goldman

City Organizational Chart



Financial Section



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

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DAVID S. DONTEN, CPA
JAMES B. HUTCHISON, CPA
JOEL H. LEVINE, CPA
JAMES F. MULLEN, IV, CPA
MICHAEL J. NALEZYTY, CPA
THOMAS A. PENCE, JR., CPA
SCOTT L. PORTER, CPA
MARK D. VEIL, CPA

Independent Auditor's Report

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

Report on the Financial Statements

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 (the "City"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 50%, 52% and 41%, respectively, of the assets, net position/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 .2%, .3% and 5%, respectively, of the assets, net position and revenues of the City's discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Police and Firefighters' Retirement System Fund and Delray Beach Downtown Development Authority, are 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 from material misstatement. The financial statements of the Police and Firefighters' Retirement System Fund were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, 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, 2015, 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.

Accounting Changes

As discussed in Note 2 to the financial statements, the City adopted the recognition and disclosure requirements of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, during the year ended September 30, 2015. The respective net position of the governmental activities, business-type activities and proprietary funds at October 1, 2014, has been restated. Our opinion is not modified with respect to that matter.

As discussed in Note 13 to the financial statements, the component auditor of the Police and Firefighters' Retirement System Fund determined during the year ended September 30, 2015, that the assets held in a separate retirement plan for deferred retirement option plan (DROP) benefits were not part of the defined benefit pension plan for the Police and Firefighters' Retirement System Fund. The respective net position of the Police and Firefighters' Retirement System Fund at October 1, 2014, has been restated. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 through 16 and the budgetary comparison schedule, pension information and other postemployment benefits information on pages 79 through 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual fund financial statements and schedules, the other supplementary information 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. The accompanying Schedule of Expenditures of Federal Awards 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*.

The combining and individual fund financial statements and schedules, the other supplementary information, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual fund financial statements and schedules, the other supplementary information, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements 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 do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2016, 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* in considering the internal control over financial reporting and compliance of the City of Delray Beach, Florida.

*Calu, Dauten, Levine,
Cohen, Porter & Veil, P.A.*

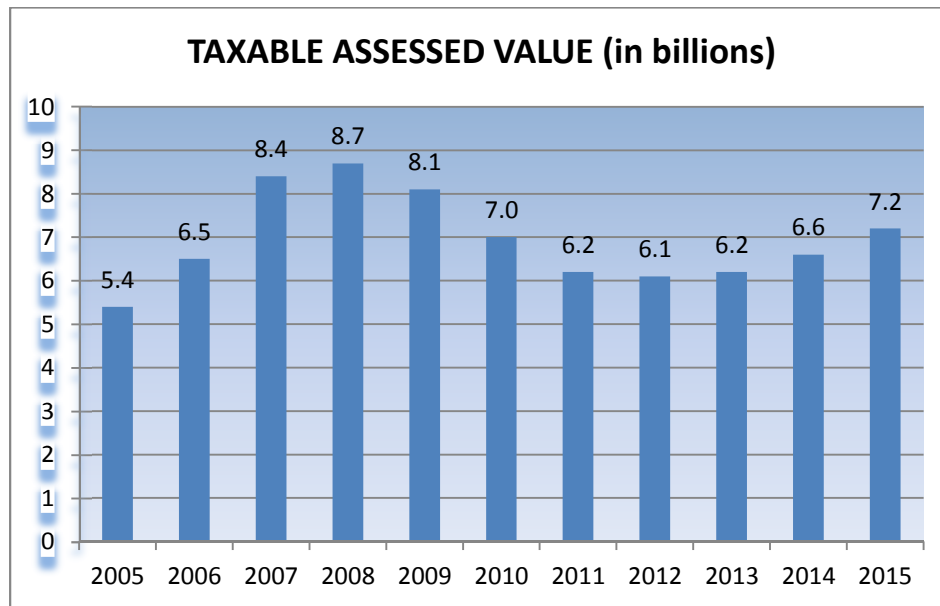
West Palm Beach, Florida
March 25, 2016

Management's Discussion and Analysis

This section of the comprehensive annual financial report provides a narrative overview and analysis of the financial activities of the City of Delray Beach, Florida ("City") for the fiscal year ended September 30, 2015. This information is to be considered alongside that in the letter of transmittal and the City's basic financial statements and notes to the financial statements. The financial analysis within the Management's Discussion and Analysis includes the City's primary government operations and joint venture for the South Central Regional Wastewater Treatment and Disposal Board. The operations of the City's two discretely presented component units; the Community Redevelopment Agency (CRA) and Downtown Development Authority (DDA), are excluded. The joint venture and component units issue separate audit reports that are available from each entity.

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.



- The overall financial condition of the City's General Fund operations is influenced by the real estate market, the current state of the economy and State tax reform legislation. The decline in real estate values has stopped and the trend is now reversing. Fiscal year 2015 increased from \$6.59 billion to \$7.24 billion, or 9.8%, in taxable assessed value.
- The assets of the City (Primary Government) exceeded its liabilities at September 30, 2015, by \$207,289,622 (Total Net Position). Of this amount, \$43,773,863 (Unrestricted Net Position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position, excluding the City's discretely presented component units, decreased by \$52,624,560. This amount includes an increase of \$21,522,432 from the City's 2015 operations and a decrease of \$74,146,992 related to the restatement of net position at October 1, 2014, for adoption of Governmental

Accounting Standards Board (GASB) Statement No. 68 that required the City to record a net pension liability and deferred inflows/outflows related to its future liability for the City's defined benefit pension plans.

- Net position of the governmental activities increased by \$15,674,247 attributable to 2015 operations and decreased by \$74,759,622 related to the GASB Statement No. 68 restatement for pension liabilities. The increase in the governmental activities is attributable to both an increase in revenues and a reduction in expenses. The \$74,759,622 restatement for GASB Statement No. 68 included a liability of approximately \$76.2 million for the Police and Firefighters' Pension Plan netted with an asset of \$1.4 million for the General Employees' Pension Plan.
- Net position of the business-type activities increased by \$5,848,185 attributable to 2015 operations and increased by \$612,630 related to the GASB Statement No. 68 restatement for the pension asset of the General Employees' Pension Plan. The increase in the business-type activities is approximately 5% less than the prior year increase in net position and reflects stable revenues and expenses.
- The unrestricted net position of the governmental activities reflects a deficit of \$6,748,871 as compared to a positive balance of \$51,496,227 for the prior year. The decrease in unrestricted net position is attributable to the net pension liability of the Police and Firefighters' Pension Plan. The details of net position at September 30, 2015, are included on the Statement of Net Position on page 17.
- At September 30, 2015, the City's governmental funds reported combined ending fund balances of \$70,339,911 which increased \$16,934,676 from the prior year. The increase is due primarily to net proceeds of the Series 2015 Utilities Tax Revenue Refunding and Improvement Bonds. A total of \$56,241,273 or 80% of the combined ending fund balance is available for spending (Unassigned Fund Balance and Assigned Fund Balance). Of this amount, \$31,843,644 is in the General Fund, \$18,977,992 is in Capital Projects Funds and \$5,419,637 is in Special Revenue Funds.
- At September 30, 2015, Unassigned Fund Balance for the General Fund was \$31,843,644 or 32.2% of total General Fund expenditures of \$98,819,738. This is an increase of \$8,143,292 from the prior year or 34.4%. The General Fund had a good year, with revenue increasing by 13.5% and expenditures increasing by 2.7%. The City's financial policy is to strive to maintain an Unassigned Fund Balance of between 15% to 25% of the expenditure budget as an acceptable reserve for first quarter cash flow (there are no tax remittances during the first two to three months of each 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 Position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the differences presented as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in 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 the legally separate CRA and 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.

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, reconciliations are 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 13 individual governmental funds. Information is presented separately for the General Fund and the Capital Improvement Fund, the City's major governmental funds. Data for the other governmental funds are aggregated into a

single presentation. Individual fund data for each of the non-major governmental funds is provided in *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 predominantly support governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer utility system which is considered to be a major fund of the City. Conversely, the remaining enterprise funds are considered non-major funds and the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds and the individual internal service funds are provided in the form of *combining statements* elsewhere in this report. The City's proprietary fund financial statements can be found on pages 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 and other postemployment 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 its budget. Required supplementary information can be found on pages 79 through 87 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 88 of this report.

Government-Wide Financial Analysis

The net position of the City is presented in detail on page 17 and summarized in Table A-1 below.

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

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Assets:						
Current and other assets	\$ 98.2	\$ 79.0	\$ 59.8	\$ 56.1	\$ 158.0	\$ 135.1
Capital assets	137.9	136.1	102.5	100.4	240.4	236.5
Total Assets	236.4	215.1	162.3	156.5	398.7	371.6
Deferred outflows	19.6	0.2	1.8	0.0	21.4	0.2
Liabilities:						
Current liabilities	10.6	9.2	3.7	2.5	14.3	11.7
Noncurrent liabilities	179.4	82.9	17.3	17.3	196.7	100.2
Total Liabilities	190.3	92.1	21.0	19.8	211.3	111.9
Deferred inflows	1.6	0.0	0.0	0.0	1.6	0.0
Net Position:						
Net investment in capital assets	67.8	70.0	88.7	85.1	156.5	155.1
Restricted	3.0	1.7	3.9	2.2	6.9	3.9
Unrestricted (deficit)	(6.7)	51.5	50.5	49.4	43.8	100.9
Total Net Position	\$ 64.1	\$ 123.2	\$ 143.1	\$ 136.7	\$ 207.2	\$ 259.9

Net position over time may serve as a useful indicator of the City's financial position. During the current year, the total net position of the City decreased by \$52.7 million or approximately 20.3% from \$259.9 million to \$207.2 million. The decrease in net position was a result of a net increase from operations in both the governmental activities (\$15.7 million) and the business-type activities (\$5.8 million) netted with the restatement for adoption of GASB Statement No. 68 that decreased the beginning net position at October 1, 2014 by \$74.2 million for the net pension liability of the City's defined benefit pension plans. However, excluding the effects of the restatement, the overall financial condition of the City improved in 2015 based on the positive operating results for the year.

A significant portion of the City's net position (\$156.5 million or 75.5% of the Total Net Position) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), net of the related debt that is still outstanding. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (3.3%) represents resources that are subject to restrictions on how they may be used. The balance in restricted position reflects an increase of \$3.0 million from the prior year. The increase is primarily due to an increase in debt service requirements for the business-type and governmental activities.

The unrestricted portion of net position represents resources that may be used to meet the City's ongoing obligations to its citizens and creditors. The 2015 balance decreased \$57.1 million primarily due to the restatement of beginning net position for pension liabilities in the governmental activities as required by GASB Statement No. 68.

The changes in net position of the City are reported in the Statement of Activities on page 18 and are summarized in Table A-2 below.

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

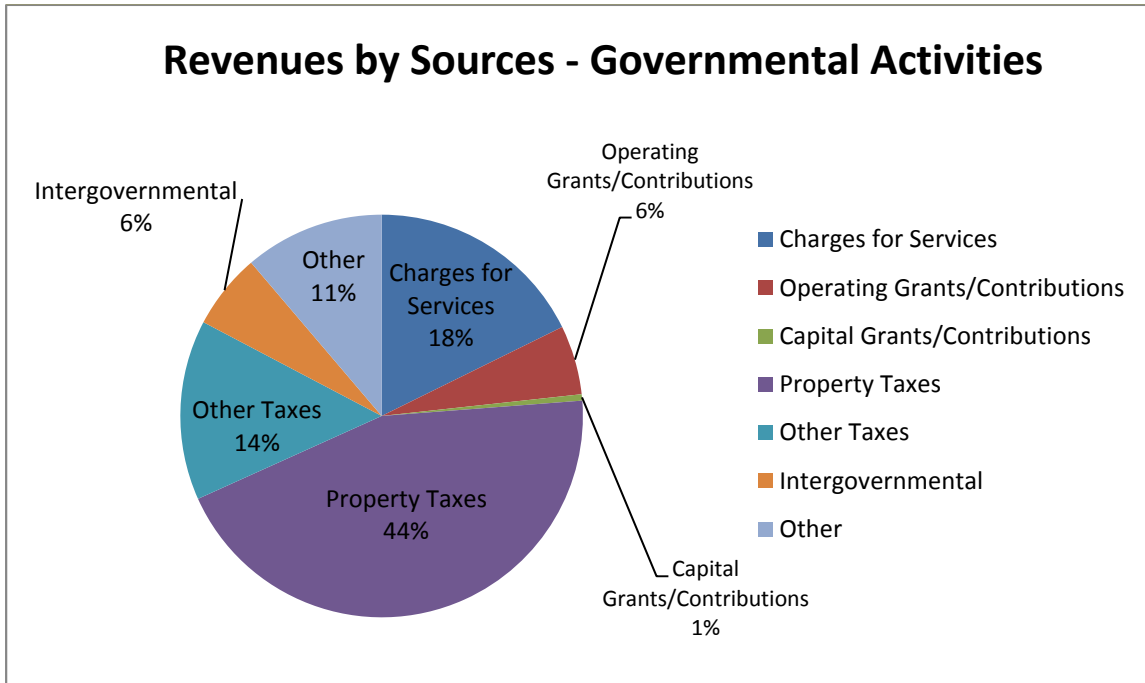
	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues:						
Charges for services	\$ 20.7	\$ 17.9	\$ 43.3	\$ 42.6	\$ 64.0	\$ 60.5
Operating grants, contributions	6.5	13.5	0.4	0.6	6.9	14.1
Capital grants, contributions	0.6	0.6	1.3	0.9	1.9	1.5
General Revenues:						
Property Taxes	52.0	47.7	0.0	0.0	52.0	47.7
Other taxes	16.9	16.5	0.0	0.0	16.9	16.5
Intergovernmental	7.1	6.8	0.0	0.0	7.1	6.8
Other	13.1	7.8	0.2	0.1	13.3	7.9
Total Revenues	116.9	110.8	45.2	44.2	162.1	155.0

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Expenses						
General government	18.0	23.0	0.0	0.0	18.0	23.0
Public safety	62.0	58.4	0.0	0.0	62.0	58.4
Physical environment	8.1	8.0	0.0	0.0	8.1	8.0
Parks and recreation	13.4	15.4	0.0	0.0	13.4	15.4
Interest on long-term debt	3.3	2.1	0.0	0.0	3.3	2.1
Water and sewer	0.0	0.0	24.3	24.4	24.3	24.4
Municipal golf course	0.0	0.0	2.9	3.1	2.9	3.1
Lakeview golf course	0.0	0.0	0.6	0.6	0.6	0.6
City marina	0.0	0.0	0.1	0.1	0.1	0.1
Sanitation	0.0	0.0	6.3	4.7	6.3	4.7
Stormwater utility	0.0	0.0	1.6	1.4	1.6	1.4
Total Expenses	104.8	106.9	35.8	34.3	140.6	141.2
Change in Net Position Before Transfers	12.1	3.9	9.4	9.9	21.5	13.8
Transfers	3.6	3.7	(3.6)	(3.7)	0.0	0.0
Increase in Net Position	15.7	7.6	5.8	6.2	21.5	13.8
Beginning Net Position, as Originally Reported	123.2	115.6	136.7	130.5	259.9	246.1
Restatement for implementation of GASB Statements	(74.8)	0.0	0.6	0.0	(74.2)	0.0
Beginning Net Position, as Restated	48.4	115.6	137.3	130.5	185.7	246.1
Ending Net Position	\$ 64.1	\$ 123.2	\$ 143.1	\$ 136.7	\$ 207.2	\$ 259.9

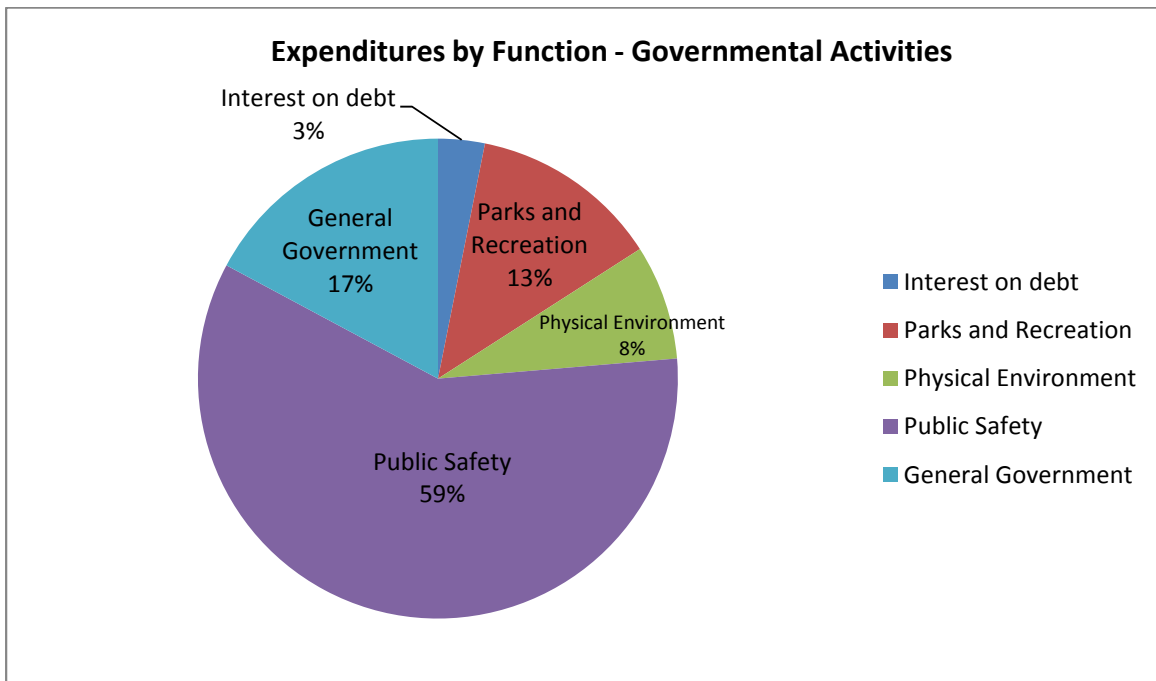
Governmental activities increased the City's net position by \$15.7 million, which was primarily due to an increase in property taxes and lower overall expenses. Parks and Recreation expenses decreased by \$2.0 million, primarily as a result of moving Ocean Rescue operations from Parks & Recreation to Public Safety at the beginning of the fiscal year.

Business-type activities net position had an increase of \$5.8 million which was attributable to water and sewer activities.

Revenues by sources for 2015 are summarized as follows:



Expenditures by function for 2015 are summarized as follows:



Financial Analysis of the City of Delray Beach Major Funds

Governmental Funds

The fund financial statements for the governmental funds are provided on pages 19-22. The operating activities of the major governmental funds are summarized as follows:

Major Fund Information
(\$ in Millions)

	General Fund		Capital Improvement Fund	
	2015	2014	2015	2014
Revenues	\$ 109.8	\$ 96.7	\$ 4.3	\$ 4.4
Expenditures	(98.8)	(96.2)	(15.5)	(7.7)
Other financing sources	1.0	0.5	17.0	6.6
Increase in Fund Balance	\$ 12.0	\$ 1.0	\$ 5.8	\$ 3.3

General Fund

The General Fund, which is the primary operating fund of the City and is not supported by user fees, recognized \$109,831,615 in total revenues offset with \$98,819,738 in expenditures and \$1,007,721 in net other financing sources. This resulted in an increase in fund balance of \$12,019,598. The Fund Balance increased from \$29,045,787 in 2014 to \$41,065,385 in 2015. Of that amount, \$31,843,644 is in Unassigned Fund Balance which represents 32.2% of our 2015 expenditure levels. Our internal financial policy is to maintain 15% to 25% of our expenditures in Unassigned Fund Balance for first quarter cash flow, uninsured legal claims and other emergency purposes.

Capital Improvement Fund

The Capital Improvement fund, which is used to account for construction of major capital facilities, recognized \$4,281,859 in total revenues offset by \$15,500,402 in expenditures and \$17,056,934 in other financing sources. This resulted in an increase in the fund balance of \$5,838,391. The Fund Balance increased from \$9,916,777 in 2014 to \$15,755,168 in 2015. The entire fund balance is assigned for capital improvement projects.

Proprietary Funds

\$ in Millions	Operating Income (Loss)		Change in Net Position	
	2015	2014	2015	2014
Enterprise Funds				
Water and Sewer	\$ 9.9	\$ 9.9	\$ 6.7	\$ 5.6
Municipal Golf Course	0.3	0.0	0.2	0.0
Lakeview Golf Course	0.1	0.1	0.1	0.1
City Marina	0.1	0.2	0.1	0.1
Sanitation	0.1	0.4	(1.6)	0.2
Stormwater Utility	0.5	0.7	0.2	0.4
Internal Service Funds				
Insurance	0.8	(0.5)	0.9	(0.5)
Central Garage	0.1	0.0	0.2	0.1

Water and Sewer Fund

Operating revenues were approximately \$620,000 more than 2014 and operating expenses were approximately \$580,000 more than 2014. Higher capital contributions by approximately \$480,000 resulted in an increase of approximately \$1.1 million in the change in net position in 2015.

Other Enterprise Funds

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

The **Municipal Golf Course** had an operating income this year of \$280,044 compared to \$41,029 last year.

The **Lakeview Golf Course** had an operating income of \$122,358 versus \$80,597 last fiscal year. This is an executive golf course, which is not as sensitive to the economy as the municipal golf course.

The **City Marina Fund** had an operating income this year of \$127,325 compared to \$151,647 last year.

The **Sanitation Fund** generated an operating income of \$78,440 this year compared to \$365,387 last year. The large decrease is due to an ordinance amendment that eliminated cart fees and reduced franchise fees for residential customers effective October 1, 2014. The large change in net position was due to a refund of \$1,641,430 for cart fees collected in prior years.

The **Stormwater Utility Fund** had an operating income this year of \$518,578 compared to \$739,041 last fiscal year. Stormwater fees are billed and received on the property tax bills.

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department to other departments within the City on a cost reimbursement basis. The City has two internal service funds; the Insurance Fund is used to account for all personnel insurances (health, life, disability) and property and casualty insurance, and the Central Garage Fund handles all the fueling, maintenance and replacement of city vehicles.

The **Insurance Fund** recorded an increase in our required self-insured "Incurred but Not Reported" (IBNR) claims liability from \$5,350,412 to \$5,654,742 for property, health and worker's compensation claims. All required reserves are determined by outside actuaries. The Insurance Fund has \$3,006,322 in Unrestricted Net Assets.

The **Central Garage Fund** had an operating income of \$121,342 compared to a loss of (\$25,720) last year. The change resulted from a decrease in operating expenses primarily to a decrease in depreciation expense for the current year.

General Fund Budgetary Highlights

The difference between the original and final amended budget for 2015 was an increase of \$1,507,260. There was a positive variance between the final adopted budget and actual results of operations of \$12,393,141. Actual revenues and other financing sources exceeded the final budget by approximately \$6,680,000 and actual expenditures and other financing uses were less than final budget by approximately \$5,713,000. The increase in current year revenues was attributable to an increase of approximately \$1.8 million in building permits and fees and an increase of approximately \$4.2 million in miscellaneous income due primarily to reversal of the 2014 allowance for the Auburn Trace second mortgage receivable. Most expenditure categories were under budget except for Human Resources, Community Improvement Administration, Building Inspection and Code Compliance.

Capital Asset and Debt Administration

Capital Assets

As of September 30, 2015, the City had \$240.4 million invested in a variety of capital assets, as reflected in Table A-3 below, which represents a net increase of \$3.9 million from the previous fiscal year. Additional information can be found in Note 9 Capital Assets on page 46. Capital asset activity for 2015 is summarized below:

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

	Beginning Balance 10/01/2014	Increases	Decreases	Ending Balance 9/30/2015
Governmental Activities:				
Land	\$ 39.1	\$ 0.6	\$.0	\$ 39.7
Construction in Progress	8.4	7.1	(0.5)	15.0
Non-Depreciable Assets	47.5	7.7	(0.5)	54.7
Buildings	39.5	0.0	(0.0)	39.5
Improvements Other	121.8	1.0	(0.0)	122.8
Equipment	43.6	1.6	(1.2)	44.0
Less: Accumulated Depreciation	(116.3)	(8.0)	1.2	(123.1)
Depreciable Assets- Net	88.6	(5.4)	0.0	83.2
Capital Assets- Governmental	136.1	2.3	(0.5)	137.9
Business-Type Activities:				
Land	5.7	0.0	0.0	5.7
Construction in Progress	2.1	4.8	(0.4)	6.5
Non-Depreciable Assets	7.8	4.8	(0.4)	12.2
Buildings	13.8	0.0	0.0	13.8
Improvements Other	169.5	1.3	0.0	170.8
Equipment	14.6	0.2	(0.1)	14.7
Less: Accumulated Depreciation	(105.3)	(3.8)	0.1	(109.0)
Depreciable Assets- Net	92.6	(2.3)	(0.0)	90.3
Capital Assets- Business-Type	\$ 100.4	\$ 2.5	\$ (0.4)	\$ 102.5

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

Major capital asset changes during the fiscal year 2015 were primarily for Construction in Progress in the General Construction Fund for Federal Highway and other beautification projects, as well as improvements in the Water and Sewer Fund primarily for the automated meter reading replacement project.

Debt Administration

As of September 30, 2015, the City had total debt outstanding of \$99,253,757 compared to \$95,088,467 as of September 30, 2014. Of this \$99.3 million amount, and gross of any related unamortized premium or discounts:

- \$46.6 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,
- \$5.1 million is a bond anticipation note that is expected to be refinanced with revenue bonds secured by other governmental revenue sources,
- \$16.5 million is general obligation bond debt which is debt backed by the full faith and credit of the City,
- \$13.8 million is revenue bonds that are backed by a pledge of the water and sewer system net revenues,
- \$8.1 million is for compensated absences,
- \$5.7 million is for insurance claims reserves, and
- \$0.4 million is for installment agreements that are secured by the promise to budget and appropriate sufficient revenues to pay the debt.

Noncurrent liabilities activity for 2015 is summarized below:

Table A-4
Noncurrent Liabilities (\$ in Millions)

	Beginning Balance 10/01/2014	Increases	Decreases	Ending Balance 9/30/2015
Governmental Activities:				
Revenue Bonds	\$ 32.1	\$ 39.0	\$ (24.5)	\$ 46.6
Bond Anticipation Note	15.2	1.8	(11.9)	5.1
General Obligation Bonds	18.0	0.0	(1.5)	16.5
Unamortized Premium	0.5	3.3	(0.7)	3.1
Total Bonds Payable	65.8	44.1	(38.6)	71.3
Installment Agreements	0.5	0.0	(0.1)	0.4
Compensated Absences	6.9	0.7	(0.7)	6.9
Insurance Claims Payable	5.4	8.0	(7.7)	5.7
Governmental Activities	\$ 78.6	\$ 52.8	\$ (47.1)	\$ 84.3

	Beginning Balance 10/01/2014	Increases	Decreases	Ending Balance 9/30/2015
Business-Type Activities:				
Revenue Bonds	\$ 15.4	\$ 0.0	\$ (1.6)	\$ 13.8
Compensated Absences	1.1	0.1	0.0	1.2
Business Type Activities	16.5	0.1	(1.6)	15.0
Total Debt Outstanding	\$ 95.1	\$ 52.9	\$ (48.7)	\$ 99.3

The City issued \$39,020,000 Utilities Tax Revenue Refunding and Improvement Bonds on April 1, 2015, (Series 2015) to redeem/retire and defease a majority of the Utility Tax Revenue Bonds, Series 2007. All other long-term debt activity for 2015 was related to scheduled repayments of bonds, installment agreements and amortization of bond premiums.

In October 2013, the general obligation bonds of the City were upgraded to a rating of AAA from Standard & Poor's, which is their highest available rating. For more detailed information regarding the City's debt and debt financing activity, refer to Note 12 - Noncurrent Liabilities beginning on page 50.

Economic Factors and FY 2015-16 Budget and Rates

- ❖ The Florida legislature is considering various proposals which could have a significant impact on local government's revenue and expenditures, as well as the government's ability to maintain or improve services to the residents. The City is monitoring these initiatives and their future impact to the City.
- ❖ The current total millage rate decreased from 7.5064 mills for 2014 to 7.4639 mills for 2015. The operations portion remained unchanged at 7.1611 mills and the debt service portion decreased 12.3% to 0.3028 mills.

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 Chief Financial Officer
100 N. W. 1st Avenue
Delray Beach, FL 33444
Phone: (561) 243-7117

Basic Financial Statements

CITY OF DELRAY BEACH, FLORIDA
STATEMENT OF NET POSITION
September 30, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Community Redevelopment Agency	Downtown Development Authority
ASSETS					
Cash and cash equivalents	\$ 49,139,238	\$ 2,250,709	\$ 51,389,947	\$ 8,152,654	\$ 68,015
Investments	37,472,524	19,100,541	56,573,065	-	-
Receivables:					
Accounts, net	1,969,288	2,829,794	4,799,082	-	2,400
Unbilled accounts	-	1,228,975	1,228,975	-	-
Notes receivable	9,638,928	-	9,638,928	2,860,300	-
Notes receivable from component unit	4,121,520	-	4,121,520	-	-
Interest receivable	1,664,240	33,170	1,697,410	-	-
Due from other governments	973,880	-	973,880	-	-
Due from component unit	151,331	-	151,331	-	-
Due from primary government	-	-	-	194,493	-
Internal balances	(8,183,413)	8,183,413	-	-	-
Inventories	94,030	399,612	493,642	-	-
Prepaid expenses	1,217,297	55,721	1,273,018	18,259	20,638
Assets acquired for sale	272,917	-	272,917	-	-
Deposits	-	-	-	19,491	-
Restricted assets	-	4,049,079	4,049,079	-	-
Investment in regional plant (joint venture)	-	21,701,194	21,701,194	-	-
Capital assets:					
Non-depreciable capital assets	54,711,980	12,264,085	66,976,065	30,456,081	-
Depreciable capital assets, net	83,158,100	90,232,046	173,390,146	2,759,135	-
Total Assets	<u>236,401,860</u>	<u>162,328,339</u>	<u>398,730,199</u>	<u>44,460,413</u>	<u>91,053</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refundings	1,775,248	25,383	1,800,631	-	-
Deferred amount related to pensions	17,851,749	1,762,045	19,613,794	-	-
Total Deferred Outflows of Resources	<u>19,626,997</u>	<u>1,787,428</u>	<u>21,414,425</u>	<u>-</u>	<u>-</u>
LIABILITIES					
Accounts payable and accrued expenses	4,978,539	2,213,752	7,192,291	528,193	512
Contracts payable and retainages	-	110,881	110,881	14,579	-
Deposits payable	1,065,831	1,182,960	2,248,791	7,344	-
Unearned revenue	4,012,100	61,485	4,073,585	18,041	-
Accrued interest on long-term debt	708,348	168,914	877,262	-	-
Due to component unit	194,493	-	194,493	-	-
Due to primary government	-	-	-	151,331	-
Noncurrent liabilities:					
Due within one year					
Bonds and note payable	3,294,036	2,305,964	5,600,000	1,851,572	-
Installment agreements	119,425	-	119,425	-	-
Compensated absences	753,324	40,726	794,050	-	-
Insurance claims payable	1,634,742	-	1,634,742	-	-
Due in more than one year					
Bonds and note payable	68,080,786	11,455,407	79,536,193	9,559,173	-
Installment agreements	267,429	-	267,429	-	-
Compensated absences	6,120,941	1,160,977	7,281,918	-	-
Insurance claims payable	4,020,000	-	4,020,000	-	-
Net OPEB obligation	5,205,479	778,086	5,983,565	-	-
Net pension liability	89,830,352	1,473,573	91,303,925	-	-
Total Liabilities	<u>190,285,825</u>	<u>20,952,725</u>	<u>211,238,550</u>	<u>12,130,233</u>	<u>512</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred amount related to pensions	1,616,452	-	1,616,452	-	-
NET POSITION					
Net investment in capital assets	67,883,652	88,760,143	156,643,795	25,057,242	-
Restricted for:					
Debt service	1,514,496	2,284,390	3,798,886	-	-
Law enforcement	1,195,724	-	1,195,724	-	-
Capital improvements	281,579	1,595,775	1,877,354	-	-
Unrestricted (Deficit)	(6,748,871)	50,522,734	43,773,863	7,272,938	90,541
Total Net Position	<u>\$ 64,126,580</u>	<u>\$ 143,163,042</u>	<u>\$ 207,289,622</u>	<u>\$ 32,330,180</u>	<u>\$ 90,541</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, 2015

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Community Redevelopment Agency (CRA)	Downtown Development Authority (DDA)
PRIMARY GOVERNMENT									
Governmental Activities:									
General Government	\$ 18,050,754	\$ 7,583,178	\$ 3,711,327	\$ 615,926	\$ (6,140,323)	\$ -	\$ (6,140,323)	\$ -	\$ -
Public Safety	62,013,271	8,912,161	2,717,267	-	(50,383,843)	-	(50,383,843)	-	-
Physical Environment	8,143,146	2,048,277	-	-	(6,094,869)	-	(6,094,869)	-	-
Parks and Recreation	13,400,031	2,125,935	102,871	-	(11,171,225)	-	(11,171,225)	-	-
Interest on Long-term Debt	3,259,673	-	-	-	(3,259,673)	-	(3,259,673)	-	-
Total Governmental Activities	104,866,875	20,669,551	6,531,465	615,926	(77,049,933)	-	(77,049,933)	-	-
Business-type Activities:									
Water and Sewer	24,335,317	32,482,206	55,970	1,354,457	-	9,557,316	9,557,316	-	-
Municipal Golf Course	2,934,725	3,127,554	63,652	-	-	256,481	256,481	-	-
Lakeview Golf Course	556,711	662,453	5,378	-	-	111,120	111,120	-	-
City Marina	94,090	219,286	2,281	-	-	127,477	127,477	-	-
Sanitation	6,326,114	4,693,015	206,278	-	-	(1,426,821)	(1,426,821)	-	-
Stormwater Utility	1,631,007	2,108,862	23,466	13,294	-	514,615	514,615	-	-
Total Business-type Activities	35,877,964	43,293,376	357,025	1,367,751	-	9,140,188	9,140,188	-	-
Total Primary Government	\$ 140,744,839	\$ 63,962,927	\$ 6,888,490	\$ 1,983,677	(77,049,933)	9,140,188	(67,909,745)	-	-
COMPONENT UNITS									
Community Redevelopment Agency (CRA)	\$ 8,698,860	\$ 247,226	\$ 172,002	\$ -				(8,279,632)	-
Downtown Development Authority (DDA)	718,152	-	53,670	-				-	(664,482)
Total Component Units	\$ 9,417,012	\$ 247,226	\$ 225,672	\$ -				(8,279,632)	(664,482)
General Revenues:									
Taxes:									
Property Taxes					51,971,057	-	51,971,057	12,885,095	625,605
Franchise Fees					5,269,680	-	5,269,680	-	-
Utility Service Taxes					9,462,152	-	9,462,152	-	-
Sales Taxes					1,397,627	-	1,397,627	-	-
Local Business Tax					786,579	-	786,579	-	-
Intergovernmental Not Restricted to Specific Programs					7,143,751	-	7,143,751	-	-
Investment Earnings					308,589	270,617	579,206	67,381	135
Gain on Disposal of Capital Assets					29,100	-	29,100	-	-
Miscellaneous					12,793,025	-	12,793,025	-	31,202
Transfers					3,562,620	(3,562,620)	-	-	-
Total General Revenues and Transfers					92,724,180	(3,292,003)	89,432,177	12,952,476	656,942
Change in Net Position					15,674,247	5,848,185	21,522,432	4,672,844	(7,540)
Net Position - October 1, 2014, as originally reported					123,211,955	136,702,227	259,914,182	27,378,737	98,081
Restatement for implementation of GASB Statements					(74,759,622)	612,630	(74,146,992)	278,599	-
Net Position - October 1, 2014, as restated					48,452,333	137,314,857	185,767,190	27,657,336	98,081
Net Position - September 30, 2015					\$ 64,126,580	\$ 143,163,042	\$ 207,289,622	\$ 32,330,180	\$ 90,541

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

CITY OF DELRAY BEACH, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2015

	<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	\$ 48,358,440	\$ -	\$ 561,849	\$ 48,920,289
Investments	14,334,758	12,076,996	3,175,670	29,587,424
Accounts receivable, net	1,855,366	-	96,933	1,952,299
Notes receivable	7,282,742	-	2,356,186	9,638,928
Notes receivable from component unit	4,121,520	-	-	4,121,520
Interest receivable	1,628,632	17,749	5,091	1,651,472
Due from other governments	865,309	65,000	43,571	973,880
Due from other funds	-	4,923,413	9,890,385	14,813,798
Due from component unit	53,396	47,813	50,122	151,331
Inventories	20,467	-	-	20,467
Prepaid items	912,548	-	935	913,483
Assets acquired for sale	-	-	272,917	272,917
Total Assets	<u>\$ 79,433,178</u>	<u>\$ 17,130,971</u>	<u>\$ 16,453,659</u>	<u>\$ 113,017,808</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued items	\$ 3,570,719	\$ 1,069,613	\$ 87,147	\$ 4,727,479
Deposits payable	1,062,181	-	3,650	1,065,831
Due to other funds	27,175,396	-	-	27,175,396
Due to component unit	48,652	-	145,841	194,493
Total Liabilities	<u>31,856,948</u>	<u>1,069,613</u>	<u>236,638</u>	<u>33,163,199</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>6,510,845</u>	<u>306,190</u>	<u>2,697,663</u>	<u>9,514,698</u>
FUND BALANCES				
Nonspendable:				
Inventories	20,467	-	-	20,467
Prepaid items	912,548	-	935	913,483
Long-term notes receivable	7,282,742	-	-	7,282,742
Restricted for:				
Debt service	-	-	1,514,496	1,514,496
Law enforcement	-	-	1,195,724	1,195,724
Capital improvements	5,984	-	275,595	281,579
Community development	-	-	1,890,147	1,890,147
Committed for:				
Economic development	1,000,000	-	-	1,000,000
Assigned to:				
Public safety	-	-	124,615	124,615
Parks and recreation	-	-	1,586,977	1,586,977
Capital improvements	-	15,755,168	6,930,869	22,686,037
Unassigned	31,843,644	-	-	31,843,644
Total Fund Balances	<u>41,065,385</u>	<u>15,755,168</u>	<u>13,519,358</u>	<u>70,339,911</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 79,433,178</u>	<u>\$ 17,130,971</u>	<u>\$ 16,453,659</u>	<u>\$ 113,017,808</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 POSITION
September 30, 2015

Total Fund Balances - Governmental Funds \$ 70,339,911

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Capital assets	\$ 237,695,163	
Less accumulated depreciation	<u>(106,241,111)</u>	131,454,052

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.

Interest receivable	1,096,418	
Rent receivable	100,000	
Long-term receivables	184,660	
Notes receivable from component unit	<u>4,121,520</u>	5,502,598

Deferred outflows and inflows of resources related to defined benefit pension plans are reported in the statement of net position. Because the net pension obligation does not represent available, spendable resources, it is not reported in governmental funds.

Deferred outflows related to pensions	17,591,925	
Deferred inflows related to pensions	<u>(1,616,452)</u>	15,975,473

Premiums, discounts, gains and losses on refundings are reported as "Other Financing Sources and Uses" in the governmental funds. These items, however, are deferred and amortized over the life of the bonds in the government-wide statements.

Deferred charges on refundings	1,775,248	
Bond premium	<u>(3,169,413)</u>	(1,394,165)

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	(708,348)	
Bonds and installment agreements payable	(68,592,263)	
Compensated absences	(6,766,098)	
Net OPEB obligation	(5,114,702)	
Net pension liability	<u>(89,613,065)</u>	(170,794,476)

Internal service funds are used by management to charge the costs of fleet management and insurance to individual funds. The net position of the internal service funds is included in governmental activities in the statement of net position.

Net position	14,170,061	
Less amount allocated to business-type activities	<u>(1,126,874)</u>	<u>13,043,187</u>

Total Net Position - Governmental Activities \$ 64,126,580

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, 2015

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Non-Major Governmental Funds</u>	
REVENUES				
Taxes	\$ 63,617,415	\$ -	\$ -	\$ 63,617,415
Licenses and permits	12,124,145	-	-	12,124,145
Intergovernmental	9,953,798	3,238,126	483,292	13,675,216
Charges for services	11,420,014	-	728,298	12,148,312
Fines and forfeitures	1,215,656	-	451,118	1,666,774
Miscellaneous	11,500,587	1,043,733	2,048,155	14,592,475
Total Revenues	<u>109,831,615</u>	<u>4,281,859</u>	<u>3,710,863</u>	<u>117,824,337</u>
EXPENDITURES				
Current:				
General government	17,764,465	157,464	1,026,309	18,948,238
Public safety	60,821,179	207,240	42,111	61,070,530
Physical environment	5,130,026	54,928	643,312	5,828,266
Parks and recreation	11,090,902	61,653	565,598	11,718,153
Capital outlay	450,645	7,426,667	72,745	7,950,057
Debt service:				
Principal retirement	2,732,052	7,522,170	4,422,407	14,676,629
Interest and fiscal charges	830,469	70,280	1,256,336	2,157,085
Bond issuance costs	-	-	620,925	620,925
Total Expenditures	<u>98,819,738</u>	<u>15,500,402</u>	<u>8,649,743</u>	<u>122,969,883</u>
Excess of revenues over (under) expenditures	11,011,877	(11,218,543)	(4,938,880)	(5,145,546)
OTHER FINANCING SOURCES (USES)				
Issuance of refunding revenue bonds	-	16,899,244	25,386,212	42,285,456
Issuance of bond anticipation note	-	-	1,799,244	1,799,244
Proceeds from the sale of capital assets	934	-	-	934
Payment to refunded bond escrow agent	-	-	(25,568,032)	(25,568,032)
Transfers in	3,571,230	176,290	2,411,943	6,159,463
Transfers out	(2,564,443)	(18,600)	(13,800)	(2,596,843)
Total Other Financing Sources (Uses)	<u>1,007,721</u>	<u>17,056,934</u>	<u>4,015,567</u>	<u>22,080,222</u>
Net change in fund balances	12,019,598	5,838,391	(923,313)	16,934,676
Fund balances - October 1, 2014	29,045,787	9,916,777	14,442,671	53,405,235
Fund balances - September 30, 2015	<u>\$ 41,065,385</u>	<u>\$ 15,755,168</u>	<u>\$ 13,519,358</u>	<u>\$ 70,339,911</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, 2015

Net Change in Fund Balances - Total Governmental Funds \$ 16,934,676

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

Governmental funds report capital outlay 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 outlay	\$ 7,950,057	
Depreciation expense	<u>(6,171,915)</u>	1,778,142

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 position differs from the change in fund balance by the net book value of the assets retired. (41,800)

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	613,498	
Change in note receivable from component unit	(1,565,451)	
Change in long-term receivables	<u>1,070,509</u>	118,556

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

Accrued interest on noncurrent liabilities	(514,081)	
Compensated absences expense	(26,634)	
Pension expense	1,290,777	
Other postemployment benefits expense	<u>(1,003,910)</u>	(253,848)

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

Debt Issuance		
Bond anticipation note	(1,799,244)	
Revenue bonds	<u>(42,285,456)</u>	(44,084,700)
Debt Retirement		
Principal paid	14,676,629	
Payment to escrow agent	25,568,032	
Amortization of debt premiums and deferred charges on refundings	<u>32,418</u>	40,277,079

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	1,104,519	
Less allocation to business type activities	<u>(158,377)</u>	<u>946,142</u>

Change in Net Position of Governmental Activities \$ 15,674,247

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

CITY OF DELRAY BEACH, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2015

	Business-Type Activities			Governmental
	Major Fund	Non-Major	Total	Internal
	Water and Sewer Fund	Enterprise Funds	Enterprise Funds	Service Funds
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 2,232,680	\$ 18,029	\$ 2,250,709	\$ 218,949
Investments	11,721,779	7,378,762	19,100,541	7,885,100
Accounts receivable, net	2,273,336	556,458	2,829,794	16,989
Unbilled accounts receivable	1,228,975	-	1,228,975	-
Interest receivable	21,341	11,829	33,170	12,768
Due from other funds	10,012,343	1,177,502	11,189,845	5,305,059
Inventories	322,737	76,875	399,612	73,563
Prepaid expenses	33,198	22,523	55,721	303,814
Restricted assets:				
Cash and cash equivalents	2,118,933	539,949	2,658,882	-
Investments	1,390,197	-	1,390,197	-
Total Current Assets	<u>31,355,519</u>	<u>9,781,927</u>	<u>41,137,446</u>	<u>13,816,242</u>
Noncurrent Assets				
Property, land and equipment:				
Land	974,755	4,694,069	5,668,824	-
Buildings	9,419,364	4,354,984	13,774,348	88,185
Improvements other than buildings	154,104,606	16,764,486	170,869,092	-
Equipment	12,020,496	2,736,880	14,757,376	23,163,157
Construction in progress	5,269,251	1,326,010	6,595,261	-
Accumulated depreciation	(96,741,359)	(12,427,411)	(109,168,770)	(16,835,314)
Other assets:				
Investment in regional plant joint venture	21,701,194	-	21,701,194	-
Total Noncurrent Assets	<u>106,748,307</u>	<u>17,449,018</u>	<u>124,197,325</u>	<u>6,416,028</u>
Total Assets	<u>138,103,826</u>	<u>27,230,945</u>	<u>165,334,771</u>	<u>20,232,270</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refundings	-	25,383	25,383	-
Deferred amount related to pensions	1,613,574	148,471	1,762,045	259,824
Total Deferred Outflows of Resources	<u>1,613,574</u>	<u>173,854</u>	<u>1,787,428</u>	<u>259,824</u>
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	1,254,799	958,953	2,213,752	251,060
Contracts payable and retainages	110,881	-	110,881	-
Unearned revenue	9,435	52,050	61,485	-
Compensated absences payable	40,726	-	40,726	8,036
Insurance claims payable	-	-	-	1,634,742
Due to other funds	-	4,133,306	4,133,306	-
Refundable deposits payable	1,068,541	114,419	1,182,960	-
Total Current Liabilities	<u>2,484,382</u>	<u>5,258,728</u>	<u>7,743,110</u>	<u>1,893,838</u>
Current Liabilities Payable from Restricted Assets				
Accrued interest on long-term debt	156,965	11,949	168,914	-
Current maturities of revenue bonds	1,756,390	549,574	2,305,964	-
Total Current Liabilities	<u>1,913,355</u>	<u>561,523</u>	<u>2,474,878</u>	<u>-</u>
Total Current Liabilities	<u>4,397,737</u>	<u>5,820,251</u>	<u>10,217,988</u>	<u>1,893,838</u>
Noncurrent Liabilities				
Revenue bonds payable, net	11,162,610	292,797	11,455,407	-
Long-term portion of compensated absences payable	1,082,918	78,059	1,160,977	100,131
Long-term portion of insurance claims payable	-	-	-	4,020,000
Net other postemployment benefits obligation	719,730	58,356	778,086	90,777
Net pension liability	1,349,408	124,165	1,473,573	217,287
Total Noncurrent Liabilities	<u>14,314,666</u>	<u>553,377</u>	<u>14,868,043</u>	<u>4,428,195</u>
Total Liabilities	<u>18,712,403</u>	<u>6,373,628</u>	<u>25,086,031</u>	<u>6,322,033</u>
NET POSITION				
Net investment in capital assets	72,128,113	16,632,030	88,760,143	6,416,028
Restricted for:				
Debt service	1,756,390	528,000	2,284,390	-
Renewal and replacement	1,595,775	-	1,595,775	-
Unrestricted	45,524,719	3,871,141	49,395,860	7,754,033
Total Net Position	<u>\$ 121,004,997</u>	<u>\$ 21,031,171</u>	<u>142,036,168</u>	<u>\$ 14,170,061</u>
Adjustment for the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds			968,497	
Cummulative prior year adjustments			158,377	
Current year adjustment			<u>143,163,042</u>	
Net Assets of Business-Type Activities, Statement of Net Position			<u>\$ 143,163,042</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 POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2015

	Business-Type Activities			Governmental Activities
	Major Fund Water and Sewer Fund	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES				
Charges for services				
Water sales	\$ 14,301,157	\$ -	\$ 14,301,157	\$ -
Sewer and stormwater fees	18,181,049	2,108,862	20,289,911	-
Golf fees	-	3,790,007	3,790,007	-
Marina fees	-	219,286	219,286	-
Sanitation fees	-	4,693,015	4,693,015	-
Risk management	-	-	-	13,218,418
Fleet management	-	-	-	2,676,775
Other operating revenue	55,970	137,071	193,041	2,570,421
Total Operating Revenues	<u>32,538,176</u>	<u>10,948,241</u>	<u>43,486,417</u>	<u>18,465,614</u>
OPERATING EXPENSES				
Personal services	8,121,063	752,558	8,873,621	1,173,548
Other operating expenses	11,271,515	8,470,905	19,742,420	14,562,212
Depreciation	3,263,136	598,033	3,861,169	1,798,228
Total Operating Expenses	<u>22,655,714</u>	<u>9,821,496</u>	<u>32,477,210</u>	<u>17,533,988</u>
Operating Income	9,882,462	1,126,745	11,009,207	931,626
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	179,485	91,132	270,617	100,499
Rent revenue	-	163,984	163,984	-
Share of regional plant joint venture net loss	(1,484,815)	-	(1,484,815)	-
Interest expense	(324,399)	(98,354)	(422,753)	-
Gain (loss) on disposal of equipment	(357)	-	(357)	69,966
Investment expense	(9,776)	-	(9,776)	-
Refund of cart fees	-	(1,641,430)	(1,641,430)	-
Total Nonoperating Revenues (Expenses)	<u>(1,639,862)</u>	<u>(1,484,668)</u>	<u>(3,124,530)</u>	<u>170,465</u>
Income (Loss) Before Capital Contributions and Transfers	8,242,600	(357,923)	7,884,677	1,102,091
Capital contributions	1,354,457	13,294	1,367,751	2,428
Transfers in	109,000	-	109,000	-
Transfers out	(2,995,600)	(676,020)	(3,671,620)	-
Change In Net Position	6,710,457	(1,020,649)	5,689,808	1,104,519
Net Position - October 1, 2014, as originally reported	113,729,362	22,004,368	-	12,981,343
Restatement for implementation of GASB Statements	565,178	47,452	-	84,199
Net Position - October 1, 2014, as restated	<u>114,294,540</u>	<u>22,051,820</u>	-	<u>13,065,542</u>
Net Position - September 30, 2015	<u>\$ 121,004,997</u>	<u>\$ 21,031,171</u>	-	<u>\$ 14,170,061</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds			158,377	
Change In Net Position as reported on the Statement of Activities for Business-type Activities			<u>\$ 5,848,185</u>	

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, 2015

	Business-Type Activities			Governmental Activities
	Major Fund	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Water and Sewer Fund			
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 29,466,166	\$ 9,482,724	\$ 38,948,890	\$ 16,526,203
Receipts from others	55,970	163,984	219,954	-
Payments to suppliers	(10,882,015)	(6,694,231)	(17,576,246)	(14,268,720)
Payments to employees	(7,726,308)	(717,333)	(8,443,641)	(1,153,573)
Net cash provided by operating activities	<u>10,913,813</u>	<u>2,235,144</u>	<u>13,148,957</u>	<u>1,103,910</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	109,000	-	109,000	-
Transfers to other funds	(2,995,600)	(676,020)	(3,671,620)	-
Net cash used in noncapital financing activities	<u>(2,886,600)</u>	<u>(676,020)</u>	<u>(3,562,620)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(5,046,704)	(780,113)	(5,826,817)	(1,189,098)
Proceeds from the sale of capital assets	-	-	-	91,674
Capital contributions	1,354,457	-	1,354,457	-
Principal paid on capital debt	(110,000)	(1,515,000)	(1,625,000)	-
Interest paid on capital debt	(176,686)	(98,151)	(274,837)	-
Net cash used in capital and related financing activities	<u>(3,978,933)</u>	<u>(2,393,264)</u>	<u>(6,372,197)</u>	<u>(1,097,424)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of investments	-	(391,288)	(391,288)	(70,225)
Sale of investments	71,973	1,076,682	1,148,655	-
Interest on investments	143,538	71,207	214,745	79,207
Net cash provided by investing activities	<u>215,511</u>	<u>756,601</u>	<u>972,112</u>	<u>8,982</u>
Net increase (decrease) in cash and cash equivalents	4,263,791	(77,539)	4,186,252	15,468
Cash and cash equivalents - October 1, 2014	87,822	635,517	723,339	203,481
Cash and cash equivalents - September 30, 2015	<u>\$ 4,351,613</u>	<u>\$ 557,978</u>	<u>\$ 4,909,591</u>	<u>\$ 218,949</u>
Reconciliation of cash and cash equivalents to statement of net position:				
Unrestricted cash and cash equivalents	\$ 2,232,680	\$ 18,029	\$ 2,250,709	\$ 218,949
Restricted cash and cash equivalents	2,118,933	539,949	2,658,882	-
Cash and cash equivalents - September 30, 2015	<u>\$ 4,351,613</u>	<u>\$ 557,978</u>	<u>\$ 4,909,591</u>	<u>\$ 218,949</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 9,882,462	1,126,745	\$ 11,009,207	\$ 931,626
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	3,263,136	598,033	3,861,169	1,798,228
Provision for doubtful accounts	(141,490)	-	(141,490)	-
Return of cart fees	-	(1,641,430)	(1,641,430)	-
Miscellaneous revenue	-	163,984	163,984	-
Change in assets, deferred outflows and liabilities:				
Accounts receivable	(183,359)	197,763	14,404	863
Due from other funds	(2,700,794)	-	(2,700,794)	(1,940,274)
Inventories	(30,133)	(2,855)	(32,988)	37,978
Prepaid expenses	(33,198)	37,657	4,459	78,356
Deferred amount related to pensions	(1,613,574)	(148,471)	(1,762,045)	(259,824)
Accounts payable and accrued expenses	452,831	498,855	951,686	(127,172)
Unearned revenue	(6,000)	21,675	15,675	-
Compensated absences payable	59,728	15,521	75,249	(17,987)
Net pension liability	1,838,874	165,274	2,004,148	290,191
Net OPEB obligation	109,727	2,901	112,628	7,595
Insurance claims payable	-	-	-	304,330
Due to other funds	-	1,240,162	1,240,162	-
Refundable deposits payable	15,603	(40,670)	(25,067)	-
Total adjustments	<u>1,031,351</u>	<u>1,108,399</u>	<u>2,139,750</u>	<u>172,284</u>
Net cash provided by operating activities	<u>\$ 10,913,813</u>	<u>\$ 2,235,144</u>	<u>\$ 13,148,957</u>	<u>\$ 1,103,910</u>
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Amortization of bond premiums	\$ -	\$ (9,834)	\$ (9,834)	\$ -
Amortization of deferred charges on refundings	\$ -	\$ 33,849	\$ 33,849	\$ -
Contributions of capital assets	\$ -	\$ 13,294	\$ 13,294	\$ 2,428
Realized and unrealized gains on investments	\$ 35,371	\$ 19,606	\$ 54,977	\$ 20,951

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

CITY OF DELRAY BEACH, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2015

	Pension Trust Funds
ASSETS	
Cash and cash equivalents	\$ 6,852,202
Investments:	
U.S. Government securities	9,037,576
U.S. Government Agency securities	10,901,679
Municipal obligations	1,501,184
Domestic and international fixed income investment funds	10,641,570
Domestic and international corporate bonds	30,400,671
Domestic equity securities	79,063,458
Domestic and international equity investment funds	45,299,584
Alternative investments	65,780,589
Interest and dividends receivable	671,733
Due from broker for securities sold	119,750
Employee contributions receivable	70,920
State contributions receivable	1,896,237
Prepaid expenses	121,910
Total Assets	262,359,063
 LIABILITIES	
Accounts payable	222,297
Due to broker for securities purchased	1,089,562
Total Liabilities	1,311,859
 NET POSITION	
Restricted for pension benefits	\$ 261,047,204

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

CITY OF DELRAY BEACH, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended September 30, 2015

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions	
Employer	\$ 13,016,074
State	1,896,237
Plan members	<u>2,583,294</u>
Total contributions	17,495,605
Investment earnings	
Net depreciation in fair value of investments	(5,914,370)
Interest and dividends	<u>5,467,540</u>
	(446,830)
Less investment expenses - custodian fees	<u>1,037,482</u>
Net investment loss	(1,484,312)
Other income	
Total additions	<u>29,911</u>
	16,041,204
DEDUCTIONS	
Benefits	18,978,793
Refunds of contributions	297,658
Administrative expenses	<u>305,139</u>
Total deductions	<u>19,581,590</u>
Change In Plan Net Position	(3,540,386)
Net Position Restricted for Pension Benefits - October 1, 2014, as originally reported	283,491,924
Restatement for change in accounting	<u>(18,904,334)</u>
Net Position Restricted for Pension Benefits - October 1, 2014, as restated	<u>264,587,590</u>
Net Position Restricted for Pension Benefits - September 30, 2015	<u>\$ 261,047,204</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, 2015

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 (the “CRA”) and the Delray Beach Downtown Development Authority (the “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”) is 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.

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 Government Accounting Standards Board (GASB).

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

2. Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position 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 revenues 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. For purposes of measuring the net pension liability, deferred inflows/outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's defined benefit pension plans and the additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the City's defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

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 60 days after year end, except for grant revenue, which is recorded when the related expenditures/expenses are incurred and the eligibility requirements have been met. Interest is recorded when earned. Licenses and permits, fines and forfeitures and miscellaneous revenue are recorded as revenue when received in cash, because they are generally not measurable until actually received.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

2. Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Other Revenues - Emergency medical transport services provided by the City are billed and recorded at the time services are rendered. Other material revenues which are susceptible to accrual include franchise taxes, state revenue sharing and other state shared revenue. Revenues which are not both available and measurable and are thus not susceptible to accrual include utility taxes, permits and occupational licenses. Business taxes collected in advance of periods to which they relate are recorded as unavailable revenues, a deferred inflow of resources. 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. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

The City reports the following major governmental funds:

General Fund – This 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 capital facilities financed by the 2015 Utilities Tax Bonds and projects not accounted for in the City's other capital projects funds.

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 - These funds account for the accumulation of resources to be used for the retirement annuities of employees, police officers and firefighters.

Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments consist of restricted and unrestricted cash deposits, time deposits, money market mutual funds and permitted securities. Investments are stated at fair value. Investment purchases and sales are recorded on the trade date. 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. 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. 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.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

2. Significant Accounting Policies (Continued)

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.

Inventories

Inventories consist of materials, supplies and goods held for sale and are carried at cost on the average cost basis. General Fund inventories are 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 when consumed rather than when purchased.

Intra-Entity Transactions

Intra-entity transactions consist 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 revenues to the recipient fund and expenditures/expenses to the disbursing fund. These are transactions which would otherwise be recorded as revenues or expenditures/expenses 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).

Internal balances - Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide governmental and business-type activities columns of the statement of net position, except for the residual amounts, which are presented as internal balances.

Assets Acquired for Sale

Assets acquired for sale consist of residential properties purchased by the City through its Neighborhood Stabilization Program ("NSP"). The NSP rehabilitates and resells properties in the City to low income residents. The properties are reported at the lower of cost or estimated net realizable value.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

2. Significant Accounting Policies (Continued)

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 \$1,000 and an estimated useful life in excess of one year. Interest is capitalized on projects during the construction period based upon average accumulated project expenditures. Infrastructure assets (such as roads, bridges, curbs and gutters, streets and sidewalks, lighting and drainage systems and similar assets that are immovable and of value only to the City) are capitalized and reported in the Improvements Other Than Buildings category.

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

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

Unavailable / Unearned Revenue

Unearned revenue in the Governmental Activities and unavailable revenue in the Governmental Funds includes amounts received in advance for business licenses, grants and long-term receivables for various housing assistance programs provided by the City. Unearned revenue in the Business-type Activities and Proprietary Funds is composed of advance utility payments from customers and other amounts received in advance of the related services being provided by the City.

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, 8-hour days for all other full-time personnel. 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

September 30, 2015

2. Significant Accounting Policies (Continued)

Compensated Absences (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 at their pay rate on the date of termination, up to 560 hours (70 days) for general employees and police and 672 hours (84 days) for firefighters according to the following vesting schedule:

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

Noncurrent Obligations

In the government-wide financial statements and proprietary funds financial statements, long-term debt and other noncurrent obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Debt discounts, premiums and deferred charges on refunding, are deferred and amortized over the term of the related financing using a method that approximates the effective interest method. Long-term debt is reported net of applicable premium or discount. Issuance costs are reported as a period expense.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Deferred Outflows / Inflows of Resources

In addition to assets and liabilities, the government-wide statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows or deferred inflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has two items, deferred charges on refundings and deferred amounts related to pensions, which are reported as deferred outflows of resources on the government-wide statement of net position. The deferred charges on refundings were losses resulting from the difference in the carrying value of refunded debt and its reacquisition price. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pensions results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The City has one item, deferred amounts related to pensions, which is reported as a deferred inflow of resources on the government-wide statement of net position. A deferred inflow of resources related to pensions results from differences between expected and actual experience, these amounts are deferred and included in pension expense in

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

2. Significant Accounting Policies (Continued)

Deferred Outflows / Inflows of Resources (Continued)

a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). The City also has one item, unavailable revenues, which arises only under the modified accrual basis of accounting and is reported as a deferred inflow of resources on the governmental funds balance sheet. The unavailable revenues include amounts received in advance for business licenses, grants and long-term receivables for various housing assistance programs provided by the City. These amounts are deferred and recognized as an inflow of resources in the year that the amounts become available.

Fund Balance / Net Position

Fund Balance

Nature and Purpose of Fund Equity Classifications - In the fund financial statements, governmental funds report fund equity classifications that comprise a hierarchy based primarily on the extent to which the City is legally bound to honor the specific purposes for which amounts in fund balance may be spent. The fund balance classifications are summarized as follows:

Nonspendable - Nonspendable fund balances include amounts that cannot be spent because they are either 1) not in spendable form; or, 2) legally or contractually required to be maintained intact.

Restricted - Restricted fund balances include amounts that are restricted to specific purposes either by 1) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments; or, 2) imposed by law through constitutional provisions or enabling legislation.

Committed - Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by the City Commission through an ordinance and remains in place until action is taken by the City Commission to remove or revise the limitation.

Assigned - Assigned fund balances include amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. The City Commission assigns fund balance by adopting a resolution giving direction to the City Manager. Assignments are generally temporary and do not require action by the City Commission for removal.

Unassigned - Unassigned fund balances include amounts that are not assigned to other funds and have not been restricted, committed, or assigned to specific purposes within the General Fund.

The City considers restricted fund balances to be spent when an expenditure is incurred for the restricted purpose. The City considers committed, assigned or unassigned fund balances to be spent when an expenditure is incurred for purposes for which amounts in any of those fund balance classifications could be used.

Minimum Fund Balance Policy - The City Commission established a policy for a minimum unassigned fund balance of 15% of budgeted General Fund expenditures to provide for cash flow and emergency purposes.

Net Position – The government-wide and proprietary funds financial statements utilize a net position presentation. Net position is categorized as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of *Net Investment in Capital Assets*. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

2. Significant Accounting Policies (Continued)

Fund Balance / Net Position (Continued)

Restricted – This component of net position consists of constraints placed on the use of net position by external restrictions imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The government-wide statement of net position reports governmental activities net position of \$2,991,799 restricted for debt service, law enforcement and capital improvements and business-type activities net position of \$3,880,165 restricted for debt service and capital improvements.

Unrestricted – This component of net position consists of net position that does not meet the definition of *Net Investment in Capital Assets* or *Restricted Net Position*.

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 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. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills (\$10.00 for each \$1,000 of assessed valuation).

During 2007, the Florida Legislature passed property tax reform legislation limiting the property tax levies of local governments in the State of Florida. Local governments that adopt a property tax levy in excess of the limit under State law will lose their Half-Cent Sales Tax distribution from the State for the succeeding twelve months. For the fiscal year ended September 30, 2015, the maximum tax levy allowed by a majority vote of the governing body is generally based on a percentage change applied to the prior year (2013/2014) property tax revenue. The percentage change is calculated based on the compound annual growth rate in the per capita property taxes levied for five preceding fiscal years. 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 voter referendum. For the fiscal year ended September 30, 2015, the City adopted an operating millage rate of 7.1611 and a debt service millage of 0.3028, resulting in a tax levy of \$58,557,569 for 2015. Property tax growth is generally 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, if any, are reported as fund balances assigned to encumbrances in the General Fund. 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 \$1,896,237 for the fiscal year ended September 30, 2015.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

2. Significant Accounting Policies (Continued)

Implementation of GASB Statements

The City implemented the following GASB Statements during the fiscal year ended September 30, 2015:

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, provides accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans. The Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expenses/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.
- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement distinguishes between a government merger and a government acquisition and also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. Implementation of this Statement had no impact on the City's financial statements.
- GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, amends Statement No. 68 regarding the reporting of contributions as deferred outflows upon adoption of Statement No. 68.

Restatement for Implementation of GASB Statements – The implementation of GASB Statements No. 68 and 71 resulted in a restatement that decreased the beginning net position of the City's government-wide financial statements by \$74,759,622 and increased the beginning net position of Proprietary Funds financial statements by \$612,630, respectively, to record the net pension liability and net pension asset for the City's defined benefit pension plans at October 1, 2014. The implementation of GASB Statements No. 68 and 71 had no effect on the City's governmental fund financial statements.

New GASB Statements: The Governmental Accounting Standards Board has also issued new Statements effective in future years. Management has not completed its analysis of the effects, if any, of these GASB statements on the financial statements of the City:

- GASB Statement No. 72, *Fair Value Measurement and Application*, addresses financial reporting issues related to fair value measurements. The Statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this statement will be effective for the City's fiscal year ending September 30, 2016.
- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68 by extending the accounting and financial reporting provisions to all pensions. Statement No. 73 also requires disclosures in the notes to the financial statements and required supplementary information as required by Statement No. 68. The requirements of this statement will be effective for the City's fiscal year ending September 30, 2016.
- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new standards of financial reporting for governments whose employees are provided with other postemployment benefits (OPEB) through defined benefit and defined contribution OPEB plans and requires enhanced note disclosures and schedules of required supplementary information for OPEB plans. The requirements of this statement will be effective for the City's fiscal year ending September 30, 2017.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

2. Significant Accounting Policies (Continued)

Implementation of GASB Statements (Continued)

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with other postemployment benefits (OPEB), as well as certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to employees of other entities. The requirements of this statement will be effective for the City's fiscal year ending September 30, 2018.
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, identifies, in the context of the current governmental financial reporting environment, the sources of accounting principles used to prepare financial statements of state and local governments in conformity with GAAP and the framework for selecting those principles. The requirements of this statement will be effective for the City's fiscal year ending September 30, 2016.
- GASB Statement No. 77, *Tax Abatement Disclosures*, requires disclosure of tax abatement information about the reporting government's own tax abatement agreements and agreements that are entered into by other governments that reduce the reporting government's tax revenues. The requirements of this statement will be effective for the City's fiscal year ending September 30, 2017.
- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, amends the scope and applicability of GASB Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The requirements of this statement will be effective for the City's fiscal year ending September 30, 2017.
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The requirements of this statement will be effective for the City's fiscal year ending September 30, 2017.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*, amends the blending requirements for financial statement presentation of component units of all state and local governments and requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this statement will be effective for the City's fiscal year ending September 30, 2017.

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses/expenditures. Actual results could vary from the estimates that were used.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

3. Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments of the primary government at September 30, 2015, including unrestricted and restricted assets, are summarized as follows:

	Primary Government	Fiduciary Funds Pension Trust	Total
Deposits with financial institutions and cash on hand	\$ 45,504,182	\$ 1,413	\$ 45,505,595
Money market mutual funds and investments	66,507,909	259,477,100	325,985,009
Total cash, cash equivalents and investments	<u>\$ 112,012,091</u>	<u>\$ 259,478,513</u>	<u>\$ 371,490,604</u>
Cash and cash equivalents	\$ 51,389,947	\$ 6,852,202	\$ 58,242,149
Investments	56,573,065	252,626,311	309,199,376
Restricted cash and cash equivalents	2,658,882	-	2,658,882
Restricted investments	1,390,197	-	1,390,197
Total cash, cash equivalents and investments	<u>\$ 112,012,091</u>	<u>\$ 259,478,513</u>	<u>\$ 371,490,604</u>

Cash and cash equivalents included deposits with financial institutions of \$45,487,082 and petty cash of \$17,100. At September 30, 2015, the City's deposits with financial institutions were entirely covered by federal deposit 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 *qualified public depositories* 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.

Florida Statutes and City policy authorize the City and its pension trust funds to invest in Florida PRIME (a State investment pool); 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; obligations guaranteed by the Government National Mortgage Association; obligations of Fannie Mae; and any additional investments specifically authorized by City Ordinance.

The City's 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 domestic and international corporations, debt securities of certain domestic and international corporations, mutual funds (including exchange traded funds), and alternative investments, including private investment funds consisting of equity and fixed income investments, real estate, timberlands, and similar investments that are not publicly traded.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

3. Cash, Cash Equivalents and Investments (Continued)

The carrying value (fair value) of the City's investments consists of the following at September 30, 2015:

	Primary Government	Fiduciary Funds Pension Trust	Total
Cash equivalents - money market mutual funds	\$ 8,544,647	\$ 6,850,789	\$ 15,395,436
Investments			
U.S. Government securities	31,838,056	9,037,576	40,875,632
U.S. Government Agency securities	9,129,908	10,901,679	20,031,587
Municipal obligations	1,199,916	1,501,184	2,701,100
Domestic and international fixed income investment funds	-	10,641,570	10,641,570
Domestic and international corporate bonds	11,827,734	30,400,671	42,228,405
Commercial paper	3,967,648	-	3,967,648
Domestic equity securities	-	79,063,458	79,063,458
Domestic and international equity investment funds	-	45,299,584	45,299,584
Alternative investments	-	65,780,589	65,780,589
Total investments	<u>57,963,262</u>	<u>252,626,311</u>	<u>310,589,573</u>
Total money market mutual funds and investments	<u>\$ 66,507,909</u>	<u>\$ 259,477,100</u>	<u>\$ 325,985,009</u>

At September 30, 2015, approximately 26% of City pension fund investments were invested in alternative investments. These alternative investments consist of pooled funds and investments that are not publicly traded and invest in fixed income and equity investments, 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 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 pension funds 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. The alternative investments may also have restrictions for liquidating positions in the 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 also expose the pension funds to additional investment risks, including, but not limited to, liquidity risks; counterparty and custody risks; foreign political, economic and governmental risks; and, market risk.

Credit Risk: Credit risk is the risk that a debt issuer will not fulfill its obligations. The City's investment policy addresses credit risk by limiting investments to the safest types of securities, which are generally those receiving the highest credit ratings from a Nationally Recognized Statistical Rating Organization (NRSRO). The City utilizes ratings from Standard & Poor's and Moody's Investor Services for its investments. At September 30, 2015, the ratings for the City's investment portfolio ranged from A to AAA. Pension investments in debt securities must be rated investment grade by a NRSRO at the date of purchase. The NRSRO ratings for the fixed income investments of the primary government and pension funds are summarized as follows at September 30, 2015.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

3. Cash, Cash Equivalents and Investments (Continued)

	NRSRO Rating	Fair Value
Primary Government		
Money market mutual funds	Unrated	\$ 8,544,647
U.S. Government and Agency securities	AAA	40,967,964
Municipal obligations	AA	1,199,916
Corporate bonds	AA – A	11,827,734
Commercial paper	A	3,967,648
Pension Trust Funds		
Money market mutual funds	Unrated	6,850,789
U.S. Government and Agency securities	AA	19,939,255
Municipal obligations	AA – BBB	1,501,184
Domestic and international fixed income investment funds	Unrated	10,641,570
Domestic and international corporate bonds	AA – BB	30,400,671
Alternative investment - fixed income fund	Unrated	49,453,822

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 risk. The City's investment policy requires the investment of operating funds in shorter term securities and structuring of the investment portfolio so that securities mature to meet cash requirements. The policy further limits investments to securities maturing in five years or less, except in certain limited situations requiring approval by the City Commission. The Pension Funds have no specific limits on investment maturities. The table below summarizes the average effective duration in years of the fixed income investments.

	Average Duration (in years)	Fair Value
Primary Government		
U.S. Government securities	1.8	\$ 31,838,056
U.S. Government Agency securities	1.35	9,129,908
Municipal obligations	0.6	1,199,916
Corporate bonds	1.8	11,827,734
Commercial paper	0.24	3,967,648
Pension Trust Funds		
U.S. Government securities	3.8	9,037,576
U.S. Government Agency securities	10.5	10,901,679
Municipal obligations	11.4	1,501,184
Domestic and international fixed income investment funds	Not Available	10,641,570
Domestic and international corporate bonds	8.5	30,400,671
Alternative investment - fixed income fund	Not Available	49,453,822

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, 2015 all direct investments in securities were held in independent custodial safekeeping accounts, and money market mutual funds, mutual funds and alternative investments, were considered *unclassified* investments pursuant to GASB Statement No. 3.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

3. Cash, Cash Equivalents and Investments (Continued)

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. The City's investment policy requires diversification of investments to minimize potential losses on individual securities. In the City pension funds, securities of a single issuer are limited to no more than 5% of the plan's net position invested in common stocks and debt securities. Investments in mutual funds, and investment pools are excluded from the concentration of credit risk disclosure requirement.

Foreign Currency Risk: Foreign currency risk includes the risk of revaluation of currencies, high rates of inflation, repatriation restrictions on income and capital, and future adverse political, social, and economic developments. Moreover, securities of foreign governments may be less liquid, subject to delayed settlements, taxation on realized and unrealized gains, and their price may be more volatile than those of comparable securities in U.S. companies.

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

Discretely Presented Component Units

Cash: The CRA's cash at September 30, 2015, includes deposits with financial institutions with a bank balance of \$8,112,342, a book balance of \$8,112,330 and \$250 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 balance at September 30, 2015, includes deposits with financial institutions that were fully covered by federal depository insurance.

4. Receivables

Current receivables and the allowance for doubtful accounts were as follows at September 30, 2015:

	Governmental Activities	Business-Type Activities
Property taxes receivable:		
General Fund	\$ 592,080	\$ -
Stormwater Utility Fund	-	28,239
Accounts receivable:		
General Fund	2,219,754	-
Water and Sewer Fund	-	4,378,825
Non-Major Funds	96,933	552,032
Internal Service Funds	16,989	-
Allowance for doubtful accounts	(956,468)	(900,327)
	<u>\$ 1,969,288</u>	<u>\$ 4,058,769</u>

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

5. Notes Receivable

Notes receivable consist of the following at September 30, 2015:

General Fund:

Note receivable from a debtor in possession under a federal bankruptcy petition. Principal and interest at 5.5% under the original note are due in monthly installments of \$30,000. Interest currently accrues on the outstanding principal and pre-petition accrued interest at the default rate of 20%. The note and all accrued interest, late fees, attorney fees and related charges are secured by a first mortgage on the low-income housing property known as Auburn Trace. \$ 4,232,851

Note receivable from a debtor in possession under a federal bankruptcy petition. Principal and interest at 3.0% under the note 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. The note and accrued interest are secured by a second mortgage on the low-income housing property known as Auburn Trace. 3,042,891

Non-interest-bearing note receivable from EPOCH, a Delray Beach not-for-profit organization, to assist in funding for a museum project. Payments of \$3,500 are due December 31 of each year, with full payment due by December 31, 2017. 7,000

Total General Fund 7,282,742

Non-Major Governmental Funds:

Non-interest-bearing notes receivable from individual property owners for rehabilitation, enhancement and preservation of affordable housing properties. Principal payments are amortized over 5-20 years. Repayment of the loans is contingent upon the sale of real estate prior to the required time frame or release date. Loan repayments are restricted under terms of federal and state grant programs to reinvestment in affordable housing properties. 2,356,186

Total Governmental Activities \$ 9,638,928

In 1990 the City received a grant of approximately \$4 million through the Urban Development Action Grant Program (UDAG) for the purpose of constructing a low-income housing project within the City known as Auburn Trace. In connection with the UDAG funding, the City approved three loans to the developer, who also obtained a commercial first mortgage loan for construction of the project. The City's first loan to the developer financed the City's sale of 36 acres of property to the developer for \$730,000 with a non-interest bearing, five year promissory note for \$720,000 secured by a lien on the property. The City's second loan to the developer was for \$3,840,000 from the UDAG monies and was secured by a second mortgage on the property. The second mortgage was payable annually over a 50 year term with 3% interest that was deferred until maturity in accordance with the repayment provisions of the UDAG funding. The City's third loan to the developer was for \$768,000 from City funds and was payable annually over a 25 year term with zero interest. The loans for \$720,000 and \$768,000 were paid in full in fiscal years 2006 and 2010, respectively, and the related liens on the property were released. The remaining second mortgage note receivable from the developer had an outstanding balance of \$4,330,650 at September 30, 2015, including principal of \$3,042,891 and deferred interest of \$1,287,759.

On October 8, 2014 the first mortgage lender filed a foreclosure action against the developer and on January 7, 2015, the developer filed for voluntary Chapter 11 bankruptcy. As a result, the City's management, in consultation with legal counsel, determined that the collectability of the outstanding principal balance of \$3,042,891 of the second mortgage note receivable may be doubtful and recorded an allowance for the full amount at September 30, 2014. Thereafter on

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

5. Notes Receivable (Continued)

May 29, 2015, the City paid \$4,232,851 to purchase the defaulted first mortgage note with an outstanding principal balance of \$4,221,526 and accrued interest and fees of approximately \$768,000 from the developer's first mortgage lender. In connection with the acquisition of the first mortgage note, the City obtained an independent appraisal of the Auburn Trace property indicating the current fair value was \$8.5 million, which exceeded the outstanding principal balance due on the City's first and second mortgage notes receivable. Accordingly, the allowance of \$3,042,891 for the second mortgage note receivable which was recorded at September 30, 2014, was reversed in 2015.

In addition to the outstanding principal balance on the two Auburn Trace mortgage notes receivable, the City is also entitled to pre-bankruptcy petition accrued interest, accrued interest on the first mortgage at the default rate of 20%, late payment fees, legal fees and other related charges, all subject to approval of the bankruptcy court. On September 17, 2015, the bankruptcy court approved a monthly payment to the City of \$30,000 by the debtor in possession, commencing in September 2015, for amounts due on the City's first mortgage note. The total outstanding balance on both mortgage notes receivable, including interest, late fees, and other related charges, totaled \$9,638,372 at September 30, 2015, of which \$1,287,759 was for accrued interest on the second mortgage note receivable that was deferred in compliance with the repayment provisions of the UDAG loan.

On February 12, 2016, the Auburn Trace property was sold for \$11,300,000 and the City received a payment of \$9,909,313 in full satisfaction of the outstanding first and second mortgage loans and accrued interest, and approximately \$110,000 for pre-petition attorney fees and costs related to the Auburn Trace property (see Note 18 - Subsequent Events).

Notes Receivable from Component Unit – Delray Beach Community Redevelopment Agency (CRA)

The City's outstanding notes receivable from the CRA at September 30, 2015, consisted of the following:

US Highway 1 Improvements: The CRA entered into an interlocal agreement with the City in October 2011 to provide a portion of the funding for the US Highway 1 Improvements planned by the City. The agreement was subsequently amended in January 2013 based on a final project cost of approximately \$14.0 million, of which the CRA agreed to fund \$3,614,190, plus financing costs. The City initially financed the project with a line of credit and planned to obtain permanent financing after the project was completed. (See Note 12 – Noncurrent Liabilities for further detail). The CRA agreed to pay the City interest only on the CRA share of the amount financed by the City through May 31, 2014. Thereafter, the CRA will pay the City an amount equal to the principal and interest on the CRA's share of the funding for a period of twelve years. Principal on the loan is payable by the CRA annually on June 1st in amounts ranging from \$250,000 to \$374,190, commencing June 1, 2015. Interest is payable semi-annually on June 1st and December 1st at 3.25% on the outstanding principal balance, commencing December 1, 2014. The note receivable balance was \$3,252,771 as of September 30, 2015.

Library Property Acquisition: In connection with the planned redevelopment by the CRA of the former site of the Delray Beach Public Library, the City entered into a tri-party interlocal agreement in March 2013, with the CRA and the Chamber to relocate the Chamber's offices and purchase the City's reversionary rights in the property. The CRA agreed to purchase the City's property rights for a total of \$2,270,870, payable to the City in equal annual installments of \$266,215, including interest at 3.0%, commencing March 8, 2014. In the event the CRA sells or conveys any portion of the property during the term of the loan, the CRA agreed to pay the City a lump sum principal payment on the loan equal to 50% of the sales proceeds received by the CRA, in addition to the annual installment payments due on the loan, but not in excess of the total loan amount (See Note 12 – Noncurrent Liabilities for further detail). The CRA granted a reservation of rights to the City to maintain 50 public parking spaces on the property in perpetuity. The note receivable balance was \$868,749 as of September 30, 2015.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

5. Notes Receivable (Continued)

Discretely Presented Component Unit – Delray Beach Community Redevelopment Agency (CRA)

The CRA's outstanding notes receivable at September 30, 2015 consist of the following:

Notes Receivable from Delray Beach Community Land Trust

Construction Mortgages: The CRA provides advances to the Delray Beach Community Land Trust, Inc. (CLT) to finance the construction of affordable housing units by the CLT. The construction advances are to be repaid by the CLT from the proceeds of the sale of the home. These advances are non-interest bearing mortgages on the property and have no fixed repayment date, although the advances are generally not expected to be repaid within one year. In the event that the proceeds from the sale of a home are not sufficient to repay the CRA's mortgage for the construction advance, the balance of the unpaid mortgage is forgiven by the CRA and the uncollectible amount is charged to expenditures. At September 30, 2015, the total advances receivable from the CLT were \$325,249, all of which is considered collectible by the CRA.

Land Acquisition Mortgage: In April 2013, the CRA loaned \$116,000 to the CLT for the purchase of suitable building lots in the City for the CLT's affordable housing program. Interest only payments are due quarterly on the loan at 2.1% commencing April 1, 2014 and continuing through maturity of the loan on April 12, 2018, at which time the outstanding principal is due and payable to the CRA. In the event the CLT's interest in the property is sold or otherwise transferred prior to the maturity date of the loan, all outstanding principal and accrued interest is immediately due. The loan is collateralized by a first purchase money mortgage on the property acquired by the CLT. The note receivable balance was \$116,000 as of September 30, 2015.

Property Transfers: In 2015, the CRA transferred property to the CLT with the provision that the CLT make the unit available for immediate purchase or a lease/purchase not to exceed two years, at the appraised value for the single-family residence of \$144,000. The CLT is required to maintain and insure the property. If the property is sold, all proceeds, less closing costs and a 6% developer fee will be paid to the CRA. If the unit is not sold within two years, the CLT will purchase the property from the CRA at the agreed upon sale price of \$144,000. The CRA has recorded a receivable from the CLT for the sale price less the 6% developer fee, or \$135,360.

Note Receivable from Delray Beach Chamber of Commerce

In February 2013, the CRA entered into an agreement with The Greater Delray Beach Chamber of Commerce, Inc. (the "Chamber") to provide funding for the relocation of the Chamber's offices to the Old School Square Parking Garage retail office space in order to facilitate redevelopment by the CRA of the property then occupied by the Chamber (the "Chamber property"). The agreement provides that the CRA will fund up to \$459,675 of the cost to build out the Chamber's new office space, of which the Chamber agreed to repay \$250,000 to the CRA over 15 years. The Chamber executed a promissory note to the CRA for \$250,000 payable in 180 equal monthly installments of \$1,849, including interest at 4.0%, beginning April 1, 2014, through maturity. Within 30 days following occupancy of the new office space by the Chamber, the Chamber agreed to execute a release and termination of its existing lease on the Chamber property, thereby allowing the CRA to redevelop the property. The note receivable balance was \$231,187 as of September 30, 2015.

Note Receivable from Prime Delray Hotel, LLC

On June 20, 2014, the CRA entered into an agreement to loan Prime Delray Hotel, LLC \$1.5 million for development and construction of a 4-story business class hotel on Atlantic Avenue (the "Hotel Property"). The loan accrues interest at a rate of 3% per annum. Payments of interest only on the outstanding loan balance of \$1,500,000 are payable to the CRA on the first day of each month for 60 months beginning August 1, 2014 and continuing through July 1, 2019, at which time all outstanding principal and accrued interest will be due to the CRA. The loan is collateralized by a second mortgage lien and security interest in the Hotel Property and all improvements, fixtures, and appurtenances thereto.

City of Delray Beach, Florida
Notes to Financial Statements
September 30, 2015

5. Notes Receivable (Continued)

**Discretely Presented Component Unit – Delray Beach Community Redevelopment Agency (CRA)
(Continued)**

Second Mortgage Loans Receivable

The CRA provided home mortgage loan assistance to eligible low income individuals who qualified under the CLT or CRA home subsidy program for the purchase of a home or the rehabilitation of an existing home within the City. The home purchase or rehabilitation subsidy provided by the CRA is secured by a second mortgage on the property. The second mortgage is non-interest bearing and requires no principal payments to the CRA until the occurrence of a specified event, generally related to the sale of the property, a default on the first mortgage on the property or a default on the obligations of the second mortgage to maintain the property, provide insurance, pay all taxes and generally not permit any impairment or deterioration of the property. The CRA expects the full amount of the mortgage to be recoverable at some future, undetermined date when the property is sold or transferred to a new owner. At September 30, 2015, the amount of the individual second mortgages originated in 2008 through 2015, ranged from \$15,000 to \$85,000 and all borrowers were in compliance with the terms of the second mortgage. The loans receivable totaled \$552,504 as of September 30, 2015.

6. Due from/Due to Component Unit

The amounts due from/due to component unit consist of the following balances for the Delray Beach Community Redevelopment Agency at September 30, 2015:

Due from Component Unit

<u>General Fund</u>		
Trolley service	\$	53,396
 <u>Neighborhood Services Fund</u>		
Housing rehabilitation		9,985
Micro-lending program		16,666
Neighborhood planner		10,363
 <u>Beautification Fund</u>		
Street swap		13,108
 <u>Capital Improvement Fund</u>		
Code revisions		47,813
Total Due from Component Unit	\$	151,331

Due to Component Unit

<u>General Fund</u>		
Shared employees	\$	48,652
 <u>Special Projects Fund</u>		
Eagle Nest project		145,841
Total Due to Component Unit	\$	194,493

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

7. Due from Other Governments

The total amount due from other governments of \$973,880 at September 30, 2015, represents the amount due from federal and state sources for intergovernmental revenues and grant reimbursements within various funds.

8. Restricted Assets

Restricted assets in the Enterprise Funds result from revenue bond requirements to fund the current portions of principal and interest and a renewal and replacement reserve. The required cash balances and reserve requirements at September 30, 2015, have been met for outstanding bond issues. The City's policy is to first apply restricted resources when expenses are incurred for purposes for which both restricted and unrestricted net position is available. Net position of the Enterprise Funds is restricted to the extent that restricted assets exceed liabilities payable from restricted assets at September 30, 2015.

Restricted assets, liabilities payable from restricted assets and restricted net position of the Enterprise Funds are summarized as follows at September 30, 2015:

	Restricted for		
	Debt Service	Renewal and Replacement	Total
Restricted Assets			
Water and Sewer Fund:			
Cash and cash equivalents	\$ 1,913,355	\$ 205,578	\$ 2,118,933
Investments	-	1,390,197	1,390,197
Non-Major Enterprise Funds:			
Cash and cash equivalents	539,949	-	539,949
Total Restricted Assets	2,453,304	1,595,775	4,049,079
Liabilities Payable from Restricted Assets			
Water and Sewer Fund	156,965		156,965
Non-Major Enterprise Funds	11,949	-	11,949
Total Liabilities Payable from Restricted Assets	168,914	-	168,914
Restricted Net Position	\$ 2,284,390	\$ 1,595,775	\$ 3,880,165

9. Capital Assets

The major components of capital assets for the City are summarized as follows at September 30, 2015:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
<u>Non-depreciable Assets:</u>				
Land	\$ 39,155,894	\$ 604,085	\$ (30,000)	\$ 39,729,979
Construction in Progress	8,432,742	7,109,434	(560,175)	14,982,001
Total Non-depreciable Assets	47,588,636	7,713,519	(590,175)	54,711,980
<u>Depreciable Assets:</u>				
Buildings	39,452,449	3,275	-	39,455,724
Improvements Other Than Buildings	121,760,947	983,763	(29,005)	122,715,705
Equipment	43,662,408	1,612,273	(1,211,586)	44,063,095
Total Depreciable Assets	204,875,804	2,599,311	(1,240,591)	206,234,524

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

9. Capital Assets (Continued)

Governmental Activities (Continued):	Beginning Balance	Increases	Decreases	Ending Balance
<u>Less Accumulated Depreciation for:</u>				
Buildings	\$ (18,695,132)	\$ (1,240,203)	\$ -	\$ (19,935,335)
Improvements Other Than Buildings	(65,596,510)	(3,906,800)	29,005	(69,474,305)
Equipment	(32,024,148)	(2,823,140)	1,180,504	(33,666,784)
Total Accumulated Depreciation	(116,315,790)	(7,970,143)	1,209,509	(123,076,424)
Total Depreciable Assets, net	88,560,014	(5,370,832)	(31,082)	83,158,100
Governmental Activities Capital Assets, net	\$ 136,148,650	\$ 2,342,687	\$ (621,257)	\$ 137,870,080
Business-Type Activities:	Beginning Balance	Increases	Decreases	Ending Balance
<u>Non-depreciable Assets:</u>				
Land	\$ 5,668,824	\$ -	\$ -	\$ 5,668,824
Construction in Progress	2,199,639	4,788,858	(393,236)	6,595,261
Total Non-depreciable Assets	7,868,463	4,788,858	(393,236)	12,264,085
<u>Depreciable Assets:</u>				
Buildings	13,774,348	-	-	13,774,348
Improvements Other Than Buildings	169,524,290	1,344,802	-	170,869,092
Equipment	14,646,521	193,484	(82,629)	14,757,376
Total Depreciable Assets	197,945,159	1,538,286	(82,629)	199,400,816
<u>Less Accumulated Depreciation for:</u>				
Buildings	(9,015,945)	(261,167)	-	(9,277,112)
Improvements Other Than Buildings	(83,938,221)	(3,122,411)	-	(87,060,632)
Equipment	(12,435,707)	(477,591)	82,272	(12,831,026)
Total Accumulated Depreciation	(105,389,873)	(3,861,169)	82,272	(109,168,770)
Total Depreciable Assets, net	92,555,286	(2,322,883)	(357)	90,232,046
Business-Type Activities Capital Assets, net	\$ 100,423,749	\$ 2,465,975	\$ (393,593)	\$ 102,496,131

Depreciation expense for the fiscal year ended September 30, 2015, was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 548,207
Public Safety	1,176,302
Physical Environment	2,422,026
Parks and Recreation	2,025,380
Internal Service Funds	1,798,228
Total depreciation expense - Governmental Activities	<u>\$ 7,970,143</u>

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

9. Capital Assets (Continued)

Business-Type Activities:

Water and Sewer	\$ 3,263,136
Municipal Golf Course	152,188
Lakeview Golf Course	43,751
City Marina	9,180
Sanitation	238
Stormwater Utility	392,676
Total depreciation expense - Business-Type Activities	<u>\$ 3,861,169</u>

Discretely Presented Component Unit – Delray Beach Community Redevelopment Agency (CRA)

Changes in capital assets of the Delray Beach Community Redevelopment Agency are summarized as follows for the fiscal year ended September 30, 2015:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Non-depreciable Assets:</u>				
Land and Land Improvements	\$ 28,663,731	\$ 2,190,762	\$ (398,412)	\$ 30,456,081
Total Non-depreciable Assets	<u>28,663,731</u>	<u>2,190,762</u>	<u>(398,412)</u>	<u>30,456,081</u>
<u>Depreciable Assets:</u>				
Buildings and Improvements	3,808,566	-	-	3,808,566
Equipment, Furniture, and Fixtures	125,809	14,412	-	140,221
Total Depreciable Assets	<u>3,934,375</u>	<u>14,412</u>	<u>-</u>	<u>3,948,787</u>
<u>Less Accumulated Depreciation for:</u>				
Buildings and Improvements	(936,261)	(130,499)	-	(1,066,760)
Equipment, Furniture, and Fixtures	(119,033)	(3,859)	-	(122,892)
Total Accumulated Depreciation	<u>(1,055,294)</u>	<u>(134,358)</u>	<u>-</u>	<u>(1,189,652)</u>
Total Depreciable Assets, net	<u>2,879,081</u>	<u>(119,946)</u>	<u>-</u>	<u>2,759,135</u>
Capital Assets, net	<u>\$ 31,542,812</u>	<u>\$ 2,070,816</u>	<u>\$ (398,412)</u>	<u>\$ 33,215,216</u>

10. Investment in Regional Plant Joint Venture

In 1974, the City of Delray Beach joined with the City of Boynton Beach (Boynton Beach) to form 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 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, 2015, accounts receivable of the Water and Sewer Fund and business-type activities included

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

10. Investment in Regional Plant Joint Venture (Continued)

\$234,307 due from the Board and accounts payable of the Water and Sewer Fund and business-type activities included \$268,573 due to the Board. For the year ended September 30, 2015, the City paid \$3,171,094 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 City accounts for its investment in the Board as a joint venture recorded on the equity method of accounting. At September 30, 2015, the City's 50% equity interest in the net position of the Board totaled \$21,701,194 and has been reported as "Investment in regional plant joint venture" in the City's financial statements.

The Board issues separate financial statements audited by other accountants. Those financial statements may be obtained from the Board at 1801 N. Congress Avenue, Delray Beach, FL 33445. Summarized financial information of the Board as of and for the year ended September 30, 2015, is as follows:

Net Position	
Current and other assets	\$ 5,950,000
Capital assets, net	38,560,000
	<u>44,510,000</u>
Total assets	44,510,000
Current liabilities	980,000
Noncurrent liabilities	130,000
	<u>1,110,000</u>
Total liabilities	1,110,000
Net position	<u>\$ 43,400,000</u>
Change in Net Position	
Charges for services	\$ 8,950,000
Program expenses	12,040,000
	<u>(3,090,000)</u>
Net program expenses	(3,090,000)
Miscellaneous	120,000
	<u>120,000</u>
Change in net position	<u>\$ (2,970,000)</u>

11. Interfund Transactions and Balances

Total interfund receivables/payables and transfers were as follows as of and for the year ended September 30, 2015:

	Due From Other Funds	Due To Other Funds	Transfers In	Transfers Out
Major Governmental Funds				
General Fund	\$ -	\$ 27,175,396	\$ 3,571,230	\$ 2,564,443
Capital Improvement	4,923,413	-	176,290	18,600
Non-Major Governmental Funds				
Special Revenue Funds:				
Law Enforcement Trust	593,650	-	-	-
Developers Land Contribution	856,843	-	-	-
Neighborhood Services	1,936,483	-	149,430	-
Beautification	887,630	-	875,190	-
Special Projects	546,553	-	18,600	12,000
Cemetery Perpetual Care	617,160	-	-	-
Debt Service Fund:				
Utilities Tax	952,647	-	1,306,393	1,800

City of Delray Beach, Florida
Notes to Financial Statements
September 30, 2015

11. Interfund Transactions and Balances (Continued)

	Due From Other Funds	Due To Other Funds	Transfers In	Transfers Out
Non-Major Governmental Funds (Continued)				
Capital Projects Funds:				
2004 GO Bond	\$ 275,595	\$ -	\$ -	\$ -
Beach Restoration	3,223,824	-	62,330	-
Total Governmental Funds	14,813,798	27,175,396	6,159,463	2,596,843
Major Proprietary Fund				
Water and Sewer Fund	10,012,343	-	109,000	2,995,600
Non-Major Proprietary Funds				
Municipal Golf Course	-	1,639,321	-	18,000
Lakeview Golf Course	-	1,118,403	-	5,000
City Marina	460,081	-	-	49,850
Sanitation	717,421	-	-	234,690
Stormwater Utility	-	1,375,582	-	368,480
Internal Service Funds:				
Insurance	3,257,138	-	-	-
Central Garage	2,047,921	-	-	-
Total Proprietary Funds	16,494,904	4,133,306	109,000	3,671,620
Total Primary Government	\$ 31,308,702	\$ 31,308,702	\$ 6,268,463	\$ 6,268,463

The outstanding balances among 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.

12. Noncurrent Liabilities

The changes in noncurrent liabilities of the City for the fiscal year ended September 30, 2015 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Revenue bonds	\$ 32,085,000	\$ 39,020,000	\$(24,490,000)	\$ 46,615,000	\$ 1,704,036
Bond anticipation note	15,233,742	1,799,244	(11,877,577)	5,155,409	-
General obligation bonds	17,970,000	-	(1,535,000)	16,435,000	1,590,000
Unamortized bond premium	557,130	3,265,456	(653,173)	3,169,413	-
Total bonds payable, net	65,845,872	44,084,700	(38,555,750)	71,374,822	3,294,036

City of Delray Beach, Florida
Notes to Financial Statements
September 30, 2015

12. Noncurrent Liabilities (Continued)

The changes in noncurrent liabilities of the City for the fiscal year ended September 30, 2015 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
(Continued)					
Installment agreements	\$ 503,906	\$ -	\$ (117,052)	\$ 386,854	\$ 119,425
Compensated absences	6,865,618	759,262	(750,615)	6,874,265	753,324
Insurance claims payable	5,350,412	7,985,968	(7,681,638)	5,654,742	1,634,742
Total Governmental Activities	<u>\$ 78,565,808</u>	<u>\$ 52,829,930</u>	<u>\$ (47,105,055)</u>	<u>\$ 84,290,683</u>	<u>\$ 5,801,527</u>
Business-Type Activities:					
Revenue bonds	\$ 15,379,000	\$ -	\$ (1,625,000)	\$ 13,754,000	\$ 2,305,964
Unamortized bond premium	17,205	-	(9,834)	7,371	-
Total bonds payable, net	<u>15,396,205</u>	<u>-</u>	<u>(1,634,834)</u>	<u>13,761,371</u>	<u>2,305,964</u>
Compensated absences	1,126,454	132,108	(56,859)	1,201,703	40,726
Total Business-Type Activities	<u>\$ 16,522,659</u>	<u>\$ 132,108</u>	<u>\$ (1,691,693)</u>	<u>\$ 14,963,074</u>	<u>\$ 2,346,690</u>

Debt service on revenue bonds, notes 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 for governmental activities and by net revenues of the applicable proprietary fund for business-type activities. Noncurrent liabilities, including current maturities, at September 30, 2015, consisted of the following:

Revenue Bonds and Note:	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
<p>\$10,000,000 Revenue Bonds issued February 25, 2000 (Series 2000), due in principal amounts of \$580,000 to \$600,000 through June 1, 2019, with semi-annual interest payments at 5.245%, due June 1 and December 1, through June 1, 2019. The bonds were issued to finance the costs of certain roadway improvements including water, sewer and drainage work, and a portion of the costs of a tri-party radio system.</p>	\$ 1,621,000	\$ 599,000
<p>\$15,020,000 Utility Tax Revenue Bonds issued December 19, 2002 (Series 2002), due in principal amounts of \$440,000 to \$460,000 through June 1, 2016, with semi-annual interest payments at 4.10% to 4.20%, due June 1 and December 1, through June 1, 2016. The bonds were issued to currently refund the Utility Tax Revenue Bonds, Series 1992, advance refund the Utility Tax Revenue Bonds, Series 1994, advance refund the Utility Tax Revenue Bonds, Series 1995, currently refund the Utility Tax Revenue Bonds, Subordinate Series 1996 and currently refund the Utility Tax Revenue Bonds, Subordinate Series 1998.</p>	-	460,000

City of Delray Beach, Florida
Notes to Financial Statements
September 30, 2015

12. Noncurrent Liabilities (Continued)

Revenue Bonds and Note (Continued):	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
<p>\$9,685,000 Revenue Refunding and Improvement Bonds issued December 2, 2003 (Series 2003) due in principal amounts of \$695,000 to \$920,000 through June 1, 2019, with semi-annual interest payments at 3.66%, due June 1 and December 1, through June 1, 2019. The bonds were issued to currently refund Series 1999 and Series 2002 Tax Exempt Bonds, in whole, and Series 2002 Taxable Bonds in part.</p>	\$ 3,278,000	\$ 192,000
<p>\$2,350,000 Water and Sewer Revenue Bonds issued November 17, 2006 (Series 2006B), with principal amounts of \$165,000 to \$205,000 due through October 1, 2021, with semi-annual interest payments at 3.98%, due 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 Facility.</p>	-	1,300,000
<p>\$24,635,000 Utility Tax Revenue Bonds issued September 26, 2007 (Series 2007) due in principal amounts of \$70,000 to \$2,465,000 through June 1, 2032 with semi-annual interest payments at 4% to 5%, due 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).</p>	67,000	3,000
<p>\$5,430,000 Water and Sewer Refunding Revenue Bonds issued September 29, 2011 (Series 2011A), with principal amounts of \$515,000 to \$600,000 due through October 1, 2021, with semi-annual interest payments at 2.21%, due October 1 and April 1, through October 1, 2021. The bonds were issued to currently refund the Series 2006A Water and Sewer Revenue Bonds.</p>	-	3,890,000
<p>\$8,160,000 Water and Sewer Refunding Revenue Bonds issued October 18, 2011 (Series 2011B), with principal amounts of \$980,000 to \$1,120,000 due through October 1, 2021, with semi-annual interest payments at 2.21%, due October 1 and April 1, through October 1, 2021. The bonds were issued to currently refund the Series 2007 Water and Sewer Revenue Bonds.</p>	-	7,310,000
<p>\$22,500,000 Bond Anticipation Revenue Improvement Note issued April 30, 2013 (Series 2013) is a closed-end line of credit and note for purposes of financing all or a portion of a beach renourishment project and a highway beautification project up to \$22,500,000. Interest is due in semi-annual interest payments on June 1 and December 1, commencing June 1, 2013. Interest is at a variable rate equal to 75% of the LIBOR rate plus 64 basis points (0.82% at September 30, 2015). Principal is due at maturity on June 1, 2016. The note is collateralized by a pledge of certain revenues as defined in the agreement.</p>	5,155,409	-

City of Delray Beach, Florida
Notes to Financial Statements
September 30, 2015

12. Noncurrent Liabilities (Continued)

Revenue Bonds and Note (Continued):	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
<p>\$2,629,000 Revenue Refunding Bonds, issued August 27, 2013 (Series 2013) (Taxable), with interest due in semi-annual payments on June 1 and December 1 commencing on December 1, 2013. Interest is at a variable rate equal to 75% of LIBOR rate plus 64 basis points (0.82% at September 30, 2015). Principal is due at maturity on April 15, 2016. The Bonds were issued to repay the Revenue Improvement Bonds, Series 2008 at maturity on September 1, 2013.</p>	\$ 2,629,000	\$ -
<p>\$39,020,000 Utilities Tax Revenue Refunding and Improvement Bonds, issued April 1, 2015 (Series 2015), due in principal amounts of \$400,000 to \$3,225,000 through June 1, 2035 with semi-annual interest payments at 3% to 5%, due June 1 and December 1, through June 1, 2035. The Bonds were issued to refund a portion of the Utility Tax Revenue Bonds, Series 2007; to pay a portion of the Bond Anticipation Revenue Improvement Note, Series 2013; and, to finance the costs of rebuilding Fire Station No. 3 and certain beach amenity projects.</p>	39,020,000	-
Total Revenue Bonds and Note	<u>51,770,409</u>	<u>13,754,000</u>
Unamortized bond premium	3,169,413	7,371
Total Revenue Bonds and Note, Net	<u>54,939,822</u>	<u>13,761,371</u>
 General Obligation Bonds:		
<p>\$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 at 4.15%, due 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.</p>	8,530,000	-
<p>\$8,810,000 General Obligation Bonds issued November 21, 2013 (Series 2013), due in annual principal installments of \$785,000 to \$960,000 starting February 1, 2014 through February 1, 2024, with semi-annual interest payments at 2.17%, due February 1 and August 1 through February 1, 2024. The bonds were issued for the purpose of defeasing the Series 2004 GO Bonds which were used for the acquisition of land, equipping of new parks and recreation centers.</p>	7,905,000	-
Total General Obligation Bonds	<u>16,435,000</u>	<u>-</u>
 Other Noncurrent Liabilities:		
Installment agreement for equipment, 2.85% interest maturing in 2019	386,854	-
Compensated absences payable	6,874,265	1,201,703
Insurance claims payable (see Note 15)	5,654,742	-
Total Noncurrent Liabilities, including current portion	<u>\$ 84,290,683</u>	<u>\$ 14,963,074</u>

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

12. Noncurrent Liabilities (Continued)

Governmental 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.

The installment agreement financed the purchase of equipment used in governmental activities. At September 30, 2015, the amount of the equipment held under these agreements was \$825,000 and the accumulated amortization was approximately \$442,000. Amortization expense related to equipment purchased under the installment agreement is included in depreciation in the accompanying financial statements. The agreement calls for termination of the agreement and forfeiture of the equipment in the event the payments are not budgeted or made. Future payments through maturity for the governmental activities installment agreement as of September 30, 2015, are as follows:

Fiscal year ending September 30:	
2016	\$ 125,764
2017	125,763
2018	125,764
2019	<u>21,934</u>
Total minimum payments	399,225
Less amount representing interest	<u>(12,371)</u>
Outstanding balance at September 30, 2015	<u>\$ 386,854</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, 2007 and 2015 issued to finance various capital improvements and repay outstanding debt. The utility tax bonds are payable solely from the utilities service tax revenues received by the City and are payable through 2035. Annual principal and interest payments on the bonds are expected to require less than 30 percent of utilities service tax revenues. Total principal and interest remaining to be paid on the utility tax revenue bonds, which is allocated to both governmental activities/funds and business-type activities/funds at September 30, 2015, is \$56,474,721. Principal paid during the current year was \$24,840,000, which included \$23,410,000 paid to advance refund the Utility Tax Revenue Bonds, Series 2007. Interest paid during the year was \$1,295,423.

The City has also pledged the future non ad-valorem revenues of the City to repay the outstanding Series 2000 Revenue Bonds, the Series 2003 Revenue Refunding and Improvement Bonds, the Series 2013 Revenue Refunding Bonds and the Series 2013 Bond Anticipation Revenue Improvement Note issued to finance various capital improvements. The revenue bonds and note 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 are expected to require less than 5 percent of non ad-valorem revenues. Total principal and interest remaining to be paid on the Series 2000, 2003, and 2013 bonds and note, which is allocated to both the governmental activities/funds and business-type activities/funds at September 30, 2015, is \$14,155,642. Non-ad valorem revenues received for the current year were approximately \$62.2 million. Principal and interest paid for the current year was \$1,275,000 and \$554,050, respectively.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

12. Noncurrent Liabilities (Continued)

Governmental Activities (Continued)

Debt Extinguishment: On November 21, 2013, the City issued \$8,810,000 of General Obligation Refunding Bonds, Series 2013, to advance refund the outstanding balance of the \$14,000,000 General Obligation Bonds, Series 2004. The net proceeds of \$8,767,970 were deposited in an irrevocable trust with an escrow agent to provide for all future payments on the Series 2004 Bonds. Accordingly, the Series 2004 Bonds were considered defeased and the liability for the outstanding bonds of \$8,595,000 at September 30, 2015 was removed from the City's financial statements. The refunding reduced the City's debt service payments by \$908,228 and resulted in an economic gain of \$811,110. The difference between the reacquisition price and net carrying amount of the Series 2004 Bonds of \$137,520 was reported as deferred outflow of resources on the statement of net position and amortized to operations over 10 years.

On April 1, 2015, the City issued \$39,020,000 of Utilities Tax Revenue Refunding and Improvement Bonds, Series 2015, to advance refund \$24,330,000 of the outstanding balance of the Utility Tax Revenue Bonds, Series 2007. A portion of the Bonds were not defeased and a principal balance of \$70,000 was outstanding as of September 30, 2015. Net proceeds of \$26,555,031 were deposited in an irrevocable trust with an escrow agent to provide for all future payments on the Series 2007 Bonds. Accordingly, the Series 2007 Bonds were considered defeased and the liability for the outstanding bonds of \$24,330,000 at September 30, 2015 was removed from the City's financial statements. The refunding reduced the City's debt service payments by \$3,190,280 and resulted in an economic gain of \$2,502,129. The difference between the reacquisition price and net carrying amount of the Series 2007 Bonds of \$2,101,067 was reported as deferred outflow of resources on the statement of net position and amortized to operations over 17 years.

Legal Debt Margin: The City has no 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.

Interest Expense: Total interest costs incurred and paid on governmental activities debt for the year ended September 30, 2015 were \$3,259,673 and \$2,157,085, respectively, all of which was expensed.

Debt Maturities: The annual requirements to pay principal and interest to maturity on the governmental activities bonds outstanding are as follows as of September 30, 2015:

Fiscal Year Ending September 30	Revenue Bonds and Note		General Obligation Bonds		
	Principal	Interest	Principal	Interest	Total
2016	\$ 9,485,409	\$ 1,829,063	\$ 1,590,000	\$ 500,511	\$ 13,404,983
2017	1,714,000	1,698,020	1,640,000	449,576	5,501,596
2018	1,790,000	1,622,108	1,700,000	396,705	5,508,813
2019	1,886,000	1,542,766	1,750,000	341,898	5,520,664
2020	1,975,000	1,459,650	1,820,000	284,997	5,539,647
2021-2025	11,440,000	5,717,250	7,935,000	524,596	25,616,846
2026-2030	14,250,000	2,906,650	-	-	17,156,650
2031-2033	9,230,000	708,201	-	-	9,938,201
Total	\$ 51,770,409	\$ 17,483,708	\$ 16,435,000	\$ 2,498,283	\$ 88,187,400

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

12. Noncurrent Liabilities (Continued)

Business-Type 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.
2. Maintenance of a renewal and replacement cash reserve set at 5% of the previous year's gross revenue.
3. 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.
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. Bonds are subject to a penalty for early redemption.
5. Investing 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.

Pledged Utility Revenues: The City has pledged the future net revenues (generally customer revenues, net of operating expenses other than depreciation) of the water and sewer utility to repay the outstanding water and sewer revenue bonds issued from 2006 through 2011 to finance improvements to the system. The water and sewer 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 50 percent of utility net revenues. Total principal and interest remaining to be paid on the water and sewer utility revenue bonds is \$14,951,604. Principal and interest paid and utility net revenues for the current year were \$1,899,837 and \$13,325,086, respectively.

Debt Extinguishment: On October 18, 2011, the City issued \$8,160,000 of Water and Sewer Refunding Revenue Bonds, Series 2011B, the proceeds of which, together with \$47,056 from the City's debt service accounts, was deposited with an escrow agent to currently refund the outstanding balance of the \$9,000,000 Water and Sewer Revenue Bonds, Series 2007. Accordingly, the Series 2007 Bonds were fully paid at September 30, 2012. The refunding reduced the City's debt service payments by \$1,290,485 and resulted in an economic gain of \$1,105,443. There was no accounting gain or loss on the refunding.

Debt Maturities: The annual requirements to pay principal and interest to maturity on the business-type activities bonds outstanding as of September 30, 2015, are as follows:

Fiscal Year Ending September 30	Revenue Bonds		
	Principal	Interest	Total
2016	\$ 2,306,000	\$ 337,832	\$ 2,643,832
2017	1,893,000	269,399	2,162,399
2018	1,943,000	218,775	2,161,775
2019	1,987,000	166,699	2,153,699
2020	1,820,000	113,097	1,933,097
2021-2022	3,805,000	91,802	3,896,802
Total	\$ 13,754,000	\$ 1,197,604	\$ 14,951,604

Interest Expense: Total interest costs incurred and paid on business-type activities debt for the year ended September 30, 2015, were \$422,753 and \$274,837, respectively, all of which was expensed.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

12. Noncurrent Liabilities (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 non-major enterprise funds; however, the 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 or presented for the operations of the golf courses and stormwater utility.

Discretely Presented Component Unit - Delray Beach Community Redevelopment Agency

Changes in the noncurrent liabilities of the Delray Beach Community Redevelopment Agency (CRA) for the year ended September 30, 2015, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Revenue bonds	\$ 8,709,225	\$ -	\$ (1,420,000)	\$ 7,289,225	\$ 1,250,000
Loans Payable to the City	5,686,971	-	(1,565,451)	4,121,520	601,572
Total Noncurrent Liabilities	<u>\$ 14,396,196</u>	<u>\$ -</u>	<u>\$ (2,985,451)</u>	<u>\$ 11,410,745</u>	<u>\$ 1,851,572</u>

The CRA's outstanding revenue bonds at September 30, 2015, consist of the following:

4.80% Delray Beach Community Redevelopment Agency Tax Increment Redevelopment Revenue Bond (Series 1999A), maturity date September 1, 2019.	\$ 1,155,000
4.2982% Delray Beach Community Redevelopment Agency Tax Increment Redevelopment Revenue Bond (Series 2004A Tax Exempt), maturity date September 1, 2019.	3,315,000
5.9095% Delray Beach Community Redevelopment Agency Tax Increment Redevelopment Bonds (Series 2004B Taxable), maturity date September 1, 2016.	200,000
2.10% Delray Beach Community Redevelopment Agency Tax Increment Redevelopment Bond (Series 2012), issued as a draw-down bond to a financial institution with a maximum aggregate principal amount of \$4,000,000 available through October 1, 2018. Principal will be payable in equal installments on April 1 st and October 1 st , commencing the first April 1 st or October 1 st after the final draw date.	2,619,225
Total Revenue Bonds	\$ 7,289,225

Loans Payable to the City of Delray Beach: The outstanding loans payable to the City by the CRA at September 30, 2015, consisted of the following (also see Note 5 – Component Unit Notes Receivable):

US Highway 1 Improvements: The CRA entered into an interlocal agreement with the City in October 2011 to provide a portion of the funding for US Highway 1 Improvements by the City. The agreement was subsequently amended in January 2013 based on a final project cost of approximately \$14.0 million, of which the CRA agreed to fund \$3,614,190, plus financing costs. The City initially financed the project with a line of credit and plans to obtain permanent financing after the project is completed. The CRA agreed to pay the City interest only on the CRA share of the amount financed by the City through May 31, 2014. Thereafter, the CRA paid the City an amount equal to the principal and interest on the CRA's share of the funding for a period of twelve years. Principal on the loan is payable by the CRA annually on June 1st in amounts ranging from \$250,000 to \$374,190. Interest is payable semi-annually on June 1st and December 1st at 3.25% on the outstanding principal balance which was \$3,252,771 at September 30, 2015.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

12. Noncurrent Liabilities (Continued)

Discretely Presented Component Unit - Delray Beach Community Redevelopment Agency (Continued)

Library Property Acquisition: In connection with the planned redevelopment by the CRA of the former site of the Delray Beach Public Library, the CRA entered into a triparty interlocal agreement in March 2013, with the City and the Chamber to relocate the Chamber's offices and purchase the City's reversionary rights in the property. The CRA agreed to purchase the City's property rights for a total of \$2,270,870, payable to the City in equal annual installments of \$266,215, including interest at 3.0%, commencing March 8, 2014. During 2015, the CRA made an additional principal payment on this loan in the amount of \$1 million. The outstanding balance on the loan was \$868,749 at September 30, 2015. In the event the CRA sells or conveys any portion of the property during the term of the loan, the CRA agreed to pay the City a lump sum principal payment on the loan equal to 50% of the sales proceeds received by the CRA, in addition to the annual installment payments due on the loan, but not in excess of the total loan amount. In addition, the CRA granted a reservation of rights to the City to maintain 50 public parking spaces on the property in perpetuity.

The annual debt service requirements on the loans payable to the City are summarized as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2016	\$ 601,572	\$ 84,792	\$ 686,364
2017	608,776	77,588	686,364
2018	616,197	70,167	686,364
2019	487,880	62,524	550,404
2020	361,419	58,730	420,149
2021-2025	1,445,676	234,920	1,680,596
	<u>\$ 4,121,520</u>	<u>\$ 588,721</u>	<u>\$ 4,710,241</u>

Annual Debt Service: The aggregate, annual debt service requirements at September 30, 2015, for the CRA's outstanding noncurrent liabilities with scheduled maturities (excluding the Series 2012 Bonds on which the principal repayment schedule will not be determined until after the final draw date), are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2016	\$ 1,851,572	\$ 294,538	\$ 2,146,110
2017	1,698,776	229,028	1,927,804
2018	1,756,197	173,351	1,929,548
2019	1,677,880	115,228	1,793,108
2020	361,419	58,730	420,149
2021-2025	1,445,676	234,920	1,680,596
	<u>\$ 8,791,520</u>	<u>\$ 1,105,795</u>	<u>\$ 9,897,315</u>

Interest Expense: Total interest costs incurred and paid on all CRA debt for the year ended September 30, 2015, were \$408,815 and \$452,955, respectively. All interest costs were expensed as a direct expense of redevelopment projects.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

12. Noncurrent Liabilities (Continued)

Discretely Presented Component Unit - Delray Beach Community Redevelopment Agency (Continued)

Pledged Revenues: The CRA has pledged a portion of its future tax increment revenues to repay the outstanding revenue bonds issued in 1999, 2004, and 2012 to finance various redevelopment projects. 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 500 percent of the debt service requirements over the life of the revenue bonds. Total principal and interest remaining on the bonds at September 30, 2015, was \$7,806,299, payable through September 1, 2019. For the current year, principal and interest paid and the total tax increment revenues were \$1,752,042 and \$12,885,095, respectively.

13. Employee Retirement 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 Plan is for employees who have completed one year of credited service, excluding the City Commission, City Manager (and assistants), City Attorney (and assistants) and department heads if they elect not to participate, and firefighters and police officers covered under the Police and Firefighters' Retirement System Fund. The Police and Firefighters' Retirement System 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. The costs of administering the plans are financed by the plans' respective investment earnings. An actuarial report is prepared annually for each plan.

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

The City's Code of Ordinances 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, which consists of a chairperson and four additional members; all of whom are appointed by the City Commission.

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

Eligibility for Retirement - Ordinance No. 33-10 effective October 5, 2010, changed the normal retirement eligibility from the earlier of age 60 with ten years of service or 30 years of service regardless of age to the earlier of age 62 with ten years of service or 30 years of service regardless of age. This change does not apply to members who were within ten years of normal retirement eligibility as of October 5, 2010. Normal retirement eligibility for members hired after October 5, 2010, is age 65 with ten years of service.

Annual Retirement Benefit - 2.5% of the average monthly compensation times years of service with a maximum benefit of 75% of average monthly compensation. Ordinance No. 33-10 effective October 5, 2010, changed the normal form of benefit from a 60% joint and survivor annuity to a life annuity. This change does not apply to members who were within ten years of normal retirement eligibility as of October 5, 2010. 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.

Deferred Retirement Option Plan (DROP) - Employees with 10 years of credited service and eligible for normal retirement have the option of entering DROP. When entering DROP, the employee continues employment with the City, but will cease accruing a pension benefit, and the monthly benefit under the plan as of the election date will be directed to a self-administered 401(a) Plan. After a maximum of 60

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

13. Employee Retirement Plans (Continued)

General Employees' Pension Plan (Continued)

months, the employee must terminate employment with the City. The balance of amounts held pursuant to DROP was \$4,736,415 at September 30, 2015.

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

Employee Contributions - Ordinance No. 33-10 effective October 5, 2010, changed the contribution amount from 2.5% of the employee's base annual compensation to 3.05%. If the employee chooses the 3% multiplier, there is an additional contribution of 3.45% for a total of 6.5%. 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 - The benefit provisions and all other requirements of the Police and Firefighters' Retirement System are established by City Ordinance and are summarized as follows:

The City's Code of Ordinances provides, in general, that funds are to be accumulated from employee contributions, City contributions, state appropriations and income from investment of accumulated funds. Florida Statutes provide 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 System are administered and managed by the Police and Firefighters' Retirement System Board of Trustees, consisting of two outside members appointed by the City Commission, the police/fire chief(s) or their designees, two members of each department elected by the membership and the Mayor of the City or the Mayor's designee.

Vesting - Benefits fully vest after 10 years of service.

Eligibility for Normal Retirement - Normal retirement eligibility is the earlier of age 55 and 10 years of service or 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 up to 20 years, with a maximum benefit of 75% of average monthly compensation. 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 benefit of 87.5% of average monthly compensation. Employees selecting this option will contribute an additional 3% of earnings. The normal retirement benefit is payable over the remaining 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.

Deferred Retirement Option Plan ("DROP") - Employees 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 pension 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. The balance of amounts held pursuant to DROP was \$20,103,898 at September 30, 2015.

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

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

13. Employee Retirement Plans (Continued)

Police and Firefighters' Retirement System (Continued)

Employee Contributions - Ordinance 42-11 effective October 4, 2011, increased the contribution amount for police officers to 6% of annual compensation. Ordinance No. 15-11 effective May 3, 2011, changed the contribution amount for firefighters to 6% of annual compensation. Members who select a 3.5% multiplier will contribute 9%. 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, 2014, the date of the most recent actuarial valuations, is summarized as follows:

	General Employees' Pension Plan	Police and Firefighters' Retirement System
Retirees and beneficiaries receiving benefits	294	241
Terminated employees entitled to benefits but not receiving them	52	3
Active members	342	270

Summary of Significant Accounting Policies

The financial statements of each Plan are prepared using the economic resources measurement focus and the accrual basis of accounting. Employee and employer contributions are recognized in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Other expenses are recognized when the corresponding liabilities are incurred. Investment income is recognized as revenue when earned. Investments are reported at fair value and are managed by third party money managers. The City's independent custodians and money managers determine the fair value of securities, which is generally based upon quoted prices on a national or international stock exchange or for securities not listed, the mean of the most recent bid and ask prices of each instrument using various third party pricing sources. The net appreciation/ (depreciation) in fair value of investments is recorded as an increase/(decrease) to investment income based on the valuation of investments. Investment earnings are reduced for investment related expenses, such as management fees, portfolio evaluation and custodial services.

Investments

Investment Policy: The policy in regard to the allocation of invested assets is established and may be amended by a majority vote of the Board of each pension plan. It is the policy of each pension plan Board to pursue an investment strategy that reduces risk through the prudent diversification of the investment portfolio across a broad selection of distinct asset classes. The investment policy of each pension plan discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

13. Employee Retirement Plans (Continued)

Investments (Continued)

The asset allocation policy adopted by each pension plans' Board at September 30, 2015 was as follows:

Asset Class	General Employees' Pension Plan	Police and Firefighters' Retirement System
Fixed income	40.0%	27.5%
Domestic equity	55.0	42.5
International equity	5.0	15.0
Real estate	-	10.0
Alternatives	-	5.0
Total	100.0%	100.0%

Rate of Return: The annual money-weighted rate of return on pension investments, net of pension investment expense, for the General Employees' Pension Plan and the Police and Firefighters' Retirement System, was .43% and (.56)%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Net Pension Liability

The components of the net pension liability for the City's pension plans as of September 30, 2015, the measurement date for both plans, were as follows:

	General Employees' Pension Plan	Police and Firefighters' Retirement System
Total pension liability	\$ 113,643,393	\$ 238,707,736
Plan fiduciary net position	107,786,586	153,260,618
Net pension liability	\$ 5,856,807	\$ 85,447,118
Plan fiduciary net position as a percentage of the total pension liability	94.8%	64.2%

Actuarial Assumptions: The total pension liability for the City's pension plans was determined by actuarial valuations as of October 1, 2014, based on the following actuarial assumptions:

	General Employees' Pension Plan	Police and Firefighters' Retirement System
Measurement date	September 30, 2015	September 30, 2015
Actuarial cost method	Entry Age Normal	Entry Age Normal
Post-retirement benefit increases	None	Annual increase of 1% plus what can be funded by State revenue

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

13. Employee Retirement Plans (Continued)

Net Pension Liability (Continued)

<u>Actuarial Assumptions</u> (Continued)	General Employees’ Pension Plan	Police and Firefighters’ Retirement System
Amortization method	Level Dollar – Closed	Level Percent of Payroll – Closed
Remaining amortization period	25 years	29 years
Asset valuation method	5 year Smoothed Market	4 year Smoothed Market
Actuarial assumptions:		
Investment rate of return*	7.25%	8.00%
Projected salary increases*	4.4% - 7.2% based on service	5.00% - 6.25%
Cost of living increases	None	1.00%
Mortality	RP-2000 Combined Healthy Participant using Scale AA	RP-2000 Table with no projection
* Includes inflation rate	3.00%	3.00%

The long-term expected rate of return on investments of the pension plans was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans’ target allocation as of September 30, 2015 (see the discussion of each pension plan’s investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return	
	General Employees’ Pension Plan	Police and Firefighters’ Retirement System
Fixed income	2.9%	2.5%
Domestic equity	8.0	7.5
International equity	8.9	8.5
Real estate	-	4.5
Alternatives	-	2.5

Discount Rate: The discount rates used to measure the total pension liability of the General Employees’ Pension Plan and the Police and Firefighters’ Retirement System were 7.25% and 8.0%, respectively. The discount rate was based on the expected rate of return on investments of each pension plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plans’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments of the pension plans was applied to all periods of projected benefit payments to determine the projected total pension liability.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

13. Employee Retirement Plans (Continued)

Changes in the Net Pension Liability

The changes in the net pension liability of the General Employees' Pension Plan and the Police and Firefighters' Retirement System were as follows for the year ended September 30, 2015:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
General Employees' Pension Plan			
Balances at October 1, 2014	\$ 108,266,267	\$ 110,281,605	\$ (2,015,338)
Changes for the Current Year			
Service cost	2,203,317	-	2,203,317
Interest	7,791,771	-	7,791,771
Difference between actual and expected experience	1,375,784	-	1,375,784
Contributions – City	-	2,178,705	(2,178,705)
Contributions – Employee	-	948,466	(948,466)
Net investment income	-	438,253	(438,253)
Other income	-	7,008	(7,008)
Benefit payments, including refunds of employee contributions	(5,993,746)	(5,993,746)	-
Administrative expenses	-	(73,705)	73,705
Net Changes	<u>5,377,126</u>	<u>(2,495,019)</u>	<u>7,872,145</u>
Balances at September 30, 2015	<u>\$ 113,643,393</u>	<u>\$ 107,786,586</u>	<u>\$ 5,856,807</u>
Police and Firefighters' Retirement System			
Balances at October 1, 2014	\$ 230,215,467	\$ 154,305,985	\$ 75,909,482
Changes for the Current Year			
Service cost	4,116,670	-	4,116,670
Interest	19,332,804	-	19,332,804
Changes in excess State contributions	659,168	-	659,168
Difference between actual and expected experience	(2,020,566)	-	(2,020,566)
Changes of benefit terms	(347,798)	-	(347,798)
Contributions – City	-	10,837,369	(10,837,369)
Contributions – State of Florida	-	1,896,237	(1,896,237)
Contributions – Employee	34,696	1,634,828	(1,600,132)
Net investment loss	-	(1,922,565)	1,922,565
Other income	-	22,903	(22,903)
Benefit payments, including refunds of employee contributions	(13,282,705)	(13,282,705)	-
Administrative expenses	-	(231,434)	231,434
Net Changes	<u>8,492,269</u>	<u>(1,045,367)</u>	<u>9,537,636</u>
Balances at September 30, 2015	<u>\$ 238,707,736</u>	<u>\$ 153,260,618</u>	<u>\$ 85,447,118</u>

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

13. Employee Retirement Plans (Continued)

Changes in the Net Pension Liability (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following table presents the net pension liability of the General Employees' Pension Plan and the Police and Firefighters' Retirement System, calculated using the current discount rates of 7.25% and 8.0%, respectively, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	General Employees' Pension Plan	Police and Firefighters' Retirement System
One percentage point lower than current discount rate	\$ 18,868,557	\$ 111,754,291
Current discount rate	5,856,807	85,447,118
One percentage point higher than current discount rate	(5,156,115)	63,522,073

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

For the year ended September 30, 2015, the City recognized pension expense of \$3,047,492 and \$10,836,753 for the General Employees' Pension Plan and the Police and Firefighters' Retirement System, respectively. At September 30, 2015, the City reported deferred inflows/outflows of resources related to the General Employees' Pension Plan and the Police and Firefighters' Retirement System from the following sources:

General Employees' Pension Plan	Deferred Inflows	Deferred Outflows
Differences between expected and actual experience	\$ -	\$ 1,048,216
Net difference between projected and actual investment earnings on pension plan investments	-	5,955,142
Total	\$ -	\$ 7,003,358
Police and Firefighters' Retirement System		
Differences between expected and actual experience	\$ 1,616,452	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	12,610,436
Total	\$ 1,616,452	\$ 12,610,436

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

13. Employee Retirement Plans (Continued)

Pension Expense and Deferred Inflows/Outflows of Resources Related to Pensions (Continued)

Amounts reported as deferred inflows/outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	General Employees' Pension Plan	Police and Firefighters' Retirement System
2016	\$ 1,816,353	\$ 2,748,496
2017	1,816,353	2,748,496
2018	1,816,353	2,748,496
2019	1,554,299	2,748,496

Pension Plans Fiduciary Net Position

The financial statements for the General Employees' Pension Fund and Police and Firefighters' Retirement System Fund as of and for the year ended September 30, 2015, are as follows:

Statements of Fiduciary Net Position		
	General Employees' Pension Plan	Police and Firefighters' Retirement System
ASSETS		
Cash and cash equivalents	\$ 1,900,262	\$ 4,951,940
Investments		
U.S. Government securities	6,414,017	2,623,559
U.S. Government Agency securities	1,634,260	9,267,419
Municipal obligations	1,246,226	254,958
Domestic and international fixed income investment funds	-	10,641,570
Domestic and international corporate bonds	11,351,394	19,049,277
Domestic equity securities	23,094,800	55,968,658
Domestic and international equity investment funds	12,454,335	32,845,249
Alternative investments	49,453,822	16,326,767
Interest and dividends receivable	237,076	434,657
Due from broker for securities sold	16,870	102,880
Employee contributions receivable	19,270	51,650
State contributions receivable	-	1,896,237
Prepaid expenses	111,447	10,463
Total assets	<u>107,933,779</u>	<u>154,425,284</u>
LIABILITIES		
Accounts payable	48,868	173,429
Due to broker	98,325	991,237
Total liabilities	<u>147,193</u>	<u>1,164,666</u>
FIDUCIARY NET POSITION restricted for pension benefits	<u>\$ 107,786,586</u>	<u>\$ 153,260,618</u>

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

13. Employee Retirement Plans (Continued)

Pension Plans Fiduciary Net Position (Continued)

Statements of Changes in Fiduciary Net Position		
	General Employees' Pension Plan	Police and Firefighters' Retirement System
ADDITIONS		
Contributions:		
Employer	\$ 2,178,705	\$ 10,837,369
State	-	1,896,237
Plan members	948,466	1,634,828
Total contributions	3,127,171	14,368,434
Investment earnings		
Net depreciation in fair value of investments	(1,131,200)	(4,783,170)
Interest and dividends	1,852,641	3,614,899
	721,441	(1,168,271)
Less investment expenses - custodian fees	283,188	754,294
Net investment earnings (loss)	438,253	(1,922,565)
Other income	7,008	22,903
Total additions	3,572,432	12,468,772
DEDUCTIONS		
Benefits	5,882,586	13,096,207
Refunds of contributions	111,160	186,498
Administrative expenses	73,705	231,434
Total deductions	6,067,451	13,514,139
Change in fiduciary net position	(2,495,019)	(1,045,367)
Fiduciary net position restricted for pension benefits at October 1, 2014, as restated	110,281,605	154,305,985
Fiduciary net position restricted for pension benefits at September 30, 2015	<u>\$ 107,786,586</u>	<u>\$ 153,260,618</u>

The independent auditor for the Police and Firefighters' Retirement System Fund determined during the year ended September 30, 2015, that the assets held in a separate retirement plan for deferred retirement option plan (DROP) benefits were not part of the defined benefit pension plan for the Police and Firefighters' Retirement System Fund. The net position of the Police and Firefighters' Retirement System Fund at October 1, 2014, was reduced by \$18,904,334 for the net position of the DROP previously included as part of the defined benefit pension plan. The DROP is a separate defined contribution pension plan with participant directed investment accounts, for which the City has no fiduciary responsibility. Accordingly, the DROP is not part of the City's financial reporting entity.

The Police and Firefighters' Retirement System Fund issues a publicly available financial report that includes financial statements and required supplementary information. That report is not posted on the internet, but 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. The General Employees' Pension Fund does not issue a publicly available financial report.

Payables to the Pension Plans

There were no amounts payable to the General Employees' Pension Plan or the Police and Firefighters' Retirement System by the City at September 30, 2015.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

13. Employee Retirement Plans (Continued)

Defined Contribution Retirement Plan

For employees not covered by one of the City's pension plans, the City contributed 9.5% of base salary to an 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.

The 401(a) pension plan is a separate defined contribution pension plan with participant directed investment accounts, over which the City has no fiduciary control and the plan is not considered part of the City's financial reporting entity. Activity in the 401(a) Plan for the year ended September 30, 2015, is summarized as follows:

Balance at October 1, 2014	\$ 849,043
Employer contributions	23,393
Employee contributions	23,393
Investment gain (loss)	(8,800)
Distributions	(41,615)
Balance at September 30, 2015	<u>\$ 845,414</u>

Other Employee Benefit Plans

The City has also implemented a VantageCare Retirement Health Savings Plan (the "VantageCare Plan") effective August 2002, which allows employees in the calendar year prior to retirement, to make an election to deposit tax free part or all of their accumulated sick and vacation pay into the Plan. The Plan provides for tax free withdrawals if the funds are used for qualified medical expenses. In March 2007, the City was notified by ICMA, the administrator of the VantageCare Plan that voluntary contributions were no longer allowed, except that employees in the plan prior to December 31, 2006 were allowed to contribute until December 31, 2007. The VantageCare Plan is a separate plan with participant directed investment accounts, over which the City has no fiduciary control and the plan is not considered part of the City's financial reporting entity. Activity in the VantageCare Plan for the year ended September 30, 2015, is summarized as follows:

Balance at October 1, 2014	\$ 474,837
Net investment losses	(5,549)
Service fees	(1,741)
Distributions	(9,697)
Balance at September 30, 2015	<u>\$ 457,850</u>

14. Other Postemployment Benefits (OPEB)

Description of the Plans

The City administers two other postemployment benefit (OPEB) plans as follows:

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

September 30, 2015

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 retired) are charged an equal, blended rate premium. Although both groups are charged the same blended rate premium, GAAP requires actuarial calculations of OPEB liabilities 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 \$543 to a maximum of \$1,142 for medical/prescription coverage and at a rate of \$.18 per \$1,000 of the face value for life insurance coverage.

Delray Beach Police, Firefighters & Paramedics Retiree Benefit Fund - The Delray Beach Police, Firefighters & Paramedics 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 by 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

The actuarial methods and significant assumptions used to determine the annual required contributions for the current year and the plans’ funded status are summarized as follows:

	OPEB Plan	Retiree Benefit Fund
Valuation date	October 1, 2014	October 1, 2014
Actuarial cost method	Entry Age Normal	Entry Age Normal
Post-retirement benefit increases	None	None
Health care cost trend rates	9% per year initially, reduced annually by .5% to an ultimate rate of 5% in 2019	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

September 30, 2015

14. Other Postemployment Benefits (OPEB) (Continued)

Actuarial Methods and Significant Assumptions (Continued)

	OPEB Plan	Retiree Benefit Fund
Amortization method	Level Percent of Payroll – Closed	Level Percent of Payroll – Closed
Remaining amortization period	28 years	25 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*	2.0 – 7.2%	6.25%
* Includes inflation rate	3.0%	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, 2014, 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.

Contribution Requirements and Contributions Made

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 GASB Statement No. 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. Annual OPEB costs and contribution information for the last three fiscal years are as follows:

Year Ended September 30	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation (Asset)
OPEB Plan			
2015	\$ 1,405,725	35%	\$ 5,420,666
2014	1,447,355	32	4,508,479
2013	1,383,330	30	3,569,827
Retiree Benefit Fund			
2015	\$ 860,655	75%	\$ 562,899
2014	684,128	49	350,953
2013	684,128	67	183,098

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

14. Other Postemployment Benefits (OPEB) (Continued)

Contribution Requirements and Contributions Made (Continued)

The changes in the City's net OPEB obligation related to the OPEB Plan and Retiree Benefit Fund for the year ended September 30, 2015 were as follows:

	OPEB Plan	Retiree Benefit Fund	Total
Annual required contribution	\$ 1,413,239	\$ 860,279	\$ 2,273,518
Interest on net OPEB obligation	180,339	28,076	208,415
Adjustment to annual required contribution	(187,853)	(27,700)	(215,553)
Annual OPEB cost	1,405,725	860,655	2,266,380
Contributions made	(493,538)	(648,709)	(1,142,247)
Change in net OPEB obligation	912,187	211,946	1,124,133
Net OPEB obligation at October 1, 2014	4,508,479	350,953	4,859,432
Net OPEB obligation at September 30, 2015	\$ 5,420,666	\$ 562,899	\$ 5,983,565

Funded Status and Funding Progress

The funded status of the OPEB Plan and Retiree Benefit Fund as of the most recent actuarial valuation date is as follows:

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	10/1/2014	\$ -	\$ 15,924,852	\$ 15,924,852	0.0%	\$ 41,830,950	38.07%
Retiree Benefit Fund	10/1/2014	4,540,237	11,332,702	6,792,465	40.1%	19,636,805	34.60%

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.

15. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City is also subject to risk of loss arising in the ordinary course of business, including, but not limited to, claims for damages for personal injuries, employment-related claims, and breach of contract. Commercial insurance is purchased for certain specialized insurance coverages, including, but not limited to, flood insurance, railroad crossing liability, skate park liability and environmental liabilities. The City uses the Insurance Internal Service Fund to account for and finance all commercial insurance and retained risks of loss.

The City has a Managed Retention, Protected Self-Insurance Program whereby the City is substantially self-insured for general and auto liability coverage. Workers' compensation, fidelity and property coverage are insured with

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

15. Risk Management (Continued)

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 \$200,000 per claim and has purchased excess insurance for claims exceeding the stop loss for individual and aggregate claims.

The City's internal service Insurance Fund is funded by charges to the City's other funds based on the contributing funds' claims experience and as needed to meet the estimated payments resulting from purchased and self-insurance programs, and operating expenses. For the year ended September 30, 2015, charges of \$13,218,418 were made by the Insurance Fund to other funds and are reflected as interfund charges for services in the accompanying financial statements. The City has recorded a claims liability of \$5,654,742 (\$1,634,742 current and \$4,020,000 noncurrent) at September 30, 2015, which is an increase of approximately \$304,000 from the prior year. The increase reflects claims development for all lines of insurance and an accrual for legal 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 result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated annually to consider the effects of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, such as those from salvage or subrogation, are also considered in the claims liability estimate. The following summarizes the claims liability activity for the current and prior year:

Balance at September 30, 2013	\$ 5,163,785
Claims incurred	8,204,000
Claims paid	<u>(8,017,373)</u>
Balance at September 30, 2014	5,350,412
Claims incurred	7,985,968
Claims paid	<u>(7,681,638)</u>
Balance at September 30, 2015	<u><u>\$ 5,654,742</u></u>

The claims liability at September 30, 2015 and 2014, is summarized as follows:

	<u>2015</u>	<u>2014</u>
Current	\$ 1,634,742	\$ 1,569,412
Noncurrent	4,020,000	3,781,000
	<u>\$ 5,654,742</u>	<u>\$ 5,350,412</u>

As a political subdivision of the State of Florida, the City has sovereign immunity under the Florida Constitution for tort actions. Therefore, in accordance with Chapter 768.28 Laws of Florida, the City is not liable to pay a claim or judgment, or any portions thereof, which when totaled with all other claims or judgments paid by the State or its agencies or subdivisions arising out of the same incident or occurrence, exceeds the aggregate sum of \$300,000. Chapter 768.28 also provides that judgments may be claimed or rendered in excess of these limits; however, these amounts must be reported to and approved by the Florida Legislature. In April 2010, the Governor approved Chapter 2010-26, Laws of Florida, which raised the limits of sovereign immunity from \$100,000 to \$200,000 per claim and from \$200,000 to \$300,000 in the aggregate, effective for claims arising on or after October 1, 2011. Sovereign immunity limits were considered in the actuarial development of claims liabilities.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

16. Related Party Transactions

The CRA is a component unit of the City of Delray Beach, Florida. For the year ended September 30, 2015, the CRA's tax increment revenues include \$7,732,003 received from the City. CRA expenditures for the year ended September 30, 2015, include charges of \$2,326,650 for contractual services provided by the City to the CRA in connection with various administrative and redevelopment activities, \$943,920 for construction services related to redevelopment projects, \$218,423 for the downtown shuttle, and \$550,000 for sponsorship of City tennis tournaments. The CRA also received approximately \$132,000 in reimbursements from the City for various projects.

At September 30, 2015, the City had a payable to the CRA of \$194,493 and the City had a receivable of \$151,331 for reimbursement of certain administrative and redevelopment expenditures, and notes receivable from the CRA of \$4,121,520 (see Note 5 - Notes Receivable). The CRA contracts with the City for various administrative services each fiscal year and budgeted approximately \$279,000 for those services for the year ending September 30, 2015.

17. Commitments and Contingencies

Contract Commitments

The City has various long-term contractual obligations for construction projects on which work has not been completed. The remaining commitments on these obligations at September 30, 2015, were as follows:

Special Revenue Funds	\$ 206,470
Capital Projects Funds	2,957,035
Water and Sewer Fund	6,632,798
Stormwater Utility Fund	<u>478,907</u>
Total Contract Commitments	<u>\$ 10,275,210</u>

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

Lease Commitment as Lessor

The City entered into a lease agreement with the Delray Beach Community Redevelopment Agency on January 11, 2010, for 10,600 square feet of commercial space in the City's Old School Square parking garage. The term of the lease was 5 years from February 1, 2010 through January 31, 2015. Rent of \$150,000 was payable annually in arrears on each January 11th. The CRA sublet the space to not-for-profit organizations for arts related uses. The lease was not renewed.

Debt Service Reserve Surety Bond

The City's Utility Tax Revenue Bonds (Series 2002 and 2007), 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 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, 2015, MBIA and FSA had credit ratings that were less than the highest rating from Moody's Investor Service, Inc. (Moody's) and Standard & Poor's (S&P) or had their ratings withdrawn by these agencies. 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, 2015. The Bonds outstanding at September 30, 2015, have a credit rating no lower than the City's underlying rating of AA- from S&P.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

17. Commitments and Contingencies (Continued)

Grants

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

Litigation, Claims and Assessments

The City is involved in certain lawsuits and other legal matters occurring in the normal course of operations. Although the ultimate outcome of the lawsuits and other matters cannot be determined at the present time, the management of the City in consultation with legal counsel, believes that all significant claims are fully accrued, covered by insurance or limited under sovereign immunity and does not expect the outcome of any pending lawsuits or claims to materially affect the City's financial condition.

Discretely Presented Component Unit – Delray Beach Community Redevelopment Agency (CRA)

CRA Contract Commitments: At September 30, 2015, the CRA had outstanding construction commitments consisting of the following:

	Total Project Authorization	Expended Through September 30, 2015	Retainage Payable at September 30, 2015	Remaining Commitment at September 30, 2015
Pineapple Grove Entrance	\$ 145,791	\$ 131,212	\$ 14,579	\$ -
Arts Warehouse Project	232,500	168,730	-	63,770
Downtown Core Parking Study	21,730	-	-	21,730
Total contract commitment	<u>\$ 400,021</u>	<u>\$ 299,942</u>	<u>\$ 14,579</u>	<u>\$ 85,500</u>

The CRA also entered into an interlocal agreement with the City to provide funding for certain construction projects and related professional services totaling approximately \$8,240,000 for the year ending September 30, 2015.

CRA Lease Commitments: The CRA had the following lease commitments as lessor at September 30, 2015:

Schuler's Memorial Chapel - The CRA entered into an agreement to lease the property located at 606 West Atlantic Avenue to Schuler's Memorial Chapel for \$500 per month for a two year period ending December 15, 2014. The lease was extended through December 15, 2015, after which it became a month to month lease through March 1, 2016, at which time the property was vacated. The carrying value of the leased property was \$1,895,000 at September 30, 2015.

Factual Multi Services, LLC - The CRA entered into an agreement to lease the property located at 135 NW 5th Avenue, Unit C6 to Factual Multi Services, LLC for \$1,094 monthly base rent plus \$402 monthly condominium assessment per month for a three year period commencing January 10, 2014, with an option to extend the lease for additional one year terms. The amount of the monthly condominium assessment may be adjusted during the term of the lease. The carrying value of the leased property was approximately \$98,000 at September 30, 2015.

Delray Beach Housing Group - On September 11, 2011, the CRA entered into a lease and property management agreement with the Delray Beach Housing Group, Inc. (a Florida not-for-profit organization)

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

17. Commitments and Contingencies (Continued)

to lease, manage, maintain and operate the existing rental units owned by the CRA known as the Carolyn Quince Court and La France Apartments. The CRA also entered into a similar lease and property management agreement with the CLT for the Palm Manor apartments and the SW 12th Avenue Duplexes. The agreements provide for an annual rental payment to the CRA of \$1 and that the lessors will pay all taxes, fees, assessments, utilities, insurance and other charges incurred by the CRA for the leased apartments. The term of each agreement is for five years with one renewal option for an additional five year period. The apartments were purchased by the CRA to provide affordable housing for City residents and had a total carrying value of approximately \$5,355,000 at September 30, 2015.

Prime Delray Hotel - On April 2, 2012, the CRA entered into a Lease Agreement with Prime Delray Hotel, LLC (the "Company") for a 40 year term. The Company will develop, construct and operate a 4-story business class hotel on the property. The lease agreement provides for the Company to pay the CRA an annual base rent of \$1 for years 1 through 5 and thereafter a contingent rental of 2% of gross room sales for years 6 through 10 and increasing by 1% for each five year period thereafter until reaching 5% for years 21 to 40. For years 5 through 25, the Company has the right to purchase the property from the CRA at a price based on the average of two independent appraisals; one obtained by the CRA and the second by the Company. The carrying value of the leased property at September 30, 2015 was approximately \$2,418,000.

BRP Senior Housing, LLC - On December 4, 2014, the CRA entered into an agreement to lease the property located at 186 NW 5th Avenue with BRP Senior Housing, LLC for a two year period commencing on December 5, 2014. Parties may extend the term of the lease for three additional one year terms upon the execution of an amendment. Monthly payments shall be paid in the amount of \$1,833. The carrying value of the leased property at September 30, 2015 was approximately \$250,000.

Monogram Closet - On April 23, 2015, the CRA entered into an agreement to lease the property located at 182 NW 5th Ave to the Monogram Closet Incorporated. The lease term is for a four year period, commencing on July 1, 2015 with a monthly base rent amount of \$1,933 and increases each year thereafter by \$1 per square foot, or \$2,054, \$2,175 and \$2,296 for years two through four, respectively. The parties may extend the terms of the lease for three additional one year terms upon execution of an amendment. The carrying value of the leased property at September 30, 2015 was approximately \$382,000.

The total carrying value of the CRA's leased property listed above was approximately \$10,398,000 at September 30, 2015. All the leased properties were held for sale at September 30, 2015, except for the property leased to the Delray Beach Housing Group. Depreciation expense is not recorded on the redevelopment properties that are currently held for sale. Rental income for 2015 totaled \$170,751. The approximate future annual minimum rental income is as follows: 2016 - \$86,000; 2017 - \$33,000; 2018 - \$26,000; and, 2019 - \$21,000.

CRA Funding Commitments: The CRA entered into grant agreements to provide future funding for various economic redevelopment purposes. The grant funding commitments of the CRA, totaling approximately \$2,928,000, at September 30, 2015, are summarized as follows:

Prime Delray Hotel, LLC - Development Infrastructure Grant for the development and construction of a 4-story business class hotel on Atlantic Avenue. The grant is for an amount not to exceed \$332,349 and will be paid in five equal annual payments, not to exceed fifty percent of the actual tax increment revenues attributed to the project for any such year.

KCMCL Pineapple Grove, LLC - Development Infrastructure Grant for the development and construction of a 134-room limited service Hyatt Place Hotel in the Pineapple Grove Arts District. The grant is for eligible project costs up to \$431,619. The CRA will reimburse the developer in equal annual installments over a ten year period, provided that the annual payment shall not exceed 50% of the actual tax increment revenues attributable to the project for that year. Payments will be made by the CRA on February 1st of each year. Payments of \$43,162 were made under the grant for years ended September 30, 2015 and 2014.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

17. Commitments and Contingencies (Continued)

The CRA also entered into agreements with the following organizations to provide funding for their operations during the year ending September 30, 2015:

City of Delray Beach – International Tennis Championships	\$	550,000
City of Delray Beach – Downtown Roundabout Trolleys		400,000
City of Delray Beach – Irrigation and Landscape Maintenance		75,000
City of Delray Beach – Microenterprises Program		100,000
Delray Beach Community Land Trust, Inc.		175,000
Delray Beach Public Library Association, Inc.		418,000
Delray Beach Historical Society		52,000
Delray Beach Center for the Arts, Inc.		412,500
EPOCH, Inc.		67,700
		<hr/>
Total Grant Commitments	\$	2,250,200

CRA Loan Commitments: The CRA entered into three loan commitments to provide future financing for economic redevelopment projects in the CRA district. The loan commitments of the CRA total \$2,834,159 at September 30, 2015, and are summarized as follows:

Village Square Elderly, Ltd. - On November 8, 2011 the CRA issued a Loan Commitment to Village Square Elderly, Ltd. (Village Square) for a \$2.7 million, 20 year term loan for the redevelopment of the former Carver Estates public housing project and construction of an 84-unit low income senior apartment complex, a 144-unit low income housing rental apartment complex, approximately 40 single family homes and a clubhouse (the "Property"). A promissory note was executed on July 17, 2014 and is non-interest bearing for the first ten years and for years eleven through twenty, the loan will accrue interest at 3.0%. Payments of principal only shall commence on the first anniversary date of the loan and are due annually thereafter until the tenth anniversary date of the loan. Commencing on the tenth anniversary date of the loan and annually thereafter, principal and interest will be payable to the CRA in an amount equal to the remaining cash flow from the Property after the required payments on the Property's first mortgage and payment of the deferred developer fee, but not less than \$25,000 per year. The loan will mature twenty years from the loan closing date, at which time all outstanding principal and accrued interest will be due to the CRA. The loan will be collateralized by a second mortgage lien and security interest in the Property and all improvements, fixtures and appurtenances thereto. The CRA will not disburse any funds under the promissory note until Village Square has received all moneys from the Tax-Exempt Bonds and Equity Account of the Project Fund for the acquisition and construction of the project. There were no draws on the promissory note through September 30, 2015. The project is currently under construction.

Eagle Nest Program Loan Commitments - The CRA has entered into two interlocal and multiparty agreements with the City of Delray Beach and the School Board of Palm Beach County which each provide for the construction of a single family residence through the construction projects of the Career Academy Program at Atlantic High School in Delray Beach, known as the Eagle Nest Program. The CRA has committed to provide the initial funding for the two projects in the form of a loan that will be repaid at the time of sale, as follows:

Eagle Nest Project 2 - The CRA entered into an interlocal agreement and multiparty agreement with the City of Delray Beach and the School Board of Palm Beach County on September 30, 2010 to loan an amount not to exceed \$130,000 to the City of Delray Beach to be disbursed by the City of Delray Beach to the School District for the Eagle Nest program. At the time of the closing on the sale of the Eagle Nest house, the CRA will be repaid without interest. The amount loaned to the City of Delray Beach as of September 30, 2015 is \$95,841.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

17. Commitments and Contingencies (Continued)

Eagle Nest Project 3 - The CRA entered into an interlocal agreement and multiparty agreement with the City of Delray Beach and the School Board of Palm Beach County on January 15, 2014 to loan an amount not to exceed \$150,000 to the City of Delray Beach to be disbursed by the City of Delray Beach to the School District for the Eagle Nest program. At the time of the closing on the sale of the Eagle Nest house, the CRA will be repaid without interest. The amount loaned to the City as of September 30, 2015 is \$50,000.

CRA Property Purchase and Sale Commitments: The CRA had entered into two contracts for the sale of property at September 30, 2015 as follows:

Delray Beach Holdings, LLC - During 2014, the CRA entered into a purchase and sale agreement with Delray Beach Holdings, LLC for the sale of certain property for \$3,600,000 in accordance with their redevelopment proposal for a 5-story mixed use facility that will include an iPic Theater, Class A office space, retail space and a multi-level parking garage. The agreement is subject to certain conditions precedent to closing, including the documentation of financial commitment and a letter of credit or performance bond by the purchaser. The CRA also has the right to approve the architectural design and site plan for the project. Closing shall occur no later than thirty days after the permit date. The CRA has a right to repurchase the property for the same purchase price in the event the purchaser fails to commence construction of the project within sixty days of the closing or permit date or fails to commence the installation of the concrete foundation within one hundred eighty days following the later of the commencement of construction or the issuance of the building permits. The carrying value of the property under contract at September 30, 2015 is approximately \$3,364,000.

Equity Enterprises USA, Inc. - During 2014, the CRA entered into a purchase and sale agreement with Equity Enterprises USA, Inc. for the sale of certain property for \$1,200,000 in accordance with their redevelopment proposal for three mixed use buildings fronting West Atlantic Avenue with retail space, Class A office space and multifamily residential units. Earnest money of \$100,000 was paid upon approval of the agreement. At closing, an additional \$200,000 will be paid to the CRA, and the \$900,000 balance of the purchase price will be a purchase money mortgage to the CRA, secured by a lien on the property. The mortgage will be for a term of 5 years with interest accruing at a fixed rate of four percent per annum with a maturity date of five years from the closing date. Interest will not accrue for the first twenty-four months subsequent to the closing date. Payments of principal and interest will commence on the twenty-fifth month anniversary of the closing date and will be payable every month thereafter through maturity. The carrying value of the property under the contract at September 30, 2015 is approximately \$7,053,000.

Property Acquisition: The CRA contracted to purchase redevelopment property for \$472,000 at September 30, 2015.

18. Subsequent Events

Auburn Trace Sale

The City has two notes receivable from a debtor in possession under a federal bankruptcy petition. The mortgage notes receivable were collateralized by land and property for a low-income housing project within the City known as Auburn Trace. On February 12, 2016, the Auburn Trace property was sold to a developer for \$11,300,000. The outstanding balance on the City's mortgage notes receivable and the accrued interest, late fees, professional fees and other related charges totaled approximately \$9,910,000 at the date of sale. The City received payment of \$9,909,313 in full satisfaction of the first and second mortgage loans and accrued interest, late fees, professional fees and other related charges for the Auburn Trace property (see Note 5 - Note Receivable).

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2015

18. Subsequent Events (Continued)

CRA Bond Issuance

In January 2016, the CRA issued a \$2,000,000 Delray Beach Community Redevelopment Agency Tax Incremental Redevelopment Revenue Improvement Bond, Series 2015 (the "Series 2015 Bond"). The Series 2015 Bond was issued as a draw-down bond to a financial institution, such that the financial institution will advance the purchase price of the 2015 Series Bond pursuant to each draw request submitted by the CRA, provided that the maximum amount of the Series 2015 Bond outstanding at any one time shall not exceed an aggregate principal amount of \$2,000,000. The Series 2015 Bond was issued for the purpose of financing the costs of acquisition and construction of certain redevelopment projects. The CRA will be able to draw down funds until the 3rd anniversary of the closing date of the Series 2015 Bond (January 2019). Interest is payable semi-annually on April 1st and October 1st at 2.78% on the outstanding principal balance, beginning April 1, 2016, through October 1, 2023, the maturity date of the Series 2015 Bond. Interest is tax-exempt to the bondholder for federal income tax purposes. Principal will be payable in equal installments each April 1st and October 1st, commencing with the first April 1st or October 1st occurring after the final draw date.

Required Supplementary Information

CITY OF DELRAY BEACH, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 62,881,720	\$ 63,362,720	\$ 63,617,415	\$ 254,695
Fees and permits	9,659,280	10,345,780	12,124,145	1,778,365
Intergovernmental	7,760,970	7,896,152	8,057,561	161,409
Charges for services	10,926,960	11,001,042	11,420,014	418,972
Fines and forfeitures	908,500	1,013,350	1,215,656	202,306
Miscellaneous	7,626,140	7,309,534	11,501,521	4,191,987
Transfers in	3,556,230	3,571,230	3,571,230	-
Prior year surplus	-	327,252	-	(327,252)
Total Revenues	<u>103,319,800</u>	<u>104,827,060</u>	<u>111,507,542</u>	<u>6,680,482</u>
EXPENDITURES				
General government				
City commission	187,810	211,170	208,716	2,454
City manager	588,750	655,390	599,740	55,650
Economic development	210,000	210,000	139,046	70,954
Human resources	598,810	669,910	675,363	(5,453)
Public information office	202,000	239,939	236,010	3,929
City clerk	664,030	697,767	656,531	41,236
Finance	1,869,090	2,267,913	2,076,948	190,965
Information technology	1,826,420	1,913,496	1,652,194	261,302
City attorney	1,230,000	1,282,885	1,261,360	21,525
Clean and Safe	218,140	218,140	185,082	33,058
Cemetery	383,000	383,000	342,924	40,076
Nondepartmental	3,870,710	2,618,663	2,090,279	528,384
Transfers to component units	7,728,110	7,732,003	7,732,003	-
Public safety				
Law enforcement	29,776,050	31,575,967	30,088,680	1,487,287
Fire control	26,392,830	26,271,148	24,500,420	1,770,728
Community improvement administration	509,960	509,960	511,018	(1,058)
Planning and zoning	1,246,790	1,364,995	1,184,692	180,303
Building inspection	1,517,870	1,485,665	1,504,808	(19,143)
Code compliance	1,093,620	1,157,069	1,164,108	(7,039)
Physical environment				
Engineering	673,910	807,491	678,578	128,913
Parking facilities	1,333,610	1,495,690	1,091,337	404,353
Public works	3,527,680	3,512,543	3,301,377	211,166
Parks and recreation	11,150,250	11,407,675	11,106,223	301,452
Debt service	4,199,840	3,574,138	3,562,521	11,617
Transfers out	2,320,520	2,564,443	2,564,443	-
Total Expenditures	<u>103,319,800</u>	<u>104,827,060</u>	<u>99,114,401</u>	<u>5,712,659</u>
Excess of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>12,393,141</u>	<u>\$ 12,393,141</u>
Fund balance - October 1, 2014			29,045,787	
Difference between GAAP and budgetary basis			(373,543)	
Fund balance - September 30, 2015			<u>\$ 41,065,385</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, 2015

1. Budgetary Accounting

State of Florida Statutes require that all municipal governments establish budgetary systems and approve an annual operating budget. The City Commission annually adopts an operating budget and appropriates funds for the General Fund. Other funds are not legally required to adopt a budget. The budget procedures are generally as follows:

- ❖ Prior to September 1, the City Manager submits to the City Commission a proposed operating budget prepared for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- ❖ Public hearings are conducted to obtain taxpayer comments.
- ❖ The City advises the County Property Appraiser of the proposed millage rate and the date, time and place of the public hearing for budget acceptance.
- ❖ The budget and related millage rate are legally enacted by resolution.
- ❖ Changes or amendments to the budget of the City or a department must be approved by the City Commission; however, changes within a department which do not affect the total departmental expenditures may be approved at the administrative level by the City Manager. Accordingly, the legal level of control is at the department level.

The appropriated budget legally adopted for the General Fund is 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 \$1,507,260 during the year ended September 30, 2015, which increased the original General Fund appropriations (expenditures and transfers out) from \$103,319,800 to a revised total of \$104,827,060.

2. Budget and Actual Comparisons

The budgetary comparison schedule for the General Fund is prepared on 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, transfers and the proceeds from debt and the sale of capital assets are included in budgeted revenues, but are considered "other financing sources" for GAAP. As a result, the General Fund revenues and expenditures reported in the budgetary comparison schedule differ from the revenues and expenditures reported on the basis of GAAP. These differences can be reconciled as follows:

	<u>Revenues</u>	<u>Expenditures</u>
Current year encumbrances outstanding at year end	\$ -	\$ -
Prior year encumbrances paid in the current year	-	(373,543)
Net encumbered expenditures	-	(373,543)
Transfers	3,571,230	2,564,443
On-behalf payments for pension benefits	(1,896,237)	(1,896,237)
Proceeds from the sale of capital assets	934	-
Net differences - GAAP and budgetary basis	1,675,927	294,663
GAAP basis	109,831,615	98,819,738
Budgetary basis	<u>\$ 111,507,542</u>	<u>\$ 99,114,401</u>

City of Delray Beach, Florida

Required Supplementary Information - General Employees' Pension Plan
Schedule of Changes in the Net Pension Liability and Related Ratios

September 30, 2015

	Fiscal Year	
	2015	2014
Total Pension Liability		
Service cost	\$ 2,203,317	\$ 2,249,595
Interest	7,791,771	7,502,443
Differences between expected and actual experience	1,375,784	-
Benefit payments, including refunds	(5,993,746)	(5,436,303)
Net change in total pension liability	5,377,126	4,315,735
Total pension liability, beginning of fiscal year	108,266,267	103,950,532
Total pension liability, end of fiscal year (a)	\$ 113,643,393	\$ 108,266,267
Plan Fiduciary Net Position		
Contributions		
Employer	\$ 2,178,705	\$ 2,084,010
Plan members	948,466	1,126,054
Net investment income	438,253	12,191,062
Other income	7,008	5,387
Benefit payments, including refunds	(5,993,746)	(5,436,303)
Administration expense	(73,705)	(79,025)
Net change in plan fiduciary net position	(2,495,019)	9,891,185
Plan fiduciary net position, beginning of fiscal year	110,281,605	100,390,420
Plan fiduciary net position, end of fiscal year (b)	\$ 107,786,586	\$ 110,281,605
Net Pension Liability (Asset), end of fiscal year [(a)-(b)]	\$ 5,856,807	\$ (2,015,338)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.8%	101.9%
Covered Employee Payroll	\$ 15,895,095	\$ 16,527,919
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	36.8%	(12.2)%

Notes to Schedule:

Information prior to fiscal year 2014 is not available.

City of Delray Beach, Florida

Required Supplementary Information - Police and Firefighters' Retirement System
Schedule of Changes in the Net Pension Liability and Related Ratios

September 30, 2015

	Fiscal Year	
	2015	2014
Total Pension Liability		
Service cost	\$ 4,116,670	\$ 4,215,639
Interest	19,332,804	16,854,289
Changes in excess State contributions	659,168	1,406,983
Changes of benefit terms	(347,798)	-
Differences between expected and actual experience	(2,020,566)	-
Contributions - buyback	34,696	128,140
Benefit payments, including refunds	(13,282,705)	(12,180,870)
Net change in total pension liability	8,492,269	10,424,181
Total pension liability, beginning of fiscal year	230,215,467	219,791,286
Total pension liability, end of fiscal year (a)	\$ 238,707,736	\$ 230,215,467
Plan Fiduciary Net Position		
Contributions		
Employer	\$ 10,837,369	\$ 9,057,075
State	1,896,237	1,951,084
Plan members	1,634,828	1,594,712
Net investment income (loss)	(1,922,565)	14,082,413
Other income	22,903	-
Benefit payments, including refunds	(13,282,705)	(12,180,870)
Administration expense	(231,434)	(232,362)
Net change in plan fiduciary net position	(1,045,367)	14,272,052
Plan fiduciary net position, beginning of fiscal year	154,305,985	140,033,933
Plan fiduciary net position, end of fiscal year (b)	\$ 153,260,618	\$ 154,305,985
Net Pension Liability, end of fiscal year [(a)-(b)]	\$ 85,447,118	\$ 75,909,482
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	64.2%	67.0%
Covered Employee Payroll	\$ 18,107,436	\$ 16,474,658
Net Pension Liability as a Percentage of Covered Employee Payroll	471.9%	460.8%

Information prior to fiscal year 2014 is not available.

Notes to Schedule:

1. *Changes of benefit terms*

For the 2015 fiscal year, amounts reported as changes of benefit terms resulted from adoption of Ordinance 10-15 with an effective date of July 7, 2015, which provided that:

A. Member contributions will be 9.0% of earnings until the member has earned the maximum normal retirement benefit payable under the system.

B. For police officers who are employed on the effective date and have less than 20 years of continuous service as of that date the following shall apply:

1. For service earned on and after the effective date the benefit multiplier shall be 3.0% per year of continuous service.

City of Delray Beach, Florida

Required Supplementary Information - Police and Firefighters' Retirement System
Schedule of Changes in the Net Pension Liability and Related Ratios (Continued)

September 30, 2015

Notes to Schedule (Continued):

1. *Changes of benefit terms (Continued)*

2. The benefit accrued prior to the effective date shall be based on whether or not the member elected the enhanced multiplier and the number of years of continuous service at retirement.
 - a. For those electing the enhanced multiplier and retiring with 20 or more years of continuous service, the benefit multiplier for service accrued prior to the effective date will be 3.5%.
 - b. For those electing the enhanced multiplier and retiring with less than 20 years of continuous service, the benefit multiplier for service accrued prior to the effective date will be 2.5%
 - c. For those not electing the enhanced multiplier (or hired on or after April 9, 2013) and retiring with 20 years or more of continuous service, the benefit multiplier shall be 3.0% for service prior to the effective date.
 - d. For those not electing the enhanced multiplier (or hired on or after April 9, 2013) and retiring with less than 20 years of continuous service, the benefit multiplier shall be 2.5% for service prior to the effective date.
3. The maximum annual starting benefit shall be \$108,000.
- C. For police officers who are employed on the effective date and have less than 10 years of service as of the effective date, earnings shall mean base wages paid to the member including state education compensation, police basic education, police career education compensation and up to 25 hours of overtime per fiscal year earned through the effective date but excluding overtime earned after the effective date, bonuses and other payments.
- D. For police officers hired on and after the effective date:
 1. Average monthly earnings shall mean one sixtieth of the arithmetical average for the highest 5 years of the last 10 years preceding the actual retirement or termination date.
 2. Earnings shall mean basic wages paid to the member including state education compensation, police basic education, police career education compensation, but excluding overtime compensation, bonuses and other payments.
 3. The normal retirement date shall be the earlier of:
 - a. 25 years of continuous service regardless of age.
 - b. Age 55 and the completion of 10 years of continuous service.
 4. The normal retirement benefit shall be 2.75% of average monthly earnings for each year of continuous service, subject to a maximum annual starting benefit of \$108,000 and further subject to a maximum benefit of 68.76% of average monthly earnings.
 5. No early retirement eligibility.
- E. As of the effective date, no further benefit enhancement or benefit adjustment shall be paid to police officers, other than the 2.0% per year benefit increase.

City of Delray Beach, Florida
 Required Supplementary Information - Pension Funds
 Schedules of Net Pension Liability

September 30, 2015

General Employees' Pension Plan								
Fiscal Year Ended September 30,	Total		Plan Net Position	Net Pension Liability	Plan Net Position as a Percentage of Total Pension Liability		Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll
	Pension	Liability						
2015	\$ 113,643,393	\$ 107,786,586	\$ 5,856,807	94.8%	\$ 15,895,095	36.8%		
2014	108,266,267	110,281,605	(2,015,338)	101.9%	16,527,919	(12.2)%		

Police and Firefighters' Retirement System								
Fiscal Year Ended September 30,	Total		Plan Net Position	Net Pension Liability	Plan Net Position as a Percentage of Total Pension Liability		Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll
	Pension	Liability						
2015	\$ 238,707,736	\$ 153,260,618	\$ 85,447,118	64.2%	\$ 18,107,436	471.9%		
2014	230,215,467	154,305,985	75,909,482	67.0%	16,474,658	460.8%		

Notes to Schedule:

Information prior to fiscal year 2014 is not available for the General Employees' Pension Plan.
 Information prior to fiscal year 2013 is not available for the Police and Firefighters' Retirement System.

City of Delray Beach, Florida
 Required Supplementary Information - Pension Funds
 Schedules of City Contributions

September 30, 2015

	Fiscal Year	
	2015	2014
General Employees' Pension Plan		
Actuarially determined contribution	\$ 2,168,946	\$ 2,093,769
Contributions in relation to actuarially determined contribution	2,178,705	2,084,010
Contribution deficiency (excess)	<u>\$ (9,759)</u>	<u>\$ 9,759</u>
Covered employee payroll	<u>\$ 15,895,095</u>	<u>\$ 16,527,919</u>
Contributions as a percentage of covered employee payroll	<u>13.7%</u>	<u>12.6%</u>
Police and Firefighters' Retirement System		
Actuarially determined contribution	\$ 11,293,235	\$ 9,209,334
Contributions in relation to actuarially determined contribution	11,342,291	9,561,997
Contribution deficiency (excess)	<u>\$ (49,056)</u>	<u>\$ (352,663)</u>
Covered employee payroll	<u>\$ 18,107,436</u>	<u>\$ 16,474,658</u>
Contributions as a percentage of covered employee payroll	<u>62.6%</u>	<u>58.0%</u>

Notes to Schedule	General Employees	Police and Firefighters
Actuarial valuation date	10/1/2014	10/1/2014
Measurement date	9/30/2015	9/30/2015
Actuarially determined contribution rates are calculated at October 1, one year prior to the end of the fiscal year in which the contributions are reported.		
Methods and assumptions used to determine contribution rates:		
Actuarial cost method	Entry Age Normal Level Dollar, Closed	Entry Age Normal Level Percent, Closed
Amortization method	25 years	29 years
Remaining amortization period	5-Year Smoothed	4-Year Smoothed
Asset valuation method	3.0% / year	3.0% / year
Inflation	4.4% - 7.2% / year	6.25% / year for first 10 years, 5.0% thereafter
Salary increases (with inflation)	7.25% / year	8.0% / year
Investment rate of return (net of expenses, with inflation)	None	1.0%
Cost of living adjustments	Experienced-based table of rates	25% retire on normal retirement date, 10% each next two years
Retirement age	RP-2000 Combined Healthy Participant Mortality Table using Scale AA	RP-2000 Combined Healthy Participant Mortality Table with no projection
Mortality		

Information prior to fiscal year 2014 is not available.

City of Delray Beach, Florida
 Required Supplementary Information - Pension Funds
 Schedules of Investment Returns

September 30, 2015

Fiscal Year Ended September 30,	Annual money-weighted rate of return, net of investment expenses	
	General Employees' Pension Plan	Police and Firefighters' Retirement System
2015	<u>0.43%</u>	<u>(.56)%</u>
2014	<u>12.26 %</u>	<u>9.32%</u>

Notes to Schedule:

Information prior to fiscal year 2014 is not available.

City of Delray Beach, Florida

Required Supplementary Information -
Schedules of Other Postemployment Benefits (OPEB) Funding Progress

September 30, 2015

OPEB Plan								
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) — Entry Age (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll [(b-a)/c]		
10/1/2010	\$ -	\$ 15,472,507	\$ 15,472,507	0.0 %	\$ 43,370,206	35.7 %		
10/1/2012	-	15,636,209	15,636,209	0.0	39,412,194	39.7		
10/1/2014	-	15,924,852	15,924,852	0.0	41,830,950	38.1		

Retiree Benefit Fund								
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) — Entry Age (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll [(b-a)/c]		
10/1/2008	\$ 2,056,798	\$ 7,969,855	\$ 5,913,057	25.8 %	\$ 20,256,898	29.2 %		
10/1/2011	3,155,585	9,581,135	6,425,550	32.9	20,647,352	31.1		
10/1/2014	4,540,237	11,332,702	6,792,465	40.1	19,636,805	34.6		

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.

Neighborhood Services 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.

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 Funds

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. The 2004 GO bonds were redeemed and retired in November 2013.

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, 2015

	Special Revenue							Debt Service	Capital Projects		Total Non-Major Governmental Funds
	Law Enforcement Trust	Developers Land Contribution	Neighborhood Services	SHIP	Beautification	Special Projects	Cemetery Perpetual Care	Utilities Tax	2004 GO Bond	Beach Restoration	
ASSETS											
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 561,849	\$ -	\$ -	\$ 561,849
Investments	-	-	-	-	-	2,561,183	614,487	-	-	-	3,175,670
Accounts receivable, net	-	-	-	-	58	79,827	17,048	-	-	-	96,933
Notes receivable	-	-	1,674,915	681,271	-	-	-	-	-	-	2,356,186
Interest receivable	-	-	-	-	-	4,106	985	-	-	-	5,091
Due from other governments	-	-	43,571	-	-	-	-	-	-	-	43,571
Due from other funds	593,650	856,843	1,936,483	-	887,630	546,553	617,160	952,647	275,595	3,223,824	9,890,385
Due from component unit	-	-	37,014	-	13,108	-	-	-	-	-	50,122
Prepaid items	-	-	-	-	935	-	-	-	-	-	935
Assets acquired for sale	-	-	272,917	-	-	-	-	-	-	-	272,917
Total Assets	\$ 593,650	\$ 856,843	\$ 3,964,900	\$ 681,271	\$ 901,731	\$ 3,191,669	\$ 1,249,680	\$ 1,514,496	\$ 275,595	\$ 3,223,824	\$ 16,453,659
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES											
LIABILITIES											
Accounts payable and accrued items	\$ -	\$ -	\$ 69,516	\$ -	\$ 14,954	\$ 1,677	\$ -	\$ -	\$ -	\$ 1,000	\$ 87,147
Deposits payable	-	-	-	-	-	3,650	-	-	-	-	3,650
Due to component unit	-	-	-	-	-	145,841	-	-	-	-	145,841
Total Liabilities	-	-	69,516	-	14,954	151,168	-	-	-	1,000	236,638
DEFERRED INFLOWS OF RESOURCES											
Unavailable revenue	-	-	2,005,237	681,271	-	11,155	-	-	-	-	2,697,663
FUND BALANCES											
Nonspendable:											
Prepaid items	-	-	-	-	935	-	-	-	-	-	935
Restricted for:											
Debt service	-	-	-	-	-	-	-	1,514,496	-	-	1,514,496
Law enforcement	593,650	-	-	-	-	602,074	-	-	-	-	1,195,724
Capital improvements	-	-	-	-	-	-	-	-	275,595	-	275,595
Community development	-	-	1,890,147	-	-	-	-	-	-	-	1,890,147
Assigned to:											
Public safety	-	-	-	-	-	124,615	-	-	-	-	124,615
Parks and recreation	-	-	-	-	-	337,297	1,249,680	-	-	-	1,586,977
Capital improvements	-	856,843	-	-	885,842	1,965,360	-	-	-	3,222,824	6,930,869
Total Fund Balances	593,650	856,843	1,890,147	-	886,777	3,029,346	1,249,680	1,514,496	275,595	3,222,824	13,519,358
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 593,650	\$ 856,843	\$ 3,964,900	\$ 681,271	\$ 901,731	\$ 3,191,669	\$ 1,249,680	\$ 1,514,496	\$ 275,595	\$ 3,223,824	\$ 16,453,659

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, 2015

	Special Revenue							Debt Service	Capital Projects		Total Non-Major Governmental Funds
	Law Enforcement Trust	Developers Land Contribution	Neighborhood Services	SHIP	Beautification	Special Projects	Cemetery Perpetual Care	Utilities Tax	2004 GO Bond	Beach Restoration	
REVENUES											
Intergovernmental	\$ -	\$ -	\$ 411,807	\$ 61,394	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,091	\$ 483,292
Charges for services	-	-	-	-	-	719,699	8,599	-	-	-	728,298
Fines and forfeitures	243,121	-	-	-	-	207,997	-	-	-	-	451,118
Miscellaneous	-	192,176	1,653,618	252	38,191	60,295	101,282	-	2,341	-	2,048,155
Total Revenues	243,121	192,176	2,065,425	61,646	38,191	987,991	109,881	-	2,341	10,091	3,710,863
EXPENDITURES											
Current:											
General government	-	-	881,265	61,646	-	82,532	866	-	-	-	1,026,309
Public safety	28,043	-	-	-	-	14,068	-	-	-	-	42,111
Physical environment	-	-	-	-	643,312	-	-	-	-	-	643,312
Parks and recreation	-	-	-	-	-	238,892	-	-	1,050	325,656	565,598
Capital outlay	10,000	19,906	-	-	-	42,839	-	-	-	-	72,745
Debt service:											
Principal retirement	-	-	-	-	-	-	-	67,000	-	4,355,407	4,422,407
Interest and fiscal charges	-	-	-	-	-	-	-	1,239,189	-	17,147	1,256,336
Bond issuance costs	-	-	-	-	-	-	-	620,925	-	-	620,925
Total Expenditures	38,043	19,906	881,265	61,646	643,312	378,331	866	1,927,114	1,050	4,698,210	8,649,743
Excess of revenues over (under) expenditures	205,078	172,270	1,184,160	-	(605,121)	609,660	109,015	(1,927,114)	1,291	(4,688,119)	(4,938,880)
OTHER FINANCING SOURCES (USES)											
Issuance of revenue bonds	-	-	-	-	-	-	-	25,386,212	-	-	25,386,212
Issuance of bond anticipation note	-	-	-	-	-	-	-	1,799,244	-	-	1,799,244
Payments to escrow agent	-	-	-	-	-	-	-	(25,568,032)	-	-	(25,568,032)
Transfers in	-	-	149,430	-	875,190	18,600	-	1,306,393	-	62,330	2,411,943
Transfers out	-	-	-	-	-	(12,000)	-	(1,800)	-	-	(13,800)
Total Other Financing Sources (Uses)	-	-	149,430	-	875,190	6,600	-	2,922,017	-	62,330	4,015,567
Net change in fund balance	205,078	172,270	1,333,590	-	270,069	616,260	109,015	994,903	1,291	(4,625,789)	(923,313)
Fund balances - October 1, 2014	388,572	684,573	556,557	-	616,708	2,413,086	1,140,665	519,593	274,304	7,848,613	14,442,671
Fund balances - September 30, 2015	\$ 593,650	\$ 856,843	\$ 1,890,147	\$ -	\$ 886,777	\$ 3,029,346	\$ 1,249,680	\$ 1,514,496	\$ 275,595	\$ 3,222,824	\$ 13,519,358

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 POSITION
 NON-MAJOR ENTERPRISE FUNDS
 September 30, 2015

	Municipal Golf Course	Lakeview Golf Course	City Marina	Sanitation	Stormwater Utility	Total Non-Major Enterprise Funds
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 16,227	\$ 1,802	\$ -	\$ -	\$ -	\$ 18,029
Investments	-	-	924,189	2,049,929	4,404,644	7,378,762
Accounts receivable, net	360	40	-	551,632	4,426	556,458
Interest receivable	-	-	1,482	3,286	7,061	11,829
Due from other funds	-	-	460,081	717,421	-	1,177,502
Inventories	69,945	6,930	-	-	-	76,875
Prepaid expenses	15,302	3,290	-	1,791	2,140	22,523
Restricted assets						
Cash and cash equivalents	401,544	85,224	-	-	53,181	539,949
Total Current Assets	<u>503,378</u>	<u>97,286</u>	<u>1,385,752</u>	<u>3,324,059</u>	<u>4,471,452</u>	<u>9,781,927</u>
Noncurrent Assets:						
Property, land and equipment						
Land	1,415,482	1,963,894	42,840	-	1,271,853	4,694,069
Buildings	2,309,544	140,718	-	-	1,904,722	4,354,984
Improvements other than buildings	1,200,973	899,663	1,131,622	11,958	13,520,270	16,764,486
Equipment	1,507,115	336,919	87,653	21,054	784,139	2,736,880
Construction in progress	-	-	-	-	1,326,010	1,326,010
Accumulated depreciation	(3,429,204)	(856,218)	(1,143,605)	(31,842)	(6,966,542)	(12,427,411)
Total Noncurrent Assets	<u>3,003,910</u>	<u>2,484,976</u>	<u>118,510</u>	<u>1,170</u>	<u>11,840,452</u>	<u>17,449,018</u>
Total Assets	<u>3,507,288</u>	<u>2,582,262</u>	<u>1,504,262</u>	<u>3,325,229</u>	<u>16,311,904</u>	<u>27,230,945</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charges on refundings	18,639	6,744	-	-	-	25,383
Deferred amount related to pensions	-	-	-	70,734	77,737	148,471
Total Deferred Outflows of Resources	<u>18,639</u>	<u>6,744</u>	<u>-</u>	<u>70,734</u>	<u>77,737</u>	<u>173,854</u>
LIABILITIES						
Current Liabilities:						
Accounts payable and accrued expenses	109,410	11,553	615	677,111	160,264	958,953
Unearned revenue	-	-	52,050	-	-	52,050
Due to other funds	1,639,321	1,118,403	-	-	1,375,582	4,133,306
Refundable deposits payable	97,067	-	17,352	-	-	114,419
Total Current Liabilities	<u>1,845,798</u>	<u>1,129,956</u>	<u>70,017</u>	<u>677,111</u>	<u>1,535,846</u>	<u>5,258,728</u>
Current Liabilities Payable from Restricted Assets:						
Accrued interest on long-term debt	7,544	1,224	-	-	3,181	11,949
Current maturities of revenue bonds	418,264	87,000	-	-	44,310	549,574
Total Current Liabilities	<u>425,808</u>	<u>88,224</u>	<u>-</u>	<u>-</u>	<u>47,491</u>	<u>561,523</u>
Total Current Liabilities	<u>2,271,606</u>	<u>1,218,180</u>	<u>70,017</u>	<u>677,111</u>	<u>1,583,337</u>	<u>5,820,251</u>
Noncurrent Liabilities:						
Compensated absences payable	-	-	-	47,511	30,548	78,059
Revenue bonds payable, net	151,311	2,796	-	-	138,690	292,797
Net OPEB obligation	-	-	-	25,936	32,420	58,356
Net pension liability	-	-	-	59,154	65,011	124,165
Total Noncurrent Liabilities	<u>151,311</u>	<u>2,796</u>	<u>-</u>	<u>132,601</u>	<u>266,669</u>	<u>553,377</u>
Total Liabilities	<u>2,422,917</u>	<u>1,220,976</u>	<u>70,017</u>	<u>809,712</u>	<u>1,850,006</u>	<u>6,373,628</u>
NET POSITION						
Net investment in capital assets	2,452,974	2,401,924	118,510	1,170	11,657,452	16,632,030
Restricted for debt service	394,000	84,000	-	-	50,000	528,000
Unrestricted (deficit)	(1,743,964)	(1,117,894)	1,315,735	2,585,081	2,832,183	3,871,141
Total Net Position	<u>\$ 1,103,010</u>	<u>\$ 1,368,030</u>	<u>\$ 1,434,245</u>	<u>\$ 2,586,251</u>	<u>\$ 14,539,635</u>	<u>\$ 21,031,171</u>

CITY OF DELRAY BEACH, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 NON-MAJOR ENTERPRISE FUNDS
 For the Fiscal Year Ended September 30, 2015

	Municipal Golf Course	Lakeview Golf Course	City Marina	Sanitation	Stormwater Utility	Total Non-Major Enterprise Funds
OPERATING REVENUES						
Charges for services	\$ 3,127,554	\$ 662,453	\$ 219,286	\$ 4,693,015	\$ 2,108,862	\$ 10,811,170
Other operating revenue	35,989	5,378	2,129	70,109	23,466	137,071
Total Operating Revenues	<u>3,163,543</u>	<u>667,831</u>	<u>221,415</u>	<u>4,763,124</u>	<u>2,132,328</u>	<u>10,948,241</u>
OPERATING EXPENSES						
Personal services	-	-	-	303,393	449,165	752,558
Other operating expenses	2,731,311	501,722	84,910	4,381,053	771,909	8,470,905
Depreciation	152,188	43,751	9,180	238	392,676	598,033
Total Operating Expenses	<u>2,883,499</u>	<u>545,473</u>	<u>94,090</u>	<u>4,684,684</u>	<u>1,613,750</u>	<u>9,821,496</u>
Operating Income	280,044	122,358	127,325	78,440	518,578	1,126,745
NONOPERATING REVENUES (EXPENSES)						
Investment earnings	-	-	10,727	23,793	56,612	91,132
Rent revenue	27,663	-	152	136,169	-	163,984
Interest expense	(51,226)	(11,238)	-	-	(35,890)	(98,354)
Refund of cart fees	-	-	-	(1,641,430)	-	(1,641,430)
Total Nonoperating Revenues (Expenses)	<u>(23,563)</u>	<u>(11,238)</u>	<u>10,879</u>	<u>(1,481,468)</u>	<u>20,722</u>	<u>(1,484,668)</u>
Income (Loss) Before Capital Contributions and Transfers	256,481	111,120	138,204	(1,403,028)	539,300	(357,923)
Capital contributions	-	-	-	-	13,294	13,294
Transfers out	(18,000)	(5,000)	(49,850)	(234,690)	(368,480)	(676,020)
Change In Net Position	238,481	106,120	88,354	(1,637,718)	184,114	(1,020,649)
Net Position - October 1, 2014, as originally reported	864,529	1,261,910	1,345,891	4,201,298	14,330,740	22,004,368
Restatement for implementation of GASB Statements	-	-	-	22,671	24,781	47,452
Net Position - October 1, 2014, as restated	<u>864,529</u>	<u>1,261,910</u>	<u>1,345,891</u>	<u>4,223,969</u>	<u>14,355,521</u>	<u>22,051,820</u>
Net Position - September 30, 2015	<u>\$ 1,103,010</u>	<u>\$ 1,368,030</u>	<u>\$ 1,434,245</u>	<u>\$ 2,586,251</u>	<u>\$ 14,539,635</u>	<u>\$ 21,031,171</u>

CITY OF DELRAY BEACH, FLORIDA
 COMBINING STATEMENT OF CASH FLOWS
 NON-MAJOR ENTERPRISE FUNDS
 For the Fiscal Year Ended September 30, 2015

	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	\$ 3,117,893	\$ 673,338	\$ 242,370	\$ 3,319,341	\$ 2,129,782	\$ 9,482,724
Receipts from others	27,663	-	152	136,169	-	163,984
Payments to suppliers	(2,696,295)	(578,367)	(85,028)	(4,039,367)	704,826	(6,694,231)
Payments to employees	-	-	-	(276,393)	(440,940)	(717,333)
Net cash provided by (used in) operating activities	449,261	94,971	157,494	(860,250)	2,393,668	2,235,144
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITY						
Transfers to other funds	(18,000)	(5,000)	(49,850)	(234,690)	(368,480)	(676,020)
Net cash used in noncapital financing activity	(18,000)	(5,000)	(49,850)	(234,690)	(368,480)	(676,020)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(58,510)	-	-	-	(721,603)	(780,113)
Principal paid on capital debt	(394,000)	(84,000)	-	-	(1,037,000)	(1,515,000)
Interest paid on capital debt	(38,067)	(7,115)	-	-	(52,969)	(98,151)
Net cash used in capital and related financing activities	(490,577)	(91,115)	-	-	(1,811,572)	(2,393,264)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of investments	-	-	(115,875)	-	(275,413)	(391,288)
Sale of investments	-	-	-	1,076,682	-	1,076,682
Interest on investments	-	-	8,231	18,258	44,718	71,207
Net cash provided by (used in) investing activities	-	-	(107,644)	1,094,940	(230,695)	756,601
Net change in cash and cash equivalents	(59,316)	(1,144)	-	-	(17,079)	(77,539)
Cash and cash equivalents - October 1, 2014	477,087	88,170	-	-	70,260	635,517
Cash and cash equivalents - September 30, 2015	\$ 417,771	\$ 87,026	\$ -	\$ -	\$ 53,181	\$ 557,978
Reconciliation of operating income to net cash provided by (used in) operating activities:						
Operating income	\$ 280,044	\$ 122,358	\$ 127,325	\$ 78,440	\$ 518,578	\$ 1,126,745
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:						
Depreciation expense	152,188	43,751	9,180	238	392,676	598,033
Refund of cart fees	-	-	-	(1,641,430)	-	(1,641,430)
Rent revenue	27,663	-	152	136,169	-	163,984
Change in assets and liabilities:						
Accounts receivable	2,492	170	-	197,647	(2,546)	197,763
Inventories	(8,192)	5,337	-	-	-	(2,855)
Prepaid expenses	32,429	9,159	-	(1,791)	(2,140)	37,657
Deferred amount related to pensions	-	-	-	(70,734)	(77,737)	(148,471)
Accounts payable and accrued expenses	45,330	6,873	(118)	343,477	103,293	498,855
Unearned revenue	-	-	21,675	-	-	21,675
Compensated absences payable	-	-	-	15,183	338	15,521
Net OPEB obligation	-	-	-	3,754	(853)	2,901
Net pension liability	-	-	-	78,797	86,477	165,274
Due to other funds	(42,743)	(92,677)	-	-	1,375,582	1,240,162
Refundable deposits payable	(39,950)	-	(720)	-	-	(40,670)
Total adjustments	169,217	(27,387)	30,169	(938,690)	1,875,090	1,108,399
Net cash provided by (used in) operating activities	\$ 449,261	\$ 94,971	\$ 157,494	\$ (860,250)	\$ 2,393,668	\$ 2,235,144
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES						
Amortization of bond premiums	\$ (6,099)	\$ (3,735)	\$ -	\$ -	\$ -	\$ (9,834)
Amortization of deferred charges on refundings	\$ 24,849	\$ 9,000	\$ -	\$ -	\$ -	\$ 33,849
Contributions of capital assets	\$ -	\$ -	\$ -	\$ -	\$ 13,294	\$ 13,294
Realized and unrealized gains on investments	\$ -	\$ -	\$ 2,456	\$ 5,447	\$ 11,703	\$ 19,606

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 POSITION
 INTERNAL SERVICE FUNDS
 September 30, 2015

	Insurance	Central Garage	Total Internal Service Funds
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 218,849	\$ 100	\$ 218,949
Investments	5,019,132	2,865,968	7,885,100
Accounts receivable, net	16,989	-	16,989
Interest receivable	8,174	4,594	12,768
Due from other funds	3,257,138	2,047,921	5,305,059
Inventories	-	73,563	73,563
Prepaid expenses	288,022	15,792	303,814
Total Current Assets	<u>8,808,304</u>	<u>5,007,938</u>	<u>13,816,242</u>
Noncurrent Assets:			
Property, land and equipment			
Buildings	-	88,185	88,185
Equipment	140,627	23,022,530	23,163,157
Accumulated depreciation	(96,393)	(16,738,921)	(16,835,314)
Total Noncurrent Assets	<u>44,234</u>	<u>6,371,794</u>	<u>6,416,028</u>
Total Assets	<u>8,852,538</u>	<u>11,379,732</u>	<u>20,232,270</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount related to pensions	<u>71,434</u>	<u>188,390</u>	<u>259,824</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued expenses	111,477	139,583	251,060
Compensated absences payable	5,970	2,066	8,036
Insurance claims payable	1,634,742	-	1,634,742
Total Current Liabilities	<u>1,752,189</u>	<u>141,649</u>	<u>1,893,838</u>
Noncurrent Liabilities:			
Long-term portion of compensated absences payable	15,552	84,579	100,131
Long-term portion of insurance claims payable	4,020,000	-	4,020,000
Net OPEB obligation	25,936	64,841	90,777
Net pension liability	59,739	157,548	217,287
Total Noncurrent Liabilities	<u>4,121,227</u>	<u>306,968</u>	<u>4,428,195</u>
Total Liabilities	<u>5,873,416</u>	<u>448,617</u>	<u>6,322,033</u>
NET POSITION			
Net investment in capital assets	44,234	6,371,794	6,416,028
Unrestricted	3,006,322	4,747,711	7,754,033
Total Net Position	<u>\$ 3,050,556</u>	<u>\$ 11,119,505</u>	<u>\$ 14,170,061</u>

CITY OF DELRAY BEACH, FLORIDA
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 INTERNAL SERVICE FUNDS
 For the Fiscal Year Ended September 30, 2015

	Insurance	Central Garage	Total Internal Service Funds
OPERATING REVENUES			
Charges for services	\$ 13,218,418	\$ 2,676,775	\$ 15,895,193
Other operating revenue	521,135	2,049,286	2,570,421
Total Operating Revenues	<u>13,739,553</u>	<u>4,726,061</u>	<u>18,465,614</u>
OPERATING EXPENSES			
Personal services	315,931	857,617	1,173,548
Other operating expenses	12,597,301	1,964,911	14,562,212
Depreciation	16,037	1,782,191	1,798,228
Total Operating Expenses	<u>12,929,269</u>	<u>4,604,719</u>	<u>17,533,988</u>
Operating income	810,284	121,342	931,626
NONOPERATING REVENUES			
Interest revenue	67,235	33,264	100,499
Gain on disposal of equipment	-	69,966	69,966
Total Nonoperating Revenues	<u>67,235</u>	<u>103,230</u>	<u>170,465</u>
Income Before Capital Contributions and Transfers	877,519	224,572	1,102,091
Capital contributions	-	2,428	2,428
Change In Net Position	877,519	227,000	1,104,519
Net Position - October 1, 2014, as originally reported	2,150,585	10,830,758	12,981,343
Restatement for implementation of GASB Statements	22,452	61,747	84,199
Net Position - October 1, 2014, as restated	<u>2,173,037</u>	<u>10,892,505</u>	<u>13,065,542</u>
Net Position - September 30, 2015	<u>\$ 3,050,556</u>	<u>\$ 11,119,505</u>	<u>\$ 14,170,061</u>

CITY OF DELRAY BEACH, FLORIDA
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 For the Fiscal Year Ended September 30, 2015

	Insurance	Central Garage	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 12,681,752	\$ 3,844,451	\$ 16,526,203
Payments to suppliers	(12,354,395)	(1,914,325)	(14,268,720)
Payments to employees	(314,220)	(839,353)	(1,153,573)
Net cash provided by operating activities	<u>13,137</u>	<u>1,090,773</u>	<u>1,103,910</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(6,650)	(1,182,448)	(1,189,098)
Proceeds from the sale of capital assets	-	91,674	91,674
Net cash used in capital and related financing activities	<u>(6,650)</u>	<u>(1,090,774)</u>	<u>(1,097,424)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of investments	(44,701)	(25,524)	(70,225)
Interest on investments	53,682	25,525	79,207
Net cash provided by investing activities	<u>8,981</u>	<u>1</u>	<u>8,982</u>
Net change in cash and cash equivalents	15,468	-	15,468
Cash and cash equivalents - October 1, 2014	203,381	100	203,481
Cash and cash equivalents - September 30, 2015	<u>\$ 218,849</u>	<u>\$ 100</u>	<u>\$ 218,949</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 810,284	\$ 121,342	\$ 931,626
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	16,037	1,782,191	1,798,228
Change in assets and liabilities:			
Accounts receivable	863	-	863
Due from other funds	(1,058,664)	(881,610)	(1,940,274)
Inventories	-	37,978	37,978
Prepaid expenses	94,148	(15,792)	78,356
Deferred amount related to pensions	(71,434)	(188,390)	(259,824)
Accounts payable and accrued expenses	(155,572)	28,400	(127,172)
Compensated absences payable	(9,789)	(8,198)	(17,987)
Insurance claims payable	304,330	-	304,330
Net OPEB obligation	3,754	3,841	7,595
Net pension liability	79,180	211,011	290,191
Total adjustments	<u>(797,147)</u>	<u>969,431</u>	<u>172,284</u>
Net cash provided by operating activities	<u>\$ 13,137</u>	<u>\$ 1,090,773</u>	<u>\$ 1,103,910</u>
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Equipment contributed from governmental capital assets	\$ -	\$ 2,428	\$ 2,428
Realized and unrealized gains on investments	<u>\$ 13,336</u>	<u>\$ 7,615</u>	<u>\$ 20,951</u>

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 POSITION
 PENSION TRUST FUNDS
 September 30, 2015

	General Employees' Pension	Police and Firefighters' Retirement System	Total Pension Trust Funds
ASSETS			
Cash and cash equivalents	\$ 1,900,262	\$ 4,951,940	\$ 6,852,202
Investments:			
U.S. Government securities	6,414,017	2,623,559	9,037,576
U.S. Government Agency securities	1,634,260	9,267,419	10,901,679
Municipal obligations	1,246,226	254,958	1,501,184
Domestic and international fixed income investment funds	-	10,641,570	10,641,570
Domestic and international corporate bonds	11,351,394	19,049,277	30,400,671
Domestic equity securities	23,094,800	55,968,658	79,063,458
Domestic and international equity investment funds	12,454,335	32,845,249	45,299,584
Alternative investments	49,453,822	16,326,767	65,780,589
Interest and dividends receivable	237,076	434,657	671,733
Due from broker for securities sold	16,870	102,880	119,750
Employee contributions receivable	19,270	51,650	70,920
State contributions receivable	-	1,896,237	1,896,237
Prepaid expenses	111,447	10,463	121,910
Total Assets	<u>107,933,779</u>	<u>154,425,284</u>	<u>262,359,063</u>
LIABILITIES			
Accounts payable	48,868	173,429	222,297
Due to broker for securities purchased	98,325	991,237	1,089,562
Total Liabilities	<u>147,193</u>	<u>1,164,666</u>	<u>1,311,859</u>
NET POSITION			
Restricted for pension benefits	<u>\$ 107,786,586</u>	<u>\$ 153,260,618</u>	<u>\$ 261,047,204</u>

CITY OF DELRAY BEACH, FLORIDA
 COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
 PENSION TRUST FUNDS
 For the Fiscal Year Ended September 30, 2015

	General Employees' Pension	Police and Firefighters' Retirement System	Total Pension Trust Funds
ADDITIONS			
Contributions			
Employer	\$ 2,178,705	\$ 10,837,369	\$ 13,016,074
State	-	1,896,237	1,896,237
Plan members	948,466	1,634,828	2,583,294
Total contributions	<u>3,127,171</u>	<u>14,368,434</u>	<u>17,495,605</u>
Investment earnings			
Net depreciation in fair value of investments	(1,131,200)	(4,783,170)	(5,914,370)
Interest and dividends	1,852,641	3,614,899	5,467,540
	<u>721,441</u>	<u>(1,168,271)</u>	<u>(446,830)</u>
Less investment expenses - custodian fees	283,188	754,294	1,037,482
Net investment earnings (loss)	<u>438,253</u>	<u>(1,922,565)</u>	<u>(1,484,312)</u>
Other income	<u>7,008</u>	<u>22,903</u>	<u>29,911</u>
Total additions	<u>3,572,432</u>	<u>12,468,772</u>	<u>16,041,204</u>
DEDUCTIONS			
Benefits	5,882,586	13,096,207	18,978,793
Refunds of contributions	111,160	186,498	297,658
Administrative expenses	73,705	231,434	305,139
Total deductions	<u>6,067,451</u>	<u>13,514,139</u>	<u>19,581,590</u>
Change In Plan Net Position	<u>(2,495,019)</u>	<u>(1,045,367)</u>	<u>(3,540,386)</u>
Net Position Restricted for Pension Benefits - October 1, 2014, as originally reported	110,281,605	173,210,319	283,491,924
Restatement for change in accounting	-	(18,904,334)	(18,904,334)
Net Position Restricted for Pension Benefits - October 1, 2014, as restated	<u>110,281,605</u>	<u>154,305,985</u>	<u>264,587,590</u>
Net Position Restricted for Pension Benefits - September 30, 2015	<u>\$ 107,786,586</u>	<u>\$ 153,260,618</u>	<u>\$ 261,047,204</u>

Other Supplementary Information

City of Delray Beach, Florida
Schedule of Revenue and Other Financing Sources—
Budget and Actual—General Fund

For the Fiscal Year Ended September 30, 2015

	Final Amended Budget	Actual	Variance Positive (Negative)
Revenue:			
Taxes:			
Ad valorem	\$ 51,912,720	\$ 51,971,057	\$ 58,337
Sales and use	1,400,000	1,397,627	(2,373)
Utility	6,070,000	6,244,584	174,584
Communications Services Tax	3,200,000	3,217,568	17,568
Business tax receipts	780,000	786,579	6,579
Total taxes	63,362,720	63,617,415	254,695
Fees and permits:			
Building permits	3,457,000	5,112,119	1,655,119
Franchise fees	5,254,580	5,269,680	15,100
Miscellaneous	1,519,200	1,721,222	202,022
License fees	115,000	21,124	(93,876)
Total fees and permits	10,345,780	12,124,145	1,778,365
Intergovernmental:			
Federal shared revenue:			
SAFER Grant	607,280	647,704	40,424
Bulletproof Vest Grant	4,000	11,321	7,321
Justice Assistance Grants	39,085	39,085	-
Total federal shared revenue	650,365	698,110	47,745
State shared revenue:			
State revenue sharing	1,890,000	1,948,361	58,361
Local government sales tax	4,750,000	4,773,623	23,623
Alcoholic beverage licenses tax	80,000	80,489	489
Municipal fuel tax refund	45,000	44,263	(737)
Mobile home licenses tax	400	454	54
Fire incentive	60,000	68,041	8,041
State grants	245,387	228,520	(16,867)
Total state shared revenue	7,070,787	7,143,751	72,964
Shared revenue from local units:			
County occupational licenses	100,000	122,920	22,920
PBC Grants	75,000	92,780	17,780
Total shared revenue from local units	175,000	215,700	40,700
Total intergovernmental	7,896,152	8,057,561	161,409

Continued on next page.

City of Delray Beach, Florida

Schedule of Revenue and Other Financing Sources—
Budget and Actual—General Fund (Continued)

For the Fiscal Year Ended September 30, 2015

	Final Amended Budget	Actual	Variance Positive (Negative)
Revenue (continued):			
Charges for services:			
General government	\$ 741,260	\$ 728,713	\$ (12,547)
Public safety	6,933,320	7,245,387	312,067
Physical environment	104,000	112,591	8,591
Parking	1,874,480	1,927,087	52,607
Culture and recreation		1,406,236	1,406,236
Total charges for services	11,001,042	11,420,014	418,972
Fines and forfeitures:			
Court	764,350	910,469	146,119
Penalties on licenses and permits	89,000	136,412	47,412
Violations of local ordinances	160,000	168,775	8,775
Total fines and forfeitures	1,013,350	1,215,656	202,306
Miscellaneous:			
Interest	322,616	397,709	75,093
Rents and special assessments	299,350	309,205	9,855
Sale of capital assets	1,000	934	(66)
Contributions and donations	3,720,008	4,786,397	1,066,389
Recovery of administrative costs	2,908,870	2,601,700	(307,170)
Other	57,690	3,405,576	3,347,886
Total miscellaneous	7,309,534	11,501,521	4,191,987
Total revenue	100,928,578	107,936,312	7,007,734
Other financing sources:			
Prior year surplus	327,252	-	(327,252)
Transfers in:			
Water and Sewer Fund	1,670,410	2,990,410	1,320,000
Delray Beach Municipal and Lakeview Golf Course Funds	23,000	23,000	-
City Marina Fund	49,850	49,850	-
Utilities Tax Fund	1,321,800	1,800	(1,320,000)
Sanitation Fund	125,690	125,690	-
Stormwater Utility Fund	368,480	368,480	-
Special Projects Fund	12,000	12,000	-
Total transfers in	3,571,230	3,571,230	-
Total other financing sources	3,898,482	3,571,230	(327,252)
Total revenue and other financing sources	<u>\$ 104,827,060</u>	<u>111,507,542</u>	<u>\$ 6,680,482</u>
Reconciliation to GAAP basis statements:			
On-behalf payments		1,896,237	
Revenue and other financing sources - GAAP basis		<u>\$ 113,403,779</u>	

City of Delray Beach, Florida

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

For the Fiscal Year Ended September 30, 2015

	Original Budget	Final Amended Budget	Current Year Expenditures	Current Year Encumbrances Outstanding	Total Expenditures and Encumbrances	Unencumbered Balance Lapsed
General government:						
City commission	\$ 187,810	\$ 211,170	\$ 208,716	\$ -	\$ 208,716	\$ 2,454
City manager	588,750	655,390	599,740	-	599,740	55,650
Economic development	210,000	210,000	139,046	-	139,046	70,954
Human resources	598,810	669,910	675,363	-	675,363	(5,453)
Public information office	202,000	239,939	236,010	-	236,010	3,929
City clerk	664,030	697,767	656,531	-	656,531	41,236
Finance	1,869,090	2,267,913	2,076,948	-	2,076,948	190,965
Information technology	1,826,420	1,913,496	1,652,194	-	1,652,194	261,302
City attorney	1,230,000	1,282,885	1,261,360	-	1,261,360	21,525
Clean and Safe	218,140	218,140	185,082	-	185,082	33,058
Cemetery	383,000	383,000	342,924	-	342,924	40,076
Grants and Aids:						
Old School Square	250,000	250,000	250,000	-	250,000	-
Library	1,453,500	1,453,500	1,453,500	-	1,453,500	-
Other grants and aids	255,450	243,450	243,450	-	243,450	-
Miscellaneous and contingency	1,911,760	671,713	143,329	-	143,329	528,384
Transfers to component units	7,728,110	7,732,003	7,732,003	-	7,732,003	-
Total general government	19,576,870	19,100,276	17,856,196	-	17,856,196	1,244,080
Public safety:						
Law enforcement	29,776,050	31,575,967	30,088,680	-	30,088,680	1,487,287
Fire control	26,392,830	26,271,148	24,500,420	-	24,500,420	1,770,728
Community improvement administration	509,960	509,960	511,018	-	511,018	(1,058)
Planning and zoning	1,246,790	1,364,995	1,184,692	-	1,184,692	180,303
Building inspection	1,517,870	1,485,665	1,504,808	-	1,504,808	(19,143)
Code compliance	1,093,620	1,157,069	1,164,108	-	1,164,108	(7,039)
Total public safety	60,537,120	62,364,804	58,953,726	-	58,953,726	3,411,078
Physical environment:						
Engineering	673,910	807,491	678,578	-	678,578	128,913
Parking facilities	1,333,610	1,495,690	1,091,337	-	1,091,337	404,353
Public works:						
Traffic operations	434,520	434,520	403,576	-	403,576	30,944
Administration	183,140	183,140	164,149	-	164,149	18,991
Street lighting	798,980	834,980	836,425	-	836,425	(1,445)
Street maintenance	1,003,920	952,630	875,049	-	875,049	77,581
Building maintenance	1,107,120	1,107,273	1,022,178	-	1,022,178	85,095
Total physical environment	5,535,200	5,815,724	5,071,292	-	5,071,292	744,432

Continued on next page.

City of Delray Beach, Florida

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

For the Fiscal Year Ended September 30, 2015

	Original Budget	Final Amended Budget	Current Year Expenditures	Current Year Encumbrances Outstanding	Total Expenditures and Encumbrances	Unencumbered Balance Lapsed
Parks and recreation:						
Administration	\$ 635,100	\$ 691,760	\$ 689,052	\$ -	\$ 689,052	\$ 2,708
Out of school program	226,720	416,470	416,354	-	416,354	116
Teen center	253,310	253,310	257,584	-	257,584	(4,274)
Catherine Strong Park	254,400	290,787	276,883	-	276,883	13,904
Community center	346,560	341,570	299,178	-	299,178	42,392
Veteran's park recreation facility	147,160	165,790	168,049	-	168,049	(2,259)
Pompey Park recreation facility	818,190	763,200	761,070	-	761,070	2,130
Parks maintenance	3,781,580	3,766,568	3,650,756	-	3,650,756	115,812
Special events	140,480	135,370	131,996	-	131,996	3,374
Tennis centers	1,204,420	1,247,420	1,214,766	-	1,214,766	32,654
Tennis stadium	2,367,340	2,367,340	2,306,170	-	2,306,170	61,170
Aquatics	442,290	442,290	428,134	-	428,134	14,156
Athletics	532,700	525,800	506,231	-	506,231	19,569
Total parks and recreation	11,150,250	11,407,675	11,106,223	-	11,106,223	301,452
Debt service:						
Principal retirement	3,318,330	2,732,446	2,732,052	-	2,732,052	394
Interest and fiscal charges	881,510	841,692	830,469	-	830,469	11,223
Total debt service	4,199,840	3,574,138	3,562,521	-	3,562,521	11,617
Total expenditures and encumbrances	100,999,280	102,262,617	96,549,958	-	96,549,958	5,712,659
Other financing uses:						
Transfers out to other funds:						
Neighborhood Services Fund	149,430	149,430	149,430	-	149,430	-
Beautification Fund	870,000	870,000	870,000	-	870,000	-
Utilities Tax Fund	1,238,760	1,306,393	1,306,393	-	1,306,393	-
Capital Improvement Fund	-	176,290	176,290	-	176,290	-
Beach Restoration Fund	62,330	62,330	62,330	-	62,330	-
Total other financing uses	2,320,520	2,564,443	2,564,443	-	2,564,443	-
Total expenditures, encumbrances and other financing uses	\$ 103,319,800	\$ 104,827,060	\$ 99,114,401	\$ -	\$ 99,114,401	\$ 5,712,659
Reconciliation to GAAP basis statements:						
Prior year encumbrances paid in current year					373,543	
On-behalf payments					1,896,237	
Expenditures and other financing uses - GAAP basis					\$ 101,384,181	

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 and Note	Water and Sewer Revenue Bonds	Installment Agreements	Total Requirements
2016	\$ 2,090,511	\$ 11,314,472	\$ 2,646,832	\$ 125,764	\$ 16,177,579
2017	2,089,576	3,412,020	2,165,399	125,763	7,792,758
2018	2,096,705	3,412,108	2,163,775	125,764	7,798,352
2019	2,091,898	3,428,766	2,145,699	21,934	7,688,297
2020	2,104,997	3,434,650	1,933,097	-	7,472,744
2021	2,105,795	3,425,900	1,948,716	-	7,480,411
2022	2,109,345	3,432,650	1,948,086	-	7,490,081
2023	2,115,489	3,428,900	-	-	5,544,389
2024	2,128,967	3,434,900	-	-	5,563,867
2025	-	3,434,900	-	-	3,434,900
2026	-	3,428,900	-	-	3,428,900
2027	-	3,436,900	-	-	3,436,900
2028	-	3,428,500	-	-	3,428,500
2029	-	3,432,850	-	-	3,432,850
2030	-	3,429,500	-	-	3,429,500
2031	-	3,429,813	-	-	3,429,813
2032	-	3,428,250	-	-	3,428,250
2033	-	1,028,438	-	-	1,028,438
2034	-	1,027,050	-	-	1,027,050
2035	-	1,024,650	-	-	1,024,650
	<u>\$ 18,933,283</u>	<u>\$ 69,254,117</u>	<u>\$ 14,951,604</u>	<u>\$ 399,225</u>	<u>\$ 103,538,229</u>

City of Delray Beach, Florida

Combined Schedule of General Obligation Bond Debt Service Requirements

Fiscal Year Ending September 30	Principal	Interest	Total	Balance Outstanding at End of Fiscal Year
2016	\$ 1,590,000	\$ 500,511	\$ 2,090,511	\$ 16,842,772
2017	1,640,000	449,576	2,089,576	14,753,196
2018	1,700,000	396,705	2,096,705	12,656,491
2019	1,750,000	341,898	2,091,898	10,564,593
2020	1,820,000	284,997	2,104,997	8,459,596
2021	1,880,000	225,795	2,105,795	6,353,801
2022	1,945,000	164,345	2,109,345	4,244,456
2023	2,015,000	100,489	2,115,489	2,128,967
2024	2,095,000	33,967	2,128,967	-
	<u>\$ 16,435,000</u>	<u>\$ 2,498,283</u>	<u>\$ 18,933,283</u>	

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			
2016	\$ 785,000	\$ 176,998	\$ 160,709	\$ 160,709	\$ 1,122,707	\$ 9,108,589	4.15%
2017	820,000	160,709	143,694	143,694	1,124,403	7,984,186	4.15
2018	860,000	143,694	125,849	125,849	1,129,543	6,854,643	4.15
2019	895,000	125,849	107,278	107,278	1,128,127	5,726,516	4.15
2020	940,000	107,278	87,773	87,773	1,135,051	4,591,465	4.15
2021	985,000	87,773	67,334	67,334	1,140,107	3,451,358	4.15
2022	1,030,000	67,334	45,961	45,961	1,143,295	2,308,063	4.15
2023	1,080,000	45,961	23,551	23,551	1,149,512	1,158,551	4.15
2024	1,135,000	23,551	-	-	1,158,551	-	4.15
	<u>\$ 8,530,000</u>	<u>\$ 939,147</u>	<u>\$ 762,149</u>	<u>\$ 762,149</u>	<u>\$ 10,231,296</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

Schedule of General Obligation Bonds (Series 2013)

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			
2016	\$ 805,000	\$ 85,769	\$ 77,035	\$ 967,804	\$ 7,734,183	2.17%	
2017	820,000	77,035	68,138	965,173	6,769,010	2.17	
2018	840,000	68,138	59,024	967,162	5,801,848	2.17	
2019	855,000	59,024	49,747	963,771	4,838,077	2.17	
2020	880,000	49,747	40,199	969,946	3,868,131	2.17	
2021	895,000	40,199	30,489	965,688	2,902,443	2.17	
2022	915,000	30,489	20,561	966,050	1,936,393	2.17	
2023	935,000	20,561	10,416	965,977	970,416	2.17	
2024	960,000	10,416	-	970,416	-	2.17	
	<u>\$ 7,905,000</u>	<u>\$ 441,378</u>	<u>\$ 355,609</u>	<u>\$ 8,701,987</u>			

- Original Authorization – \$9,000,000
- Issued – \$8,810,000
- Date of Issue – November 21, 2013
- 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 – No optional or mandatory redemption
- Paying Agent/Registrar – Compas Mortgage Corporation
Leander, Texas
- 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 Bonds and Note
Debt Service Requirements (Principal and Interest)

Fiscal Year Ending September 30	Principal	Interest	Total	Balance Outstanding at End of Fiscal Year
2016	\$ 9,485,409	\$ 1,829,063	\$ 11,314,472	\$ 57,939,645
2017	1,714,000	1,698,020	3,412,020	54,527,625
2018	1,790,000	1,622,108	3,412,108	51,115,517
2019	1,886,000	1,542,766	3,428,766	47,686,751
2020	1,975,000	1,459,650	3,434,650	44,252,101
2021	2,065,000	1,360,900	3,425,900	40,826,201
2022	2,175,000	1,257,650	3,432,650	37,393,551
2023	2,280,000	1,148,900	3,428,900	33,964,651
2024	2,400,000	1,034,900	3,434,900	30,529,751
2025	2,520,000	914,900	3,434,900	27,094,851
2026	2,640,000	788,900	3,428,900	23,665,951
2027	2,780,000	656,900	3,436,900	20,229,051
2028	2,855,000	573,500	3,428,500	16,800,551
2029	2,945,000	487,850	3,432,850	13,367,701
2030	3,030,000	399,500	3,429,500	9,938,201
2031	3,125,000	304,813	3,429,813	6,508,388
2032	3,225,000	203,250	3,428,250	3,080,138
2033	930,000	98,438	1,028,438	2,051,700
2034	960,000	67,050	1,027,050	1,024,650
2035	990,000	34,650	1,024,650	-
	<u>\$ 51,770,409</u>	<u>\$ 17,483,708</u>	<u>\$ 69,254,117</u>	

Note: Excludes allocable portion of business-type debt from the Revenue Bonds (Series 2000), Utility Tax Revenue Bonds (Series 2002), Revenue Refunding and Improvement Bonds (Series 2003) and Utility Tax Revenue Bonds (Series 2007).

City of Delray Beach, Florida
Schedule of Revenue Bonds (Series 2000)

Fiscal Year Ending September 30	Serial Bond			Total	Balance Outstanding at End of Fiscal Year	Interest Rate
	Principal June 1	Interest December 1 June 1				
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>\$ 2,220,000</u>	<u>\$ 149,482</u>	<u>\$ 149,482</u>	<u>\$ 2,518,964</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 73% of the bonds are governmental activities debt and 27% is business-type activities debt.

City of Delray Beach, Florida

Schedule of Utilities 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				
2016	\$ 460,000	\$ 9,660	\$ 9,660	\$	479,320	\$ -	4.10%

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

Projects: The bonds were issued to refund the City's outstanding Utility Tax Revenue Bonds, Series 1992, Series 1994, Series 1995, Series 1996, and Series 1998. All the remaining outstanding bonds are business-type activities debt.

City of Delray Beach, Florida

Schedule of Revenue Refunding and Improvement Bonds (Series 2003)

Fiscal Year Ending September 30	Serial Bond		Interest		Total	Balance Outstanding at End of Fiscal Year	Interest Rate
	Principal June 1	December 1	June 1				
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>\$ 3,470,000</u>	<u>\$ 161,728</u>	<u>\$ 161,728</u>	<u>\$ 3,793,456</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 Utilities 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	June 1			
2016	\$ 70,000	\$ 1,400	\$ 1,400	\$ 72,800	\$ -	4.00%	

- 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 Bonds: June 1, 2028 through 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 – Optional redemption for bonds maturing on June 1, 2020 - callable after June 1, 2017 at 100%
- Paying Agent – Commerce Bank
- Ratings – S&P: AAA, Moody's Aaa
- Underlying Ratings – S&P: A, Moody's A2

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

City of Delray Beach, Florida

Schedule of Utilities Tax Revenue Refunding and Improvement Bonds (Series 2015)

Fiscal Year Ending September 30	Serial Bond			Total	Balance Outstanding at End of Fiscal Year	Interest Rate
	Principal June 1	Interest December 1 June 1				
2016	\$ 490,000	\$ 782,950	\$ 782,950	\$ 2,055,900	\$ 53,866,701	5.00%
2017	520,000	770,700	770,700	2,061,400	51,805,301	5.00
2018	545,000	757,700	757,700	2,060,400	49,744,901	5.00
2019	570,000	744,075	744,075	2,058,150	47,686,751	5.00
2020	1,975,000	729,825	729,825	3,434,650	44,252,101	5.00
2021	2,065,000	680,450	680,450	3,425,900	40,826,201	5.00
2022	2,175,000	628,825	628,825	3,432,650	37,393,551	5.00
2023	2,280,000	574,450	574,450	3,428,900	33,964,651	5.00
2024	2,400,000	517,450	517,450	3,434,900	30,529,751	5.00
2025	2,520,000	457,450	457,450	3,434,900	27,094,851	5.00
2026	2,640,000	394,450	394,450	3,428,900	23,665,951	5.00
2027	2,780,000	328,450	328,450	3,436,900	20,229,051	3.00
2028	2,855,000	286,750	286,750	3,428,500	16,800,551	3.00
2029	2,945,000	243,925	243,925	3,432,850	13,367,701	3.00
2030	3,030,000	199,750	199,750	3,429,500	9,938,201	3.13
2031	3,125,000	152,406	152,406	3,429,813	6,508,388	3.25
2032	3,225,000	101,625	101,625	3,428,250	3,080,138	3.25
2033	930,000	49,219	49,219	1,028,438	2,051,700	3.38
2034	960,000	33,525	33,525	1,027,050	1,024,650	3.38
2035	990,000	17,325	17,325	1,024,650	-	3.50
	<u>\$ 39,020,000</u>	<u>\$ 8,451,300</u>	<u>\$ 8,451,300</u>	<u>\$ 55,922,601</u>		

- Original Authorization – \$44,000,000
- Issued – \$39,020,000 Serial Bonds
- Date of Issue – April 1, 2015
- Maturity Range – Serial Bonds: June 1, 2016 through June 1, 2035
- Principal Payment Date – June 1 of each year
- Interest Payment Dates – June 1 and December 1 of each year
- Pledged Revenue – Utilities service tax revenues
- Denomination – N/A
- Call Features – Optional redemption for bonds maturing on or after June 1, 2026 at 100%
- Paying Agent – Commerce Bank
- Ratings – S&P: AA-, Moody's Aa3

Projects: The bonds were issued to refund a portion of the Utility Tax Revenue Bonds, Series 2007; to pay a portion of the Bond Anticipation Revenue Improvement Note, Series 2013; and, to finance the costs of rebuilding Fire Station No. 3 and certain beach amenity projects.

City of Delray Beach, Florida

Schedule of Revenue Refunding Bonds (Series 2013)
(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			
2016	\$ 2,629,000	\$ 10,792	\$ 8,021	\$ 8,021	\$ 2,647,813	-	0.82%

- Original Authorization – \$2,629,000
- Issued – \$2,629,000
- Date of Issue – August 27, 2013
- Maturity – April 15, 2016
- 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 equal to 75% of the LIBOR rate (London Inter Bank Offered Rate) plus sixty four basis points (.64). Rate at September 30, 2015 was .82%.

Projects: The bonds were issued to refund the Revenue Improvement Bonds, Series 2008.

(1) Rate at year end.

City of Delray Beach, Florida

Schedule of Bond Anticipation Revenue Improvement Note - LOC (Series 2013)

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			
2016	\$ 5,155,409	\$ 20,000	\$ 20,000	\$ 20,000	\$ 5,195,409	\$ -	0.82%
Original Authorization	- \$22,250,000						
Issued	- \$15,233,742						
Date of Issue	- April 30, 2013						
Maturity	- June 1, 2016						
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 equal to 75% of the LIBOR rate (London Inter Bank Offered Rate) plus sixty four (.64) basis points. Rate at September 30, 2015 was .82%.						

Projects: The note was issued to finance a beach renourishment project and a highway beautification project up to \$22,250,000. The note is expected to be refinanced with long-term bonds on or before its final maturity.

(1) Rate at year end.

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
2016	\$ 2,309,000	\$ 337,832	\$ 2,646,832	\$ 12,304,772
2017	1,896,000	269,399	2,165,399	10,139,373
2018	1,945,000	218,775	2,163,775	7,975,598
2019	1,979,000	166,699	2,145,699	5,829,899
2020	1,820,000	113,097	1,933,097	3,896,802
2021	1,880,000	68,716	1,948,716	1,948,086
2022	1,925,000	23,086	1,948,086	-
	<u>\$ 13,754,000</u>	<u>\$ 1,197,604</u>	<u>\$ 14,951,604</u>	

Note: Includes allocable portion of business-type debt from the Revenue Bonds (Series 2000), Utility Tax Revenue Bonds (Series 2002), Revenue Refunding and Improvement Bonds (Series 2003) and Utility Tax Revenue Bonds (Series 2007).

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				
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>\$ 1,300,000</u>	<u>\$ 107,363</u>	<u>\$ 81,493</u>	<u>\$ 1,488,856</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 Refunding Revenue Bonds (Series 2011A)

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				
2016	\$ 515,000	\$ 42,984	\$ 37,294	\$ 595,278	\$ 3,604,231	2.21%	
2017	530,000	37,294	31,437	598,731	3,005,500	2.21	
2018	540,000	31,437	25,470	596,907	2,408,593	2.21	
2019	555,000	25,470	19,337	599,807	1,808,786	2.21	
2020	565,000	19,338	13,094	597,432	1,211,354	2.21	
2021	585,000	13,094	6,630	604,724	606,630	2.21	
2022	600,000	6,630	-	606,630	-	2.21	
	<u>\$ 3,890,000</u>	<u>\$ 176,247</u>	<u>\$ 133,262</u>	<u>\$ 4,199,509</u>			

- Original Authorization – \$5,430,000
- Issued – \$5,430,000
- Date of Issue – September 29, 2011
- Maturity Range – Serial Bonds: October 1, 2012 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 – None
- Call Features – 1% penalty for early payment
- Paying Agent – Branch Banking and Trust Company
- Ratings – N/A

Projects: The bonds were issued to finance the cost of refunding the Series 2006A Water and Sewer Revenue Bonds.

City of Delray Beach, Florida

Schedule of Water and Sewer Revenue Refunding Bonds (Series 2011B)

Fiscal Year Ending September 30	Serial Bond		Interest		Total	Balance Outstanding at End of Fiscal Year	Interest Rate
	Principal		October 1	April 1			
	October 1	October 1	October 1	April 1			
2016	\$ 980,000	\$ 80,775	\$ 69,946	\$ 1,130,721	\$ 6,759,072	2.21%	
2017	1,000,000	69,946	58,897	1,128,843	5,630,229	2.21	
2018	1,020,000	58,896	47,626	1,126,522	4,503,707	2.21	
2019	1,035,000	47,625	36,189	1,118,814	3,384,893	2.21	
2020	1,060,000	36,189	24,476	1,120,665	2,264,228	2.21	
2021	1,095,000	24,476	12,376	1,131,852	1,132,376	2.21	
2022	1,120,000	12,376	-	1,132,376	-	2.21	
	<u>\$ 7,310,000</u>	<u>\$ 330,283</u>	<u>\$ 249,510</u>	<u>\$ 7,889,793</u>			

- Original Authorization – \$8,160,000
- Issued – \$8,160,000
- Date of Issue – October 18, 2011
- Maturity Range – Serial Bonds: October 1, 2012 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 – 1% penalty for early payment
- Paying Agent – Branch Banking and Trust Company
- Ratings – N/A

Projects: The bonds were issued to refund the 2007 Water and Sewer Bond Issue. The 2007 Water and Sewer Bonds were issued for the purpose of funding the City's share of the Reclaimed Water Treatment Project and the 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
2016	\$ 119,425	\$ 6,339	\$ 125,764	\$ 273,461
2017	121,658	4,105	125,763	147,698
2018	123,934	1,830	125,764	21,934
2019	21,837	97	21,934	-
	<u>\$ 386,854</u>	<u>\$ 12,371</u>	<u>\$ 399,225</u>	

Schedule of installment agreements consists of the following:

- SunTrust Leasing
- Original amount of principal—\$825,000, 84-month term, 2.8546% interest, dates December 6, 2012 through December 6, 2018—public safety hardware and software.

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	Sept. 1/Mar. 1	Sept. 1/Mar. 1	Sept. 1/Mar. 1			
2016	\$ 1,250,000	\$ 209,746	\$ 209,746	\$ 1,459,746	\$ 3,727,328	4.2982 - 5.9095 %	
2017	1,090,000	151,440	151,440	1,241,440	2,485,888	4.2982 - 4.8000	
2018	1,140,000	103,184	103,184	1,243,184	1,242,704	4.2982 - 4.8000	
2019	1,190,000	52,704	52,704	1,242,704	-	4.2982 - 4.8000	
	<u>4,670,000</u>	<u>\$ 517,074</u>	<u>\$ 517,074</u>	<u>\$ 5,187,074</u>			
Series 2012 draw down bond no fixed maturity	<u>2,619,225</u>						
	<u>\$ 7,289,225</u>						

- Original Authorization – \$10,000,000 (Series 2004A - Tax-exempt)
– \$1,925,000 (Series 2004B - Taxable)
– \$9,715,000 (Series 1999A - Tax-exempt)
– \$4,000,000 (Series 2012 - Tax-exempt draw down bond)
- 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)
– \$2,619,225 draws to September 30, 2015 (Series 2012 - 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 and 1999A)
- 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
– Series 2012: September 1 and April 1 of each year, commencing the first September 1 or April 1 after final draw
- 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
– Series 2012: 2.10% on outstanding balance commencing October 1, 2012
- 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 and 1999A)
– City National Bank of Florida (Series 2012)
- Ratings – Not rated
- Project: The Series 2012, 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.

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.....	125
<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.....	139
<i>These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.</i>	
Debt Capacity.....	142
<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	146
<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.....	148
<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 Position by Component

Last Ten Fiscal Years

Accrual Basis of Accounting

	Fiscal Year			
	2006	2007	2008	2009
Governmental activities				
Net investment in capital assets	\$ 55,464,989	\$ 51,049,876	\$ 70,521,186	\$ 76,546,448
Restricted	8,014,482	20,850,170	12,644,718	10,728,740
Unrestricted	22,245,386	23,371,450	23,694,418	23,962,095
Total governmental activities net position	\$ 85,724,857	\$ 95,271,496	\$ 106,860,322	\$ 111,237,283
Business-type activities				
Net investment in capital assets	\$ 59,024,376	\$ 54,782,750	\$ 65,505,859	\$ 66,198,545
Restricted	1,338,263	7,038,221	6,658,262	1,592,060
Unrestricted	34,032,926	40,529,960	38,161,102	43,117,847
Total business-type activities net position	\$ 94,395,565	\$ 102,350,931	\$ 110,325,223	\$ 110,908,452
Primary government				
Net investment in capital assets	\$ 114,489,365	\$ 105,832,626	\$ 136,027,045	\$ 142,744,993
Restricted	9,352,745	27,888,391	19,302,980	12,320,800
Unrestricted	56,278,312	63,901,410	61,855,520	67,079,942
Total primary government net position	\$ 180,120,422	\$ 197,622,427	\$ 217,185,545	\$ 222,145,735

Note: GASB Statement No. 68 was adopted for 2015 resulting in the reduction of unrestricted net position by approximately \$74 million for net pension liabilities of the City's defined benefit pension plans.

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 77,727,858	\$ 78,779,535	\$ 78,326,444	\$ 70,077,233	\$ 69,969,843	\$ 67,883,652
13,592,226	6,520,365	1,801,017	1,618,934	1,745,885	2,991,799
21,879,827	26,242,684	35,072,705	43,858,427	51,496,227	(6,748,871)
<u>\$ 113,199,911</u>	<u>\$ 111,542,584</u>	<u>\$ 115,200,166</u>	<u>\$ 115,554,594</u>	<u>\$ 123,211,955</u>	<u>\$ 64,126,580</u>
\$ 69,465,739	\$ 69,465,739	\$ 76,043,338	\$ 79,245,276	\$ 85,086,776	\$ 88,760,143
7,116,700	7,116,700	4,620,831	4,428,595	2,222,394	3,880,165
39,543,220	39,543,220	43,705,842	46,849,014	49,393,057	50,522,734
<u>\$ 116,125,659</u>	<u>\$ 116,125,659</u>	<u>\$ 124,370,011</u>	<u>\$ 130,522,885</u>	<u>\$ 136,702,227</u>	<u>\$ 143,163,042</u>
\$ 147,193,597	\$ 148,245,274	\$ 154,369,782	\$ 149,322,509	\$ 155,056,619	\$ 156,643,795
20,708,926	13,637,065	6,421,848	6,047,529	3,968,279	6,871,964
61,423,047	65,785,904	78,778,547	90,707,441	100,889,284	43,773,863
<u>\$ 229,325,570</u>	<u>\$ 227,668,243</u>	<u>\$ 239,570,177</u>	<u>\$ 246,077,479</u>	<u>\$ 259,914,182</u>	<u>\$ 207,289,622</u>

CITY OF DELRAY BEACH, FLORIDA

Changes in Net Position

Last Ten Fiscal Years

Accrual Basis of Accounting

	Fiscal Year			
	2006	2007	2008	2009
Expenses				
Governmental activities:				
General government	\$ 20,944,239	\$ 25,304,576	\$ 25,137,520	\$ 22,331,793
Public safety	49,389,129	55,930,194	56,742,719	54,234,648
Physical environment	5,931,521	7,194,134	8,130,445	9,859,520
Parks and recreation	12,428,343	14,723,853	14,457,336	14,790,100
Interest on long-term debt	2,755,249	1,389,786	2,832,011	3,278,142
Total governmental activities expenses	<u>91,448,481</u>	<u>104,542,543</u>	<u>107,300,031</u>	<u>104,494,203</u>
Business-type activities:				
Water and Sewer	20,432,143	22,407,194	23,932,410	25,636,462
Municipal Golf Course	3,467,334	3,440,617	3,265,478	2,952,315
Lakeview Golf Course	653,116	748,549	704,782	744,544
City Marina	114,222	120,146	121,004	131,235
Sanitation	9,053,052	2,897,768	3,476,663	4,443,701
Stormwater Utility	1,050,275	1,331,003	1,506,764	1,390,004
Total business-type activities expenses	<u>34,770,142</u>	<u>30,945,277</u>	<u>33,007,101</u>	<u>35,298,261</u>
Total primary government expenses	<u>\$ 126,218,623</u>	<u>\$ 135,487,820</u>	<u>\$ 140,307,132</u>	<u>\$ 139,792,464</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 4,986,337	\$ 4,521,285	\$ 4,622,167	\$ 3,216,555
Public safety	5,310,373	6,033,201	6,543,112	6,739,002
Physical environment	641,251	626,974	649,216	971,381
Parks and recreation	1,143,867	1,236,660	1,282,353	1,465,722
Operating grants and contributions:				
General government	3,260,394	3,165,420	3,945,992	4,645,288
Public safety	1,825,883	2,033,988	2,292,523	1,986,484
Physical environment	1,226,975	547,284	103,357	24,979
Parks and recreation	3,137,386	1,345,900	997,425	143,090
Capital grants and contributions:				
General government	342,025	1,383,440	622,993	848,436
Public safety	-	-	749,250	200,900
Physical environment	-	-	8,250,000	40,977
Total governmental activities program revenues	<u>21,874,491</u>	<u>20,894,152</u>	<u>30,058,388</u>	<u>20,282,814</u>
Business-type activities:				
Charges for services:				
Water and Sewer	25,748,645	29,162,001	29,245,949	33,445,652
Municipal Golf Course	3,437,934	3,467,778	3,459,044	3,303,511
Lakeview Golf Course	768,299	853,654	681,561	749,367
City Marina	149,294	160,605	208,598	204,467
Sanitation	2,615,981	3,094,658	3,383,499	4,942,922
Stormwater Utility	1,702,322	2,097,527	2,090,146	2,095,636
Operating Capital grants and contributions:				
Water and Sewer	1,913,869	951,487	2,595,258	1,092,926
Municipal Golf Course	131,171	182,796	43,969	37,040
Lakeview Golf Course	55,415	6,171	5,410	5,985
City Marina	273	491	884	35,653
Sanitation	5,663,671	115,040	417,250	130,030
Stormwater Utility	45,157	362,325	17,509	17,366
Capital grants and contributions:				
Water and Sewer	967,462	1,424,878	996,447	1,102,611
Municipal Golf Course	-	-	-	-
Stormwater Utility	146,026	-	-	-
Total business-type activities program revenues	<u>43,345,519</u>	<u>41,879,411</u>	<u>43,145,524</u>	<u>47,163,166</u>
Total primary government program revenues	<u>\$ 65,220,010</u>	<u>\$ 62,773,563</u>	<u>\$ 73,203,912</u>	<u>\$ 67,445,980</u>
Net (expense)/revenue				
Governmental activities	\$ (69,573,990)	\$ (83,648,391)	\$ (77,241,643)	\$ (84,211,389)
Business-type activities	8,575,377	10,934,134	10,138,423	11,864,905
Total primary government net expense	<u>\$ (60,998,613)</u>	<u>\$ (72,714,257)</u>	<u>\$ (67,103,220)</u>	<u>\$ (72,346,484)</u>

Note: Pg 1 of 2

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 22,451,901	\$ 18,350,964	\$ 19,076,155	\$ 18,456,193	\$ 23,014,006	\$ 18,050,754
56,042,835	56,586,070	54,742,173	57,249,952	58,417,444	62,013,271
8,378,489	7,559,512	7,638,881	8,110,979	7,984,163	8,143,146
15,334,070	15,647,602	15,241,008	24,399,517	15,370,063	13,400,031
2,863,293	2,701,776	2,551,029	2,414,349	2,090,947	3,259,673
<u>105,070,588</u>	<u>100,845,924</u>	<u>99,249,246</u>	<u>110,630,990</u>	<u>106,876,623</u>	<u>104,866,875</u>
26,196,959	29,558,007	25,957,121	24,799,536	24,462,318	24,335,317
3,006,373	2,976,846	2,932,249	3,060,771	3,073,076	2,934,725
669,681	676,158	614,895	605,393	575,059	556,711
137,095	136,955	122,499	80,426	93,963	94,090
4,391,569	4,293,784	4,640,061	4,686,520	4,677,510	6,326,114
1,490,446	1,677,612	1,694,769	1,660,899	1,476,036	1,631,007
<u>35,892,123</u>	<u>39,319,362</u>	<u>35,961,594</u>	<u>34,893,545</u>	<u>34,357,962</u>	<u>35,877,964</u>
<u>\$ 140,962,711</u>	<u>\$ 140,165,286</u>	<u>\$ 135,210,840</u>	<u>\$ 145,524,535</u>	<u>\$ 141,234,585</u>	<u>\$ 140,744,839</u>
\$ 3,279,505	\$ 3,623,718	\$ 5,651,807	\$ 5,566,254	\$ 6,104,202	\$ 7,583,178
7,346,627	7,022,063	7,842,116	8,046,157	7,971,996	8,912,161
1,371,036	1,419,279	1,605,704	1,753,619	1,985,081	2,048,277
1,578,023	1,726,011	2,011,941	1,766,249	1,860,432	2,125,935
4,930,159	2,529,998	3,432,599	3,035,452	4,031,439	3,711,327
1,921,898	1,844,661	2,362,428	2,280,986	2,162,469	2,717,267
92,887	-	-	10,000	-	-
89,883	466,706	281,651	1,864,383	7,334,572	102,871
598,366	414,403	119,652	136,689	435,039	615,926
-	-	-	-	-	-
160,346	18,424	37,408	3,963,421	120,248	-
<u>21,368,730</u>	<u>19,065,263</u>	<u>23,345,306</u>	<u>28,423,210</u>	<u>32,005,478</u>	<u>27,816,942</u>
31,861,348	31,962,663	30,855,031	30,771,956	31,571,968	32,482,206
2,995,351	2,820,197	2,807,593	2,998,040	3,005,811	3,127,554
666,964	666,591	655,175	610,313	635,489	662,453
185,435	209,145	195,627	209,625	243,234	219,286
4,770,585	4,739,150	5,046,386	5,183,866	4,969,127	4,693,015
2,105,069	2,112,375	2,135,445	2,158,887	2,128,772	2,108,862
386,822	511,829	351,852	590,080	343,532	55,970
43,671	51,769	53,799	57,160	60,962	63,652
5,643	5,855	5,443	5,118	4,612	5,378
9,997	1,628	4,682	1,914	2,570	2,281
780,500	322,010	305,901	229,518	207,656	206,278
13,260	12,757	12,859	388	12,334	23,466
872,684	713,526	913,308	1,808,752	877,588	1,354,457
-	2,762	545	-	-	-
-	72,644	-	60,101	48,442	13,294
<u>44,697,329</u>	<u>44,204,901</u>	<u>43,343,646</u>	<u>44,685,718</u>	<u>44,112,097</u>	<u>45,018,152</u>
<u>\$ 66,066,059</u>	<u>\$ 63,270,164</u>	<u>\$ 66,688,952</u>	<u>\$ 73,108,928</u>	<u>\$ 76,117,575</u>	<u>\$ 72,835,094</u>
\$ (83,701,858)	\$ (81,780,661)	\$ (75,903,940)	\$ (82,207,780)	\$ (74,871,145)	\$ (77,049,933)
8,805,206	4,885,539	7,382,052	9,792,173	9,754,135	9,140,188
<u>\$ (74,896,652)</u>	<u>\$ (76,895,122)</u>	<u>\$ (68,521,888)</u>	<u>\$ (72,415,607)</u>	<u>\$ (65,117,010)</u>	<u>\$ (67,909,745)</u>

Note: Pg 2 of 2

CITY OF DELRAY BEACH, FLORIDA

Changes in Net Position

Last Ten Fiscal Years

Accrual Basis of Accounting

	Fiscal Year			
	2006	2007	2008	2009
General Revenues and Other Changes in				
Net Assets				
Governmental activities:				
Taxes:				
Property taxes	\$ 49,825,341	\$ 59,091,002	\$ 55,302,837	\$ 53,984,307
Franchise fees	4,879,168	5,257,560	5,247,442	5,333,561
Utility service taxes	8,678,710	8,222,944	8,338,282	8,958,175
Sales taxes	1,488,936	1,438,613	1,365,552	1,308,213
Local business tax	-	-	-	789,705
Intergovernmental, unrestricted	7,393,652	6,927,534	6,532,854	5,917,818
Investment earnings	2,561,044	2,816,429	2,064,705	322,165
Gain on disposal of capital assets	19,532	-	-	-
Miscellaneous	10,616,990	5,724,228	7,320,429	8,425,515
Transfers	1,976,519	3,716,720	2,659,368	3,547,891
Total governmental activities	<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	446,682	737,952	495,237	6,897
Gain on disposal of capital assets	-	-	-	-
Transfers	(1,976,519)	(3,716,720)	(2,659,368)	(3,547,891)
Total business-type activities	<u>(1,529,837)</u>	<u>(2,978,768)</u>	<u>(2,164,131)</u>	<u>(3,540,994)</u>
Total primary government	<u>\$ 85,910,055</u>	<u>\$ 90,216,262</u>	<u>\$ 86,667,338</u>	<u>\$ 85,046,356</u>
Changes in Net Position				
Governmental activities	\$ 17,865,902	\$ 9,546,639	\$ 11,589,826	\$ 11,833,506
Business-type activities	7,045,540	7,955,366	7,974,292	8,323,911
Total primary government	<u>\$ 24,911,442</u>	<u>\$ 17,502,005</u>	<u>\$ 19,564,118</u>	<u>\$ 20,157,417</u>

Note: Pg 1 of 2

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 56,656,596	\$ 47,467,480	\$ 46,224,759	\$ 47,036,144	\$ 47,695,425	\$ 51,971,057
4,986,589	4,857,533	4,758,027	4,640,568	5,134,527	5,269,680
9,038,143	8,777,975	8,805,643	8,958,647	9,307,370	9,462,152
1,301,502	1,293,963	1,307,897	1,310,488	1,341,267	1,397,627
616,861	702,394	700,100	748,768	737,231	786,579
5,763,694	5,983,120	5,864,142	6,261,001	6,795,748	7,143,751
227,535	306,887	275,451	363,285	258,802	308,589
-	-	-	2,240,888	-	29,100
7,479,767	7,022,162	8,307,853	7,725,615	7,533,386	12,793,025
3,593,799	3,711,820	3,317,650	3,685,290	3,724,750	3,562,620
<u>89,664,486</u>	<u>80,123,334</u>	<u>79,561,522</u>	<u>82,970,694</u>	<u>82,528,506</u>	<u>92,724,180</u>
5,800	29,609	77,359	90,795	132,999	270,617
-	-	-	-	16,958	-
<u>(3,593,799)</u>	<u>(3,711,820)</u>	<u>(3,317,650)</u>	<u>(3,685,290)</u>	<u>(3,724,750)</u>	<u>(3,562,620)</u>
<u>(3,587,999)</u>	<u>(3,682,211)</u>	<u>(3,240,291)</u>	<u>(3,594,495)</u>	<u>(3,574,793)</u>	<u>(3,292,003)</u>
<u>\$ 86,076,487</u>	<u>\$ 76,441,123</u>	<u>\$ 76,321,231</u>	<u>\$ 79,376,199</u>	<u>\$ 78,953,713</u>	<u>\$ 89,432,177</u>
\$ 1,962,628	\$ (1,657,327)	\$ 3,657,582	\$ 762,914	\$ 7,657,361	\$ 15,674,247
5,217,207	1,203,328	4,141,761	6,197,678	6,179,342	5,848,185
<u>\$ 7,179,835</u>	<u>\$ (453,999)</u>	<u>\$ 7,799,343</u>	<u>\$ 6,960,592</u>	<u>\$ 13,836,703</u>	<u>\$ 21,522,432</u>

Note: Pg 2 of 2

CITY OF DELRAY BEACH, FLORIDA

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

Accrual Basis of Accounting

Fiscal Year	Property Taxes	Franchise Fees	Utility Service Taxes	Sales and Use Tax	Local Business Tax ⁽¹⁾	Total
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	5,247,442	8,338,282	1,365,552	-	70,254,113
2009	53,984,307	5,333,561	8,958,175	1,308,213	789,705	70,373,961
2010	52,656,596	4,986,589	9,038,143	1,301,502	616,861	68,599,691
2011	47,467,480	4,857,533	8,777,975	1,293,963	702,394	63,099,345
2012	46,224,759	4,758,027	8,805,643	1,307,897	700,100	61,796,426
2013	47,036,144	4,640,568	8,958,647	1,310,488	748,768	62,694,615
2014	47,695,425	5,134,527	9,307,370	1,341,267	737,231	64,215,820
2015	51,971,057	5,269,680	9,462,152	1,397,627	786,579	68,887,095

(1) 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

	2006	2007	2008	2009
General fund				
Reserved	\$ 4,678,873	\$ 4,557,940	\$ 4,328,761	\$ 3,992,760
Unreserved	15,897,538	18,828,235	18,593,915	19,747,589
Nonspendable:				
Inventories	-	-	-	-
Prepaid items	-	-	-	-
Long-term notes receivable	-	-	-	-
Restricted for:				
Capital improvements	-	-	-	-
Committed for:				
Economic development	-	-	-	-
Assigned to:				
Encumbrances	-	-	-	-
Subsequent year's budget	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<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	\$ 686,909	\$ 744,096	\$ 2,563,856	\$ 767,398
Unreserved, reported in:				
Capital Project Funds	7,327,573	20,161,989	11,584,321	9,962,213
Fiduciary Funds	-	-	-	-
Special revenue funds	3,764,814	3,488,365	3,389,886	3,500,989
Nonspendable:				
Prepaid items	-	-	-	-
Long-term notes receivable	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Law enforcement	-	-	-	-
Capital improvements	-	-	-	-
Community development	-	-	-	-
Assigned to:				
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Capital improvements	-	-	-	-
Unassigned				
Special Revenue Funds (deficit)	-	-	-	-
Total all other governmental funds	<u>\$ 11,779,296</u>	<u>\$ 24,394,450</u>	<u>\$ 17,538,063</u>	<u>\$ 14,230,600</u>

Note: GASB Statement No. 54 was adopted for 2011 resulting in the reclassification of the Governmental Funds fund balances.

2010	2011	2012	2013	2014	2015
\$ 3,723,755	\$ -	\$ -	\$ -	\$ -	\$ -
20,337,823	-	-	-	-	-
-	27,178	27,688	31,810	22,270	20,467
-	719,973	828,555	796,362	803,979	912,548
-	3,165,084	3,173,159	3,139,659	3,139,659	7,282,742
-	5,984	5,984	5,984	5,984	5,984
-	-	1,000,000	1,000,000	1,000,000	1,000,000
-	151,013	151,304	209,672	373,543	-
-	-	1,600,000	-	-	-
-	18,682,823	19,741,367	22,864,687	23,700,352	31,843,644
<u>\$ 24,061,578</u>	<u>\$ 22,752,055</u>	<u>\$ 26,528,057</u>	<u>\$ 28,048,174</u>	<u>\$ 29,045,787</u>	<u>\$ 41,065,385</u>

\$ 789,940	\$ -	\$ -	\$ -	\$ -	\$ -
7,421,960	-	-	-	-	-
-	-	-	-	-	-
5,377,312	-	-	-	-	-
-	289	-	-	-	935
-	1,726,988	-	-	-	-
-	505,430	505,178	520,914	519,593	1,514,496
-	1,066,733	1,000,591	815,232	946,004	1,195,724
-	-	289,264	276,804	274,304	275,595
-	322,144	985,816	733,533	556,557	1,890,147
-	130,456	121,420	126,383	127,523	124,615
-	1,230,965	1,385,951	1,328,551	1,404,962	1,586,977
-	7,629,593	8,155,302	12,170,799	20,530,505	22,686,037
-	(640,364)	-	(11,483)	-	-
<u>\$ 13,589,212</u>	<u>\$ 11,972,234</u>	<u>\$ 12,443,522</u>	<u>\$ 15,960,733</u>	<u>\$ 24,359,448</u>	<u>\$ 29,274,526</u>

CITY OF DELRAY BEACH, FLORIDA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

	2006	2007	2008	2009
Revenues				
Taxes	\$ 64,872,155	\$ 74,010,119	\$ 65,006,671	\$ 65,040,400
Licenses and permits	4,716,040	4,325,079	9,693,973	8,393,462
Intergovernmental	16,844,290	14,020,126	13,872,151	12,717,659
Charges for services	6,578,078	7,020,582	7,985,973	8,579,286
Fines and forfeitures	787,710	1,072,459	664,344	753,473
Miscellaneous	13,246,356	8,132,308	9,171,109	8,683,421
Total revenues	107,044,629	108,580,673	106,394,221	104,167,701
Expenditures				
Current				
General government	19,346,064	22,952,680	22,856,837	21,001,014
Public safety	49,739,465	53,662,961	55,274,605	54,034,021
Physical environment	4,550,030	5,355,092	5,981,177	7,253,871
Parks and recreation	11,208,994	12,460,242	12,302,491	12,491,281
Capital Outlay	31,840,070	21,042,901	15,406,527	8,021,386
Debt service				
Principal retirement	4,102,788	11,345,356	4,543,545	4,553,835
Interest and other fiscal charges	2,360,879	2,373,627	2,987,110	3,134,074
Bond issue costs	-	353,104	25,365	-
Total expenditures	123,148,290	129,545,963	119,377,657	110,489,482
Excess of revenues over (under) expenditures	(16,103,661)	(20,965,290)	(12,983,436)	(6,321,781)
Other financing sources (uses)				
Installment agreement issued	-	-	-	260,600
Bonds issued	575,000	30,770,787	3,000,000	-
Bond anticipation note issued	-	-	-	-
Proceeds from sale of capital assets	96,835	62,471	2,590	49,802
Proceeds of refunding note	199,573	-	-	-
Redemption of bonds	-	-	-	-
Transfers in	10,337,375	13,086,133	9,707,274	9,214,199
Transfers out	(8,360,856)	(7,381,327)	(7,046,314)	(5,692,610)
Total other financing sources (uses)	2,847,927	36,538,064	5,663,550	3,831,991
Net change in fund balances	\$ (13,255,734)	\$ 15,572,774	\$ (7,319,886)	\$ (2,489,790)
Debt service as a percentage of non-capital expenditures	7.08%	12.97%	7.27%	7.50%

	2010	2011	2012	2013	2014	2015
\$	63,613,102	\$ 58,241,812	\$ 57,038,399	\$ 58,054,047	\$ 59,081,293	\$ 63,617,415
	7,848,364	7,957,960	9,534,404	9,281,304	10,431,335	12,124,145
	12,798,521	10,824,485	11,940,820	13,451,822	20,324,228	13,675,216
	9,122,062	9,418,571	11,132,277	11,300,477	11,357,851	12,148,312
	1,591,354	1,272,073	1,202,914	1,191,070	1,267,052	1,666,774
	7,624,308	7,285,098	8,550,807	8,130,876	7,900,378	14,592,475
	102,597,711	94,999,999	99,399,621	101,409,596	110,362,137	117,824,337
	20,223,169	17,848,375	17,900,248	17,639,897	21,181,580	18,948,238
	55,750,747	55,095,307	53,017,993	54,885,089	56,479,283	61,070,530
	5,695,353	4,849,851	4,950,217	5,427,738	5,474,282	5,828,266
	13,044,535	12,874,379	12,759,647	21,758,749	12,942,976	11,718,153
	6,056,493	4,758,088	4,360,188	5,367,587	7,184,219	7,950,057
	3,357,533	3,490,360	3,734,924	6,932,904	5,489,848	14,676,629
	2,873,815	2,723,863	2,574,191	2,423,784	2,128,407	2,157,085
	-	-	-	18,574	42,030	620,925
	107,001,645	101,640,223	99,297,408	114,454,322	110,922,625	122,969,883
	(4,403,934)	(6,640,224)	102,213	(13,044,726)	(560,488)	(5,145,546)
	-	-	825,000	-	-	-
	-	-	-	2,629,000	8,810,000	42,285,456
	-	-	-	11,799,612	6,190,036	1,799,244
	22,161	1,903	1,727	889	-	934
	-	-	-	-	-	-
	-	-	-	-	(8,767,970)	(25,568,032)
	7,548,409	7,983,124	6,723,835	8,049,046	7,096,181	6,159,463
	(3,486,795)	(4,271,304)	(3,405,485)	(4,396,496)	(3,371,431)	(2,596,843)
	4,083,775	3,713,723	4,145,077	18,082,051	9,956,816	22,080,222
\$	(320,159)	\$ (2,926,501)	\$ 4,247,290	\$ 5,037,325	\$ 9,396,328	\$ 16,934,676
	6.17%	6.41%	6.65%	8.59%	7.38%	15.18%

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 ⁽¹⁾	Utility Service Taxes	Sales and Use Tax	Local Business Tax ⁽²⁾	Total
2006	\$ 49,827,320	\$ 3,989,989	\$ 8,088,142	\$ 1,895,507	\$ -	\$ 63,800,958
2007	59,021,614	4,879,168	8,678,710	1,488,936	-	74,068,428
2008	55,302,837	5,257,560	8,222,944	1,438,613	-	70,221,954
2009	53,984,307	-	8,338,282	1,365,552	-	63,688,141
2010	52,656,596	-	8,958,175	1,308,213	789,705	63,712,689
2011	47,467,480	-	9,038,143	1,301,502	616,861	58,423,986
2012	46,224,759	-	8,777,975	1,293,963	702,394	56,999,091
2013	47,036,144	-	8,805,643	1,307,897	700,100	57,849,784
2014	47,695,425	-	9,307,370	1,341,267	737,231	59,081,293
2015	51,971,057	-	9,462,152	1,397,627	786,579	63,617,415

(1) Effective with the 2008 fiscal year, franchise fees are categorized as revenue from Fees and Permits in the governmental funds.

(2) 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 30,	Tax Roll Year	Just Value			Total
		Real Property	Personal Property	Assessed Property	
2006	2005	\$ 8,530,762,079	\$ 292,523,818	\$ 1,929,130	\$ 8,825,215,027
2007	2006	11,615,147,721	319,788,615	2,135,457	11,937,071,793
2008	2007	11,599,199,337	333,985,825	2,755,227	11,935,940,389
2009	2008	10,881,842,880	339,398,773	2,954,529	11,224,196,182
2010	2009	8,948,585,352	328,007,736	3,991,739	9,280,584,827
2011	2010	7,780,872,856	334,936,255	3,739,563	8,119,548,674
2012	2011	7,629,495,267	309,196,114	3,817,341	7,942,508,722
2013	2012	7,694,442,624	300,188,574	3,534,871	7,998,166,069
2014	2013	8,394,493,799	303,495,744	3,999,617	8,701,989,160
2015	2014	9,466,869,392	313,309,504	4,639,408	9,784,818,304

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-403F (Revised Recapitulation of the Ad Valorem Assessment Rolls of Delray Beach, Palm Beach County, Florida).

Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Total Taxable Assessed Value as a % of Estimated Actual Value
\$ 2,373,715,664	\$ 6,451,499,363	8.0000	\$ 8,411,930,488	76.69%
3,574,481,397	8,362,590,396	7.3000	11,380,589,015	73.48%
3,243,881,789	8,692,058,600	6.5783	11,374,426,933	76.42%
3,074,589,654	8,149,606,528	6.8504	10,634,938,238	76.63%
2,270,466,355	7,010,118,472	7.7216	8,714,452,876	80.44%
1,869,880,655	6,249,668,019	7.7902	7,541,945,805	82.87%
1,793,453,521	6,149,055,201	7.8033	7,400,391,321	83.09%
1,791,146,696	6,207,019,373	7.8033	7,432,751,782	83.51%
2,107,124,944	6,594,864,216	7.5064	7,834,736,483	84.17%
2,545,422,652	7,239,395,652	7.4639	8,495,771,769	85.21%

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
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
2010	7.1900	0.5316	7.7216	7.9830	4.5614	1.7691	22.0351
2011	7.1900	0.6002	7.7902	8.1539	4.9960	2.5552	23.4953
2012	7.1900	0.6133	7.8033	8.1800	4.9928	2.3436	23.3197
2013	7.1992	0.6041	7.8033	7.7780	4.9902	2.3154	22.8869
2014	7.1611	0.3453	7.5064	7.5860	4.9902	2.2800	22.3626
2015	7.1611	0.3028	7.4639	7.5966	4.9729	2.1732	22.2066

Tax rate limits	- Ten mills per Florida Statute 200.81 (one mill equals \$1 per \$1,000 of assessed valuation).
Scope of tax rate limit	- No municipality shall levy ad valorem taxes for real and tangible personal property in excess of ten mills of the assessed value, except for special benefits and debt service on obligations issued with the approval of those taxpayers subject to ad valorem taxes.
Taxes assessed	- January 1
Taxes due	- March 31
Taxes delinquent	- April 1
Discount allowed	- 4% November; 3% December; 2% January; 1% February
Penalties for delinquent	- 3% plus advertising costs after April 1
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, 2015

	2015				2006			
	Taxable Assessed Valuation	Taxes Levied	Rank	Percentage of Total Taxes Levied	Taxable Assessed Valuation	Taxes Levied	Rank	Percentage of Total Taxes Levied
Florida Power and Light Co.	\$ 95,860,360	\$ 715,492	1	1.22%	\$ -	\$ -	-	-
Fairfield Spring Harbors LLC	63,214,652	471,828	2	0.81%	-	-	-	-
Tenet Healthcare Corp	56,909,119	424,764	3	0.73%	38,834,375	310,675	3	0.62%
Granite Worthing LLC	55,625,441	415,183	4	0.71%	-	-	-	-
Alta Congress Owner LLC	53,340,065	398,125	5	0.68%	-	-	-	-
Citation Club Investors	51,738,896	386,174	6	0.66%	35,857,625	286,861	6	0.58%
Ocean Properties Ltd.	43,558,935	325,120	7	0.56%	32,850,000	262,800	7	0.53%
Linton Delray LLC	43,081,283	321,554	8	0.55%	49,330,625	394,645	1	0.79%
Lifespace Communities Inc.	36,097,870	269,431	9	0.46%	-	-	-	-
Morse Operations Inc.	32,984,382	246,192	10	0.42%	-	-	-	-
Office Depot, Inc.	-	-	-	-	40,772,000	326,176	2	0.65%
Pineapple Grove Village, LLC	-	-	-	-	37,357,750	298,862	4	0.60%
Spring Harbor 288, LLC	-	-	-	-	35,908,750	287,270	5	0.58%
Life Care Retirement Communities, Inc.	-	-	-	-	31,067,750	248,542	8	0.50%
2300 South Congress, LLC	-	-	-	-	27,076,875	216,615	9	0.43%
Spring Landing 200, LLC	-	-	-	-	24,915,000	199,320	10	0.40%
Totals	\$ 532,411,003	\$ 3,973,862		6.80%	\$ 353,970,750	\$ 2,831,766		5.68%

Source: Palm Beach County Property Appraiser's Office

Total taxes levied:

Fiscal Year 2015	\$ 58,557,569
Fiscal Year 2006	49,828,444

City Millage Rate:

Fiscal Year 2015	7.4639
Fiscal Year 2006	8.0000

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
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%
2010	52,477,859	52,183,869	99.44%	472,727	52,656,596	100.34%
2011	46,416,830	46,950,920	101.15%	516,560	47,467,480	102.26%
2012	46,543,434	46,080,286	99.00%	144,473	46,224,759	99.32%
2013	47,610,690	46,571,308	97.82%	464,836	47,036,144	98.79%
2014	54,077,708	47,556,686	87.94%	138,739	47,695,425	88.20%
2015	58,557,569	51,884,261	88.60%	86,796	51,971,057	88.75%

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

*Total Tax Levy for fiscal year are shown net of allowance for discounts for years 2006-2013 and gross for 2014-2015.

Source: Palm Beach County Tax Collector

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	Total Debt as a Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds	Revenue Bonds	Obligation Under Installment Agreements	Revenue Bonds	Capital Appreciation Bonds	Obligation Under Installment Agreements			
2006	\$ 37,925,000	\$ 18,804,696	\$ 910,224	\$ 36,909,770	\$ 6,117,250	\$ 38,071	\$ 100,705,011	3.53%	\$ 1,571
2007	36,045,000	17,491,783	774,922	39,647,694	6,828,176	99,774	100,887,349	3.36%	1,568
2008	33,980,000	38,550,798	445,551	47,533,675	7,580,901	173,843	128,264,768	3.61%	1,997
2009	31,760,000	39,524,722	148,082	42,654,753	8,377,883	112,203	122,577,643	3.25%	1,922
2010	29,465,000	37,405,774	268,795	37,398,701	9,062,171	136,681	113,737,122	3.22%	1,879
2011	27,090,000	36,499,201	192,835	32,179,828	9,774,887	97,245	105,833,996	5.18%	1,740
2012	24,605,000	35,558,216	128,460	26,271,178	7,789,967	64,782	94,417,603	3.29%	1,535
2013	22,081,834	35,216,172	803,924	23,717,698	8,496,031	31,410	90,347,069	3.15%	1,462
2014	17,970,000	47,875,872	503,906	15,396,205	-	-	81,745,983	2.62%	1,266
2015	16,435,000	54,939,822	386,854	13,761,371	-	-	85,523,047	2.75%	1,278

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	Debt as a Percentage of Assessed Value of Taxable Property	Population	General Bonded Debt Per Capita
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
2010	27,090,000	-	27,090,000	7,010,118,472	0.39%	60,522	447.61
2011	24,605,000	-	24,605,000	6,249,668,019	0.39%	60,831	404.48
2012	22,005,000	-	22,005,000	6,149,055,201	0.36%	61,495	357.83
2013	19,285,000	-	19,285,000	6,207,019,373	0.31%	61,801	312.05
2014	17,970,000	-	17,970,000	6,594,864,216	0.27%	64,582	278.25
2015	16,435,000	-	16,435,000	7,239,395,652	0.23%	66,904	245.65

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, 2015

	Total Outstanding	Percentage Applicable to City of Delray Beach⁽¹⁾	Amount Applicable to City of Delray Beach
Direct:			
City of Delray Beach	\$ 71,761,676	100.00%	\$ 71,761,676
Overlapping:			
Palm Beach County	141,605,000	5.07%	7,179,374
Palm Beach County School District			
Capital Outlay Bond	17,430,000	4.83%	841,869
Certificates of Participation	1,600,393,000	4.83%	77,298,982
Total overlapping debt	1,759,428,000		85,320,225
Total direct and overlapping debt	\$ 1,831,189,676		\$ 157,081,901
Population			66,904
Total direct and overlapping debt per capita			\$ 2,347.87

⁽¹⁾ Estimates based on 2014 ratio of assessed taxable values.

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

Overlapping debt is the proportionate share of the debt of local jurisdictions located in part within the City limits. This schedule is intended to demonstrate the total debt City property tax payers will be expected to pay. The amount of debt applicable to the City is computed by (a) determining what portion of total assessed value of the overlapping jurisdiction lies within the limits of the City and (b) applying this percentage to the total governmental activities debt of the overlapping jurisdiction.

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
2006	(3)	\$ 28,040,630	\$ 19,288,632	\$ 8,751,998	\$ 4,845,913	1.81
2007	(3)	30,747,711	20,432,772	10,314,939	5,338,475	1.93
2008	(3)	30,315,366	17,953,965	12,361,401	5,584,116	2.21
2009	(3)	34,538,578	18,981,078	15,557,500	5,945,074	2.62
2010		32,248,170	19,324,309	12,923,861	5,936,276	2.18
2011		32,495,880	19,213,153	13,282,727	5,950,563	2.23
2012		31,259,498	19,706,178	11,553,320	5,351,049	2.16
2013		31,418,727	18,806,440	12,612,287	5,882,394	2.14
2014		31,418,727	18,806,440	12,612,287	5,882,394	2.14
2015		32,717,661	19,392,578	13,325,083	286,686	46.48

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

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

(3) 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 and Disposal Board (SCRWTBD), a joint venture between the City and Boynton Beach, which relate to projects funded by bond proceeds.

CITY OF DELRAY BEACH, FLORIDA

Principal Employers

Current Year and Nine Years Ago

Employer	Fiscal Year 2015			Fiscal Year 2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Delray Medical Center	1,600	1	4.53%	1,500	2	4.44%
Palm Beach County School District	1,034	2	2.93%	-	-	-
Lifespace Communities	873	3	2.47%	-	-	-
City of Delray Beach	800	4	2.27%	-	-	-
Publix Supermarkets	720	5	2.04%	628	4	1.86%
Palm Beach County	520	6	1.47%	-	-	-
Ed Morse Delray Toyota & Scion	450	7	1.27%	-	-	-
Home Depot	318	8	0.90%	-	-	-
South County Mental Health Center	313	9	0.89%	-	-	-
Ancco Services	300	10	0.85%	-	-	-
Office Depot	-	-	-	2,620	1	7.75%
Tenet Healthcare Corporation	-	-	-	1,200	3	3.55%
Addison Reserve Main Gate	-	-	-	500	5	1.48%
Valley Crest Maintenance	-	-	-	500	6	1.48%
Jetflite Inc	-	-	-	425	7	1.26%
Levenger	-	-	-	401	8	1.19%
Hardrives of Delray, Inc.	-	-	-	365	9	1.08%
Delray Lincoln Mercury	-	-	-	350	10	1.03%
Totals	6,928		19.62%	8,489		25.12%

Note: Total Employment, Delray Beach 2015: 35,300

Source: Palm Beach County Business Development Board & Economic Development

CITY OF DELRAY BEACH, FLORIDA

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	City Population ⁽¹⁾	County Population ⁽¹⁾	Per Capita Personal Income ⁽²⁾	Estimated Total Personal Income ⁽³⁾	Median Age ⁽¹⁾	School Enrollment ⁽⁴⁾	Unemployment Rate ⁽¹⁾
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%
2010	60,522	1,286,461	58,358	3,531,942,876	43.5	7,945	12.3%
2011	60,831	1,325,743	33,610	2,044,529,910	45.4	7,893	10.9%
2012	61,495	1,335,415	46,641	2,868,188,295	45.5	7,745	8.7%
2013	61,801	1,372,171	46,434	2,869,667,634	45.5	7,745	7.0%
2014	64,582	1,405,643	48,224	3,114,402,368	45.7	8,059	6.4%
2015	66,904	1,439,007	48,706	3,258,642,281	45.1	7,760	6.4%

Data Sources:

- (1) Business Development Board of Palm Beach County.
Median Age for 2011 to current is for the City of Delray Beach, Florida. Prior years data is for Palm Beach County.
- (2) Bureau of Economic Analysis
Per Capita Personal Income for the current fiscal year is estimated at a 1% growth rate from the previous year.
- (3) Estimated based on County per capita personal income and City population.
- (4) The School Enrollment is from the Palm Beach County School Board.

CITY OF DELRAY BEACH, FLORIDA

Full-time Equivalent Government Employees by Function

Last Ten Fiscal Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	69	71	71	69	68	68	67	67	59	63
Public Safety										
Community Improvement	5	5	4.5	5	5	5	5	5	5	8
Planning & Zoning	15	17	16	16	16	16	16	16	12.5	14
Building Inspection	21	23	21	20	20	20	20	20	16	14
Code Compliance	17	17	17	18	17	17	17	17	15	19
Law Enforcement	236	238	238	236	242	242	239	229	225	213
Fire Control	154	154	154	154	154	156	155	160	157	173
Community Development										
Block Grant	5	7	7.5	7	7	7	7	7	6	5
Insurance	4	4	4	4	4	4	4	4	4	3
City Garage	12	12	12	12	12	12	12	12	12	10
Physical Environment										
Public Works	25	25	25.5	25.5	25.5	25.5	25.5	25.5	27	22
Engineering	8	8	7	7	7	7	7	7	7	6
Sanitation	4	4	4	4	4	4	4	4	4	4
Stormwater Utility	6	6	6	6	6	6	6.5	6.5	6	5
Parks and Recreation	108	114	115	113	113	112	110	105	136	111
Water & Sewer Utility	115	117	117.5	117.5	116.5	116.5	118	118	117	111
Total	804	822	820	814	817	818	813	803	808.5	781

CITY OF DELRAY BEACH, FLORIDA

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police										
Stations	3	3	2	3	3	3	3	3	3	3
Patrol units	151	159	163	219	219	217	208	181	201	209
Fire										
Fire stations ⁽¹⁾	6	6	6	6	6	6	6	6	6	6
Fire trucks	15	16	16	16	15	16	12	10	10	9
ALS rescue vehicles	8	9	9	9	9	9	9	9	9	9
Leisure Services										
Ballfields - lighted	22	15	15	15	16	16	16	15	15	15
Basketball courts	4	5	5	5	5	5	5	5	5	5
Football/Soccer fields ⁽²⁾	-	7	7	7	7	7	7	7	7	7
Tennis courts	47	47	47	47	48	48	48	48	48	48
Parks	17	17	17	17	17	22	22	22	22	23
Roads and Streets										
Lane miles ⁽³⁾	299	299	305	305	305	314	314	321	321	308

Sources: City of Delray Beach 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) The total number of Fire Stations includes Highland Beach where the City provides Fire and EMS Service.
- (2) Soccer is played on the football fields. There are no separate soccer fields.
- (3) The number of lane miles was provided by the City's Engineering Department for 2007 and prior years. Later years are based on the newly installed GIS system which provides a more accurate figure for reporting purposes.

CITY OF DELRAY BEACH, FLORIDA

Operating Indicators by Function

Last Ten Fiscal Years

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police										
Physical arrests	2,875	3,108	3,161	2,534	2,331	2,620	2,342	2,068	2,012	2,014
Traffic violations	13,928	10,962	10,882	11,249	11,443	11,314	12,393	10,135	10,913	19,702
Fire										
Number of calls	12,024	11,772	12,410	11,905	11,960	12,008	12,282	13,171	13,406	13,255
Parks and Recreation										
Library										
Circulation	228,871	257,656	270,590	274,611	257,950	252,179	237,755	234,029	226,938	191,759
Programs offered	910	1,112	1,287	1,224	1,284	1,145	1,194	975	808	791
Program attendance	32,873	32,852	35,116	33,770	29,237	24,021	25,905	25,052	23,055	24,488
Leisure Services										
Youth athletic participants	2,655	10,597	19,537	20,965	18,125	17,837	24,389	20,238	38,220	35,638
Camp program participants	322	625	561	699	395	352	384	525	382	2,021
Class participants	10,634	15,093	19,662	24,700	22,756	28,328	36,556	54,839	59,342	50,747
Water/Sewer Utility										
Water customers	20,437	20,963	21,056	21,156	21,320	21,407	21,596	21,795	22,010	22,132
Water main breaks	None	None	434	442	476	408	442	401	374	477
Sewer customers	20,400	20,900	21,006	21,088	21,225	21,093	20,935	20,950	20,505	20,784
Sewer main breaks	N/A	N/A	4	3	2	-	3	-	-	-
Avg daily water consumption (thousands of gallons)	12,348	11,602	10,040	10,944	11,643	11,356	10,953	11,029	10,925	11,000

Sources: City departments/Delray Beach Public Library

The following data is not available:

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

N/A Information is not available

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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, 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, 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 (the "City"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City, and have issued our report thereon dated March 25, 2016. Our report includes a reference to other auditors who 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. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters for the Delray Beach Downtown Development Authority that are reported on separately by the other auditor. The financial statements of the Police and Firefighters' Retirement System Fund were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Police and Firefighters' Retirement System Fund.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting (internal control) of the City, to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the City. Accordingly, we do not express an opinion on the effectiveness of the internal control of the City.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

We also noted certain additional matters that we reported to those charged with governance in a separate management letter dated March 25, 2016.

City's Responses to Findings

The responses by the City to the findings identified in our audit are described in the *Management's Response* in the accompanying management letter. The responses by the City were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on those responses.

Purpose of this Report

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

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

West Palm Beach, Florida
March 25, 2016

CITY OF DELRAY BEACH, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended September 30, 2015

Grantor / Program Title	CFDA Number	Contract / Grant Number	2015 Program Expenditures	Transfers to Subrecipients
Federal Awards				
U.S. Department of Housing and Urban Development				
Direct Award				
Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-12-0033	\$ 362,352	\$ 62,033
Total U.S. Department of Housing and Urban Development			362,352	62,033
U.S. Department of Justice				
Bureau of Justice Assistance				
Direct Awards				
Bulletproof Vest Partnership Program	16.607	2103BUBX13069870	5,738	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0309	39,085	-
Total U.S. Department of Justice			44,823	-
U.S. Department of Transportation				
Pass-through Award from the State of Florida Department of Transportation				
Highway Planning and Construction	20.205	AQM - 22	3,173,126	-
Total U.S. Department of Transportation			3,173,126	-
U.S. Department of Homeland Security				
Federal Emergency Management Agency				
Direct Award				
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2013-FH-00146	647,704	-
Total U.S. Department of Homeland Security			647,704	-
Total Federal Awards			\$ 4,228,005	\$ 62,033

See notes to schedule of expenditures of federal awards.

City of Delray Beach, Florida

Notes to Schedule of Expenditures of Federal Awards

September 30, 2015

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the Federal grant activity of the City of Delray Beach, Florida (the "City"), under programs of the Federal government for the year ended September 30, 2015. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or changes in net position, or cash flows of the City. Expenditures of State financial assistance for the year ended September 30, 2015 did not exceed the \$500,000 threshold for a State Single Audit.

2. Summary of Significant Accounting Policies

- (a) Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (b) The City made subrecipient payments totaling \$62,033 from Federal awards to various local non-profit organizations.
- (c) Pass-through entity identifying numbers were not available for pass-through awards listed in the Schedule for the year ended September 30, 2015.

3. Contingency

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



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**Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by OMB Circular A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the compliance of the City of Delray Beach, Florida (the "City"), with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major Federal programs for the year ended September 30, 2015. The City's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major Federal programs based on our audit of the types of compliance requirements referred to above. 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City of Delray Beach, Florida, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended September 30, 2015.

Report on Internal Control Over Compliance

Management of the City of Delray Beach, Florida, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

West Palm Beach, Florida
March 25, 2016

CITY OF DELRAY BEACH, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
FEDERAL AWARD PROGRAMS

For the Fiscal Year Ended September 30, 2015

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified?

___ Yes X No

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

___ Yes X None reported

Noncompliance material to financial statements noted?

___ Yes X No

Federal Award Programs

Internal control over major Federal Award Programs:

Material weakness(es) identified?

___ Yes X No

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

___ Yes X None reported

Type of auditor's report issued on compliance for major Federal Award Programs:

Unmodified Opinion

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

___ Yes X No

Identification of Major Programs:

Major Federal Award Programs

CFDA No.

U.S. Department of Transportation

Pass-through Award from the State of Florida,
Department of Transportation
Highway Planning and Construction

20.205

U.S. Department of Homeland Security

Federal Emergency Management Agency
Direct Award
Staffing for Adequate Fire and Emergency
Response (SAFER)

97.083

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

\$ 300,000

Auditee qualified as low-risk auditee?

X Yes ___ No

CITY OF DELRAY BEACH, FLORIDA

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

For the Fiscal Year Ended September 30, 2015

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD PROGRAMS FINDINGS AND QUESTIONED COSTS

None

CITY OF DELRAY BEACH, FLORIDA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS –
FEDERAL AWARD PROGRAMS

For the Fiscal Year Ended September 30, 2015

FINANCIAL STATEMENT FINDINGS

Finding
Number

Finding

SIGNIFICANT DEFICIENCIES

2014-001 Debt Payments Not Made Timely

Condition: We noted that the interest payment of \$192,560 due on August 1, 2014 for the City's General Obligation Bonds, Series 2005, was not paid when due. During our audit inquiries in December 2014, the City determined that the payment had not been made and thereafter made the payment to the appropriate financial institution. We also noted that the interest payment due December 1, 2014 for the City's Revenue Refunding and Improvement Bonds, Series 2003, was paid after the due date.

Recommendation: We recommend that all future debt payments be calendared with the related payment instructions to avoid any future payment delays that may be caused by employee oversight or their absence at the time payments are due. In addition, payments should be calendared at least one day in advance of the due date to ensure the funds are received by the lender on the payment due date.

Current Status: Our testing of bonds payable and debt payments for the year ended September 30, 2015 did not identify any late payments or payments made after the due date and this finding is considered resolved.

2014-002 Debt Transactions Not Accurately Recorded

Condition: Certain of the City's bonds are allocated to more than one fund reflecting how the proceeds from the original debt were spent and the source of funds for repayment. We noted that certain debt payments during the current year were not recorded in the correct fund or for the correct amount based on the City's historical allocation of the payments. We also noted that some debt payments were misallocated between principal and interest.

Recommendation: We recommend that the City reconcile the adjusting entries and debt transactions posted to the general ledger with the corresponding amortization schedules for each debt issue to ensure that the principal and interest allocations are correctly recorded during the year.

Current Status: Our testing of bonds payable and debt payments for the year ended September 30, 2015 did not identify any debt payments that were not recorded in the correct fund or for the correct amount based on the City's historical allocation of debt payments and this finding is considered resolved.

CITY OF DELRAY BEACH, FLORIDA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS –
FEDERAL AWARD PROGRAMS (Continued)

For the Fiscal Year Ended September 30, 2015

FINANCIAL STATEMENT FINDINGS (Continued)

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

SIGNIFICANT DEFICIENCIES (Continued)

2014-003 Purchase Order Approvals

Condition: Our audit sample of 60 purchases identified two instances where the purchase did not comply with the purchasing policy. One of the purchases was split into two purchase orders that together met the purchasing policy threshold for a formal competitive bid process.

- The first purchase was for fertilizer/chemicals totaling \$15,000. The purchase was split on two purchase orders; one for \$5,000 (P.O. No. 693996 dated October 11, 2013) and one for \$10,000 (P.O. No. 694021 dated October 11, 2013). The combined total of \$15,000 met the threshold for a formal competitive bid process, although no bids were obtained. There also was no documentation that written quotes were obtained for either of the two separate purchase orders. The actual amount purchased for the year was approximately \$10,100.
- The second purchase was for janitorial supplies totaling \$4,823 (P.O. No. 693622). The purchase order was initially opened for \$3,500 on October 4, 2013 with a subsequent change order increase for \$1,323 issued on June 25, 2014. There was no documentation that quotes were obtained for the purchases.

We also noted purchases from one vendor for computer supplies that exceeded \$25,000 for the year and required a formal competitive bid and City Commission approval under the purchasing policy, but the purchases were split among a number of purchase orders that individually did not exceed the bid threshold and a formal competitive bid was not obtained. We noted the City Commission did approve the purchases retroactively in September 2014.

Recommendation: We recommend that the City review the internal controls in place to ensure that purchasing policy approval limits and documentation are monitored and enforced prior to making the purchase or issuing a purchase order. The City should also consider the cost benefit of centralizing the purchasing function to enhance purchasing controls and maximize potential discounts from larger purchase quantities.

Current Status: Our testing of purchases for the year ended September 30, 2015 did not identify any noncompliance with the City's purchasing policy or purchases lacking formal competitive bids and this finding is considered resolved.



CALER, DONTEN, LEVINE,
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Management Letter

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

Report on the Financial Statements

We have audited the financial statements of the City of Delray Beach, Florida (the "City"), as of and for the year ended September 30, 2015, and have issued our report thereon dated March 25, 2016. Our report includes a reference to other auditors who 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.

Auditor's Responsibility

We conducted our audit 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 Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by OMB Circular A-133; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on Investment Compliance on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 25, 2016, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. As noted in the Summary Schedule of Prior Audit Findings, the items reported as findings 2014-001 *Debt Payments Not Made Timely*, 2014-002 *Debt Transactions Not Accurately Recorded*; and 2014-003 *Purchase Order Approvals* noted in the prior year Schedule of Findings and Questioned Costs dated March 25, 2015, were resolved or no longer apply.

The following findings reported in the prior year management letter dated March 25, 2015, were resolved or no longer apply: 2013-006 *Policies and Procedures*; 2014-004 *Investment Policy*; 2014-005 *General Employees' Pension Investment Custodian*; 2014-006 *Information Technology*; 2014-007 *Parking Meters*; and 2014-009 *Capital Asset*.

The uncorrected audit findings and recommendations reported in the preceding annual financial audit report are summarized in the table below:

Current Year Finding No.	2013-14 FY Finding No.	2012-13 FY Finding No.	2011-12 FY Finding No.
2014-008	2014-008	None	None

Finding 2014-008 *Interfund Accounts* reported in the prior year management letter dated March 25, 2015, was partially resolved during the current year and requires further action as follows:

2014-008 Interfund Accounts

Criteria: Interfund accounts should be periodically cleared and outstanding balances should be liquidated.

Condition: The Municipal Golf Course Fund and Lakeview Golf Course Fund owed the General Fund approximately \$2.1 and \$1.3 million, respectively, at September 30, 2014. The amount that the two golf course funds owe to the General Fund has continued to increase over the past several years and now appears to be taking the form of a long-term, interest free loan.

Recommendation: We recommend that the City review the interfund liability balances of the two golf course funds, as well as all other interfund accounts in other funds, and address any long-term financing needs of individual funds. Routine interfund transactions should be regularly settled between the funds and any long-term financing needs of individual funds or projects should be identified and addressed.

Current Year Status: The Municipal Golf Course and Lakeview Golf Course owed the General Fund approximately \$1.6 and \$1.1 million, respectively, at September 30, 2015. The City has developed a policy on pooled cash procedures and management plans to address any large negative interfund balances in the City's upcoming budget cycle.

Management Response: City management reviewed the interfund liability balances of the golf course funds and developed a written procedure to periodically clear the outstanding interfund balances. The new policy will ensure that routine interfund transactions are regularly settled and that long-term financing needs are identified and addressed during the City's planning process. The settlement of the current Golf Course balances will be addressed during the City's upcoming budget cycle.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 to the financial statements. Also, as discussed in Note 1, the City included the Delray Beach Community Redevelopment Agency and Delray Beach Downtown Development Authority as component units of the City.

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether or not the City 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, 2015.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures as of September 30, 2015. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2015, 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, 2015. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units of the City provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Other Matters

Section 10.554(1)(i)2., 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 did not have any such recommendations.

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

City's Responses to Findings

The responses by the City to the findings identified in our audit are described in this management letter. The responses by the City were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on those responses.

Purpose of this Letter

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

*Caleb, Denton, Levine,
Cohan, Porter & Veil, P.A.*

West Palm Beach, Florida
March 25, 2016



March 25, 2016

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

Subject: Responses to the Management Letter Comments
Comprehensive Annual Financial Report – September 30, 2015

Our responses to current year management letter comments and recommendations are listed below:

2014-008 Interfund Accounts

City management reviewed the interfund liability balances of the two golf course funds and developed a written procedure to periodically clear the outstanding interfund balances. The new policy will ensure that routine interfund transactions are regularly settled and that long-term financing needs are identified and addressed during the City's planning process. The settlement of the current Golf Course balances will be addressed during the city's upcoming budget cycle.

Sincerely,

A handwritten signature in black ink, appearing to read "Jack Warner".

Jack Warner
Chief Financial Officer



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Independent Accountant's Report on Investment Compliance

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

We have examined the City of Delray Beach's compliance with Section 218.415, Florida Statutes, for the year ended September 30, 2015. Management is responsible for the City of Delray Beach's compliance with those requirements. Our responsibility is to express an opinion on the City of Delray Beach's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City of Delray Beach's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City of Delray Beach's compliance with specified requirements.

In our opinion, the City of Delray Beach complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

This report is intended solely for the information and use of the City Commission and management of the City of Delray Beach, Florida, the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, and Federal and other granting agencies, and is not intended to be and should not be used by anyone other than these specified parties.

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

West Palm Beach, Florida
March 25, 2016



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