

CITY OF DELRAY BEACH, FLORIDA



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

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FOR YEAR ENDED SEPTEMBER 30, 2020

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**City of Delray Beach, Florida**

Year Ended September 30, 2020  
with Report of Independent Certified Public Accountants

Comprehensive Annual Financial Report

# City of Delray Beach, Florida

Year Ended September 30, 2020  
with Report of Independent Certified Public Accountants

Prepared by the  
Finance Department

City of Delray Beach, Florida  
 Comprehensive Annual Financial Report  
 For the Year Ended September 30, 2020

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# Introductory Section





April 30, 2021

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 of the City of Delray Beach, Florida (the City), for the fiscal year ended September 30, 2020. 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 document is published to fulfill that requirement, as well as to provide transparency and accountability to our community, customers, and business partners.

Based upon a comprehensive framework of internal controls, management assumes full responsibility for the completeness and reliability of the information contained in this report. Comparable to any other investment of resources, the cost of an internal control structure should not exceed the anticipated benefits. For this reason, the City’s internal control structure is designed to provide reasonable, rather than absolute, assurance, that the financial statements are free of material misstatement.

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, 2020. The independent auditor’s report is located at the front of the financial section of this document. 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 settled as an agricultural community in 1895 and first incorporated in 1911. Subsequent incorporation as the City of Delray Beach took place on May 11, 1927. The City’s current estimated permanent population is 70,767 with an 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 along with 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 for City services.

The City Commission appoints the City Manager, who is the chief administrative officer of the City, the City Attorney, who acts on all legal matters pertaining to the City, and the Internal Auditor. 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 union agreements.

Renewal and redevelopment efforts in Delray Beach have resulted in numerous accolades, including the prestigious All-America City Award (1993, 2001 & 2017), and USA Today/Rand McNally's Best of the Road Most Fun Small Town in America (2012). In 2014, the City received the John Nolan Award for outstanding achievements in urban growth and development. Two years later, Delray Beach was honored with the Driehaus Form-Based Codes Award for its achievement in the production and implementation of the Central Business District Code and Architectural Design Guidelines. Delray Beach is also host to exceptional special events. Throughout the year, people from around the world visit the City to enjoy championship tennis, fabulous 4th of July celebrations, and festive holiday events.

The City of Delray Beach is a truly unique city. From its award-winning public beaches and vibrant downtown nightlife to its excellent neighborhoods, bustling economy, and abundance of cultural activities, Delray Beach offers an unparalleled quality of life.

**Services Provided** The City of Delray Beach provides a full range of community services including police, fire protection, fire inspection, emergency medical, rescue, parks, recreation centers, community activities, beaches, pools, a marina, boat ramps, public works, traffic maintenance, street maintenance, parking facilities, golf courses, tennis courts and a world-class tennis stadium.

The City also provides utility, development and business services including water, sewer, stormwater, engineering, construction services, building permits, building inspections, code enforcement, garbage, trash, community development, general administrative and financial support services.

In addition to the services provided to Delray's residents, the City provides water, fire protection, emergency medical, police dispatch, building permits, building inspections, and limited sewer services to the Town of Gulfstream. Fire protection, emergency medical, and limited water services are also provided to the Town of Highland Beach. The City serves the residents of both towns based on contractual arrangements with each governmental entity.

**Reporting Entity** This report includes all funds of the primary government (the City of Delray Beach) and all organizations and component units for which the City is financially accountable, including the Delray Beach Community Redevelopment Agency (CRA), the Delray Beach Downtown Development Authority (DDA), and the South Central Regional Wastewater Treatment and Disposal Board (SCRWTDB). The SCRWTDB 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 as well as funding limitations embodied in the annual budget appropriated by the City Commission. In accordance with state laws, the final adopted budget is posted on the City's website within thirty (30) days after adoption. The amount available from taxation and other sources, including balances brought forward from prior fiscal years, must equal the total appropriations for expenditures and reserves. Budgetary control, or the level at which expenditures may not exceed appropriations, is established at the departmental and fund levels.

As part of the City's budgetary control system, encumbrances in the form of purchase requisitions are utilized. An encumbrance is a reservation of funds to pay for goods or services which have been approved

for purchase. For operating purposes, outstanding encumbrances lapse at fiscal year-end. Blanket requisitions are closed at fiscal year-end and are not reappropriated.

**Economic Conditions and Outlook** For fiscal year 2020, taxable values increased to over \$11 billion, representing a 6.7% increase over the 2019 taxable values of \$10.4 billion. The property tax millage rate for fiscal year 2020 decreased to 6.6611 from 6.7611 for fiscal year 2019 and is the lowest since fiscal year 2011. Furthermore, Standard & Poor's rates the City's outstanding General Obligation bonds as AAA.

The City Commission adopted an annual budget for fiscal year 2020 that captured the budgetary priorities of the City. In 2020, COVID-19 negatively impacted the City's financial resources and the health and livelihood of many residents. Therefore, the adopted budget was amended to account for the revenue shortfall, but the modifications did not affect core services to residents. In addition, the City provided rent and utility costs assistance to residents impacted by the pandemic through Palm Beach County CARES Act funded program. The City will continue to monitor the impacts of COVID-19 on revenues and expenditures, and additional modifications may result based on new available information. Furthermore, the City will continue to be fiscally responsible to maintain sound fiscal controls and appropriate balances in the reserve funds while managing the ever-growing demand to provide core services to residents.

## MAJOR INITIATIVES

The City has completed the following capital improvement projects in FY 2019-2020:

- Old School Square and Federspiel Parking Garage LED Lighting Upgrades
- Osceola Park Neighborhood Improvements Design Phase
- City Marina Design Phase
- Palm Trail/George Bush Intersection Drainage Improvements
- Water Treatment Plant Upgrades and Improvements
- Alley Enhancement Project Design Phase

**Economic Development** During fiscal year 2020, the City continued its robust pace of redevelopment investment, despite the impacts of the global pandemic. Four dynamic projects are taking shape in the downtown area, including Delray Beach Market (\$17,500,000), the Ray Hotel (\$19,500,000), Atlantic Crossings (\$59,000,000) and the PHG Hotel (\$12,500,000). On Linton Boulevard, The Linton, a 274-unit residential project that includes workforce housing, was approved and will introduce a new land use to the commercial corridor. To the west, the Parks at Delray and Aura mixed use projects located along Congress Avenue received site plan approvals and are anticipated to begin construction next year.

## LONG-TERM FINANCIAL PLANNING

In 2019, the City discussed and evaluated strategic priorities and goals, setting the direction for the organization over the next two to three years. The following priorities and goal statements were identified:

**Priority 1: Improve Infrastructure.** Goal Statement: Create strategic appropriately programmed, and fiscally responsible Capital Improvement Program.

**Priority 2: Implement Development Plans and Initiatives.** Goal Statement: Achieve and maintain a distinctive community appearance that reflects the character and high standards of the community by creating inviting, natural, and built places and spaces for contemplation, play, arts, and connection while celebrating our history and protecting our environment.

**Priority 3: Improve Transportation and Mobility.** Goal Statement: Increase the variety of available transportation choices and maintain the City's transportation and mobility options and infrastructure (including medians, lighting, sidewalks, transit systems, streets, alleys, street lights, etc.).

**Priority 4: Create a City Organization of Excellence.** Goal Statement: Create and build a culture of excellence, communicate with transparency, and ensure all departments and employees have the required tools necessary for success.

**Priority 5: Health, Safety, and Quality of Life.** Goal Statement: Enhance and maintain our community's health, safety and quality of life through effective community engagement and public safety programs.

**Priority 6: Economic Vitality and Education.** Goal Statement: Promote economic development and redevelopment as well as relocation, expansion and retention of existing businesses to ensure economic vitality while ensuring a ready workforce for today and tomorrow.

## 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 the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations, including the City's, utilize these criteria.

**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, 2020 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 Award** 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 Comprehensive Annual Financial Report for the fiscal year ended September 30, 2019. This was the 37<sup>th</sup> consecutive year the City received this prestigious award. To be awarded a Certificate of Achievement, a government must publish a comprehensive annual financial report which meets or exceeds current requirements and best practices. The report is reviewed by a team of industry experts to ensure that generally accepted accounting principles, best practices and applicable legal requirements are satisfied. We believe our current report meets the Certificate of Achievement Program requirements and we are submitting it for GFOA evaluation and potential award of a 38<sup>th</sup> certificate.

**Budget Award** The GFOA awarded a Distinguished Budget Presentation Award to the City of Delray Beach, Florida, for its Annual Budget for the fiscal year ended September 30, 2020. To receive this award, a government must publish a budget document that meets or exceeds industry standards and best

practices as a policy document, a financial plan, an operations guide, and a communications tool. The current award represents the 25<sup>th</sup> time that the City has received this honor recognizing excellence in governmental budgeting practices.

**Acknowledgments** A Comprehensive Annual Financial Report of this quality and complexity illustrating the entity-wide results of operations would not have been achieved without the dedication and commitment of the entire Delray Beach team. A special thank you to the Assistant Finance Director, Chief Accounting Officer, Accounting Manager, and the entire Finance team. This team's technical expertise and commitment to high quality work product resulted in a report which provides a comprehensive view of the City's financial and economic position. This report clearly illustrates that the City of Delray Beach is in strong financial condition and is poised for continued growth and prosperity. We wish to thank the Mayor, City Commission, Interim City Manager, Department Heads, and the citizens for their continued support and unwavering commitment to fiscal responsibility.

Respectfully submitted,



John Lege, CGFO, CPFO  
Finance Director



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, 2019

*Christopher P. Morill*

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**City of Delray Beach**

**Florida**

For the Fiscal Year Beginning

**October 1, 2019**

*Christopher P. Morill*

Executive Director



**CITY OF DELRAY BEACH, FLORIDA**

**LIST OF PRINCIPAL OFFICIALS**

**September 30, 2020**

**CITY COMMISSION**

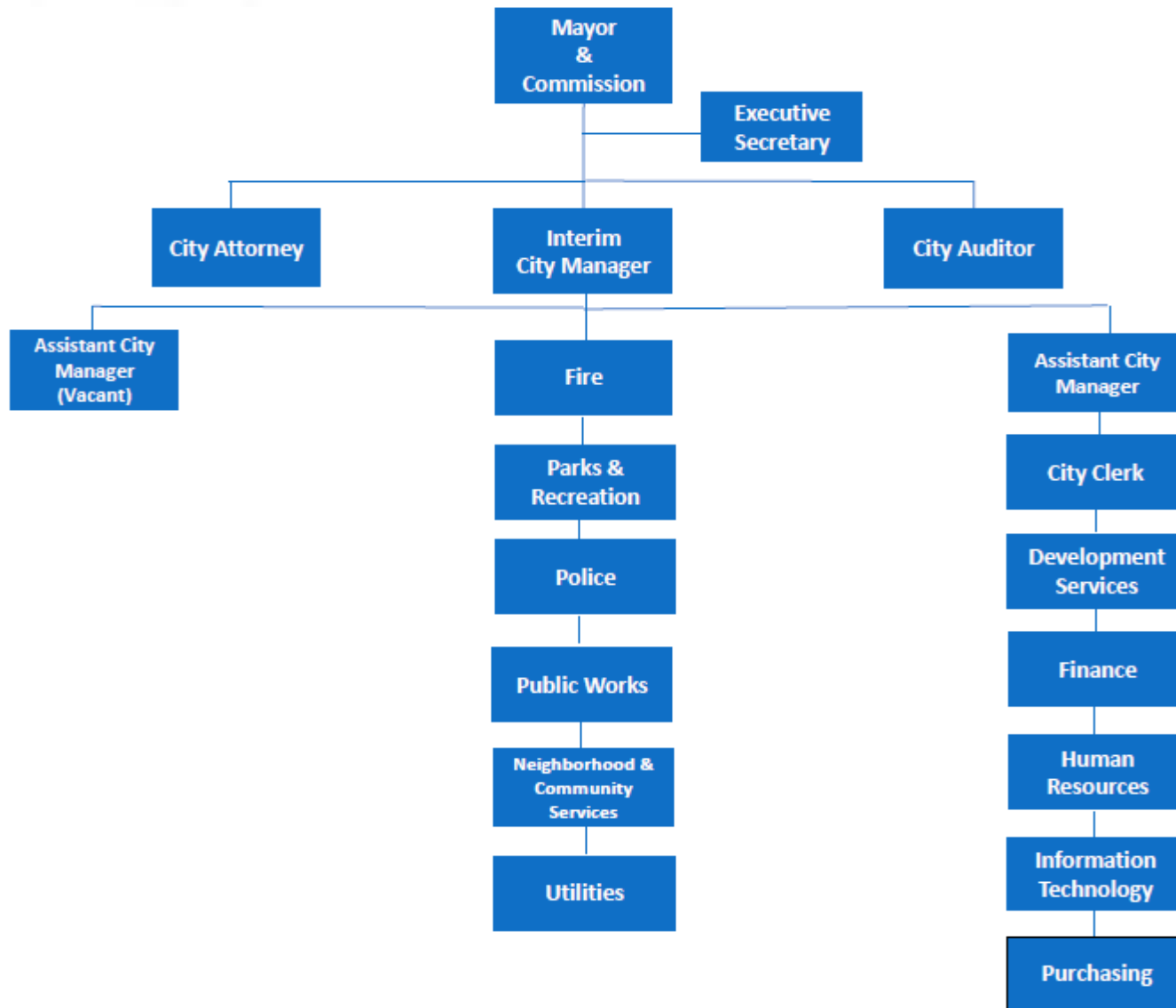
**Mayor ..... Shelly Petrolia**  
**Vice-Mayor ..... Ryan Boylston**  
**Deputy Vice-Mayor ..... Shirley Johnson**  
**Commissioner ..... Adam Frankel**  
**Commissioner ..... Juli Casale**

**CITY STAFF**

**Interim City Manager ..... Jennifer Alvarez**  
**Assistant City Manager ..... Allyson Love**  
**City Attorney ..... Lynn Gelin**  
**City Clerk ..... Katerri Johnson**  
**Interim Neighborhood & Community Services Director ..... David Weatherspoon**  
**Economic Development Director ..... Gemma Torcivia**  
**Finance Director ..... Marie Kalka**  
**Fire Chief ..... Keith Tomey**  
**Human Resources Director ..... Duane D’Andrea**  
**Information Technology Director ..... Jay Stacy**  
**Parks and Recreation Director ..... Sam Metott**  
**Development Services Director ..... Anthea Gianniotis**  
**Police Chief ..... Javaro Sims**  
**Public Works Director ..... Missie Barletto**  
**Acting Purchasing Director ..... Ilyse Triestman**  
**Utilities Director ..... Hassan Hadjimiry**

# City Organizational Chart

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# Financial Section



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

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM K. CALER, JR., CPA  
LAURA E. CLARK, CPA  
LOUIS M. COHEN, CPA  
JOHN C. COURTNEY, CPA, JD  
DAVID S. DONTEN, CPA  
JAMES B. HUTCHISON, CPA  
JOEL H. LEVINE, CPA  
PATRICK E. MANGAN, CPA  
JAMES F. MULLEN, IV, CPA  
MICHAEL J. NALEZYTY, CPA  
THOMAS A. PENCE, JR., CPA  
SCOTT L. PORTER, CPA  
MARK D. VEIL, CPA  
MARTIN R. WOODS, CPA

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MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditor's Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2020, 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 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.

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, 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 discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Delray Beach, Florida, as of September 30, 2020, 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.

## ***Other Matters***

### *Required Supplementary Information*

U.S. generally accepted accounting principles require that management's discussion and analysis on pages 4 to 16, the budgetary comparison schedules on pages 81 to 85, the pension information on pages 86 to 99 and the other postemployment benefits information on pages 100 to 102 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 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 Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Chapter 10.550, Rules of the Auditor General, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, the other supplementary information, and the Schedule of Expenditures of Federal Awards and State Financial Assistance 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. In our opinion, the combining and individual fund financial statements and schedules, the other supplementary information, and the Schedule of Expenditures of Federal Awards and State Financial Assistance 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 April 26, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control over financial reporting and compliance of the City of Delray Beach, Florida.

West Palm Beach, Florida  
April 26, 2021

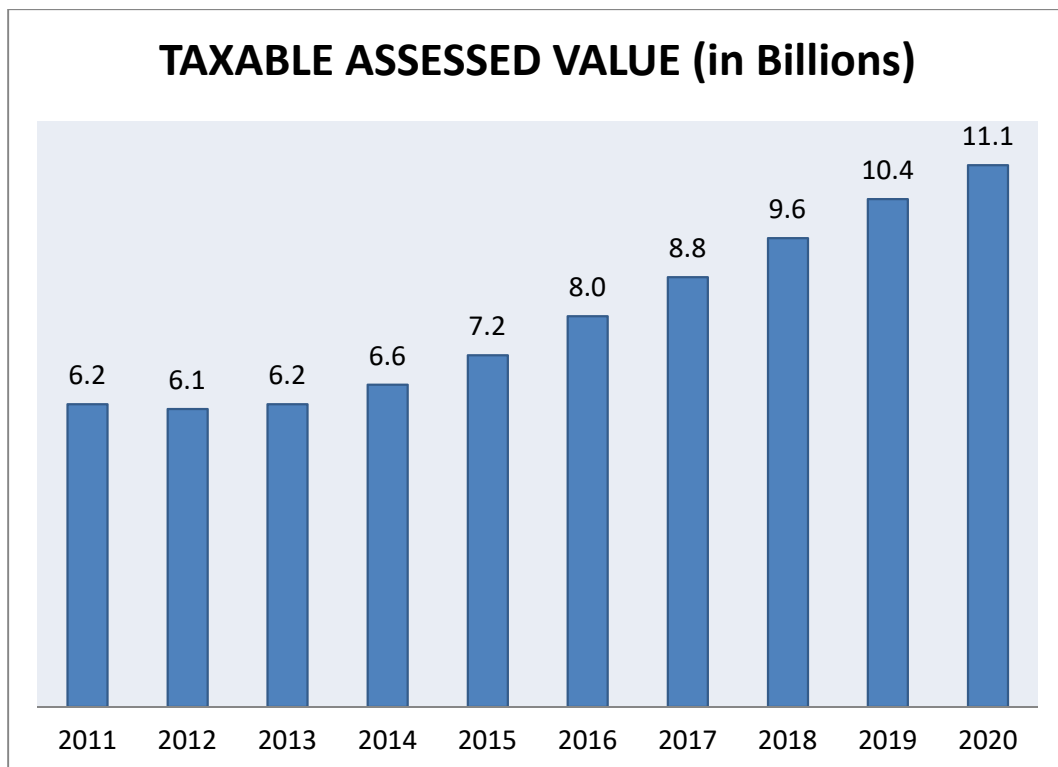
*Cale, Dutton, Levine,  
Cohen, Porter & Veil, P.A.*

## 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, 2020. 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, the City's blended component unit – the Delray Beach Community Redevelopment Agency (CRA), and the City's joint venture for the South Central Regional Wastewater Treatment and Disposal Board. The operations of the City's discretely presented component unit, the Downtown Development Authority (DDA), are excluded. The joint venture, the DDA, and the CRA 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 reversing. Taxable assessed value increased from \$10.4 billion for 2019 to \$11.1 billion for 2020, or 6.7%.
- The assets and deferred outflows of the City (Primary Government) exceeded its liabilities and deferred inflows (Total Net Position) at September 30, 2020, by \$308.0 million. Of this amount, \$38.4 million (Unrestricted Net Position) may be used to meet the City's ongoing obligations to citizens and creditors.



- In 2020, the net position of governmental activities increased by \$5.2 million. The increase in the governmental activities is approximately \$4.2 million or 45% less than the prior year increase in net position attributable to operations.
- In 2020, the net position of the business-type activities increased by \$4.0 million. The increase in the business-type activities is approximately \$.8 million or 17% less than the prior year increase in net position attributable to operations.
- The unrestricted net position of the governmental activities reflects a deficit of \$24.6 million at September 30, 2020 as compared to a deficit of \$24.3 million for the prior year.
- At September 30, 2020, the City's governmental funds reported combined ending fund balances of \$128.3 million, which increased \$2.3 million from the prior year. The increase is primarily attributable to an increase in tax increment revenues in the CRA Fund. A total of \$91.7 million (Unassigned Fund Balance and Assigned Fund Balance) or 71% of the combined ending fund balance is available for spending. Of this amount, \$43.9 million is in the General Fund, \$19.5 million is in the CRA fund, \$7.1 million is in Special Revenue Funds and \$21.2 million is in Capital Projects Funds.
- At September 30, 2020, Unassigned Fund Balance for the General Fund was \$38.0 million or 29% of total General Fund expenditures of \$130.9 million. This is a decrease of \$4.5 million or 11% from the prior year. General Fund revenues decreased by 1% and expenditures increased by 2% over the prior year. The City does not have a minimum fund balance policy but strives to maintain an Unassigned Fund Balance of 25% of the expenditure budget as a 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, Parks and Recreation and Economic Development. The business-type activities of the City that rely on user fees and charges include areas such as Water and Sewer, Stormwater, Sanitation, Municipal Golf Course, Lakeview Golf Course, City Marina and Cemetery 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 (a blended component unit) and the DDA for which the City is financially accountable (a discretely presented component unit). The CRA is considered a blended component unit because the City Commission serves as the majority of the CRA's Governing Board and has the ability to control the CRA's operations. Financial information for the CRA is combined with that of the City, while the DDA is reported separately from the financial information presented for the City 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 the 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 maintained 13 individual governmental funds during 2020. Information is presented separately for the General Fund, Neighborhood Services Fund, Community Redevelopment Agency Fund, Capital Improvement Fund, and the One-Cent Sales Tax Fund, which are the City's major governmental funds. Data for the other non-major 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 utilizes 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, stormwater utility, sanitation, municipal golf course, Lakeview golf course, marina and cemetery operations.

Internal service funds are used to account for the 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, Stormwater utility and Sanitation Fund which are the major enterprise funds of the City. Conversely, the remaining enterprise funds are considered non-major enterprise funds and with 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, Neighborhood Services Fund, and Community Redevelopment Agency Fund. Budgetary comparison schedules have been provided as required supplementary information for these funds to demonstrate compliance with their budget. Required supplementary information can be found on pages 81 through 102 of this report.

The *combining statements* for non-major governmental, non-major proprietary, internal service 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 103 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 Statements of Net Position (\$ in millions)**

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
<b>Assets:</b>						
Current and other assets	\$161.8	\$157.6	\$74.4	\$70.8	\$236.2	\$228.4
Capital assets	201.0	195.8	111.4	113.2	312.4	309.0
<b>Total Assets</b>	<b>362.8</b>	<b>353.4</b>	<b>185.8</b>	<b>184.0</b>	<b>548.6</b>	<b>537.4</b>
<b>Deferred outflows</b>	<b>36.9</b>	<b>44.5</b>	<b>2.3</b>	<b>2.4</b>	<b>39.2</b>	<b>46.9</b>
<b>Liabilities:</b>						
Current liabilities	19.9	17.6	4.0	4.5	23.9	22.1
Noncurrent liabilities	239.7	247.9	9.2	11.5	248.9	259.4
<b>Total Liabilities</b>	<b>259.6</b>	<b>265.5</b>	<b>13.2</b>	<b>16.0</b>	<b>272.8</b>	<b>281.5</b>
<b>Deferred inflows</b>	<b>6.2</b>	<b>3.7</b>	<b>0.8</b>	<b>0.3</b>	<b>7.0</b>	<b>4.0</b>
<b>Net Position:</b>						
Net investment in capital assets	151.4	142.8	107.6	107.5	259.0	250.3
Restricted	7.1	10.2	3.5	3.5	10.6	13.7
Unrestricted (deficit)	(24.6)	(24.3)	63.0	59.1	38.4	34.8
<b>Total Net Position</b>	<b>\$133.9</b>	<b>\$128.7</b>	<b>\$174.1</b>	<b>\$170.1</b>	<b>\$308.0</b>	<b>\$298.8</b>

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 increased by \$9.2 million or approximately 3% from \$298.8 million to \$308.0 million. The increase in net position was a result of a net increase from operations in both the governmental activities (\$5.2 million) and the business-type activities (\$4.0 million).

A significant portion of the City's net position at September 30, 2020 (\$259.0 million or 84% 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%) represents resources that are subject to restrictions on how they may be used. The balance in restricted net position reflects a decrease of \$3.1 million from the prior year.

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 2020 governmental activities unrestricted net position deficit balance increased approximately \$.3 million. This is primarily due to increases in expenses in excess of the increase in revenues, attributable to the effects of the coronavirus pandemic.

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.

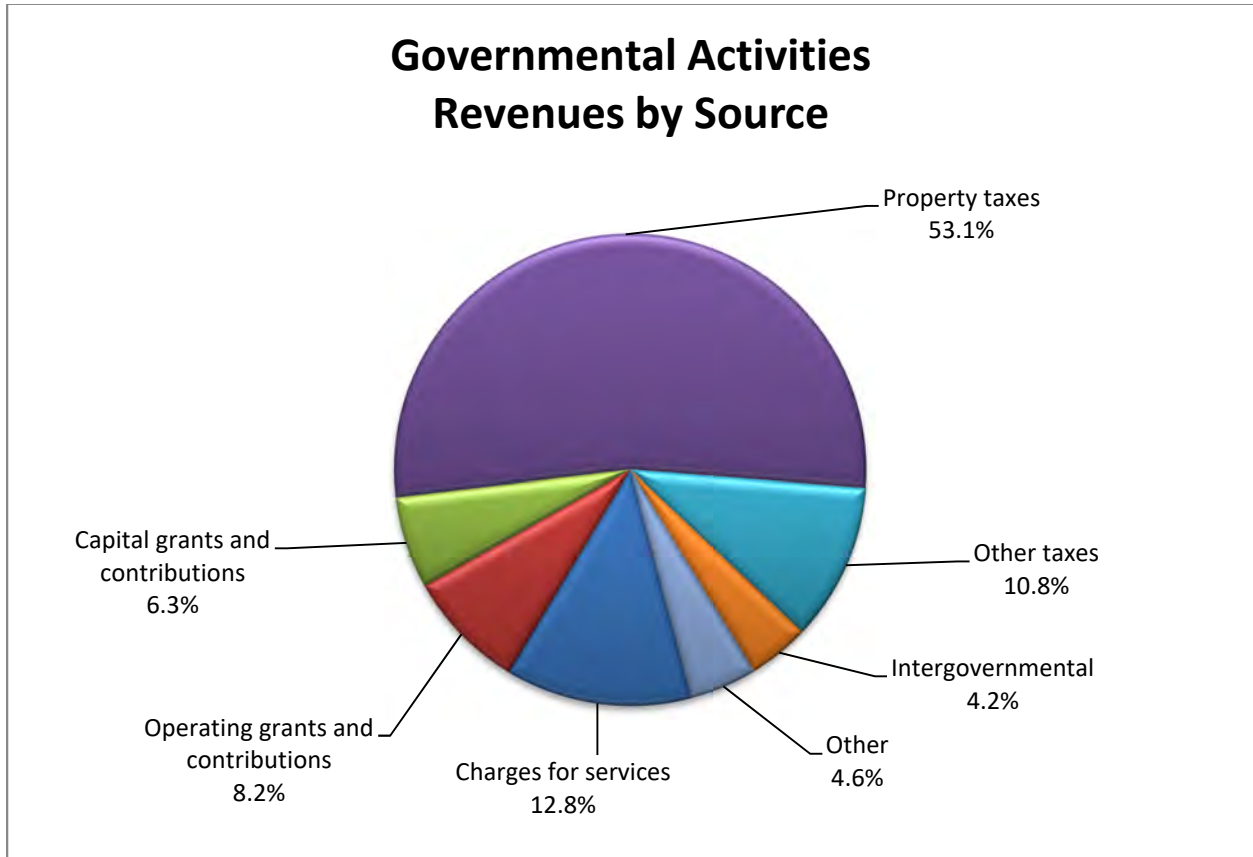
**Table A-2**  
**Changes in Net Position**  
**Condensed Statements of Activities (\$ in millions)**

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 22.9	\$ 27.2	\$ 43.6	\$ 44.6	\$ 66.5	\$ 71.8
Operating grants, contributions	14.6	10.0	2.3	0.2	16.9	10.2
Capital grants, contributions	11.2	0.3	0.8	0.8	12.0	1.1
General Revenues:						
Property Taxes	95.1	90.3	-	-	95.1	90.3
Other taxes	19.4	19.9	-	-	19.4	19.9
Intergovernmental	7.6	7.8	-	-	7.6	7.8
Other	8.2	17.5	1.1	1.1	9.3	18.7
<b>Total Revenues</b>	<b>179.0</b>	<b>173.0</b>	<b>47.8</b>	<b>46.8</b>	<b>226.8</b>	<b>219.8</b>
<b>Expenses</b>						
General government	34.0	35.6	-	-	34.0	35.6
Public safety	88.3	85.6	-	-	88.3	85.6
Physical environment	14.7	16.3	-	-	14.7	16.3
Parks and recreation	18.1	16.8	-	-	18.1	16.8
Economic development	20.3	10.9	-	-	20.3	10.9
Interest on long-term debt	2.3	2.6	-	-	2.3	2.6
Water and sewer	-	-	29.7	27.6	29.7	27.6
Stormwater	-	-	2.2	1.9	2.2	1.9
Sanitation	-	-	4.5	4.4	4.5	4.4
Municipal golf course	-	-	2.5	3.0	2.5	3.0
Lakeview golf course	-	-	0.6	0.6	0.6	0.6
City marina	-	-	0.0	0.2	0.0	0.2
Cemetery	-	-	0.4	0.1	0.4	0.1
<b>Total Expenses</b>	<b>177.7</b>	<b>167.8</b>	<b>39.9</b>	<b>37.8</b>	<b>217.6</b>	<b>205.6</b>
Change in Net Position Before Transfers	1.3	5.2	7.9	9.0	9.2	14.2
Transfers	3.9	4.2	(3.9)	(4.2)	-	-
<b>Increase in Net Position</b>	<b>5.2</b>	<b>9.4</b>	<b>4.0</b>	<b>4.8</b>	<b>9.2</b>	<b>14.2</b>
Beginning Net Position	<b>128.7</b>	<b>119.3</b>	<b>170.1</b>	<b>165.3</b>	<b>298.8</b>	<b>284.6</b>
<b>Ending Net Position</b>	<b>\$133.9</b>	<b>\$128.7</b>	<b>\$174.1</b>	<b>\$170.1</b>	<b>\$308.0</b>	<b>\$298.8</b>

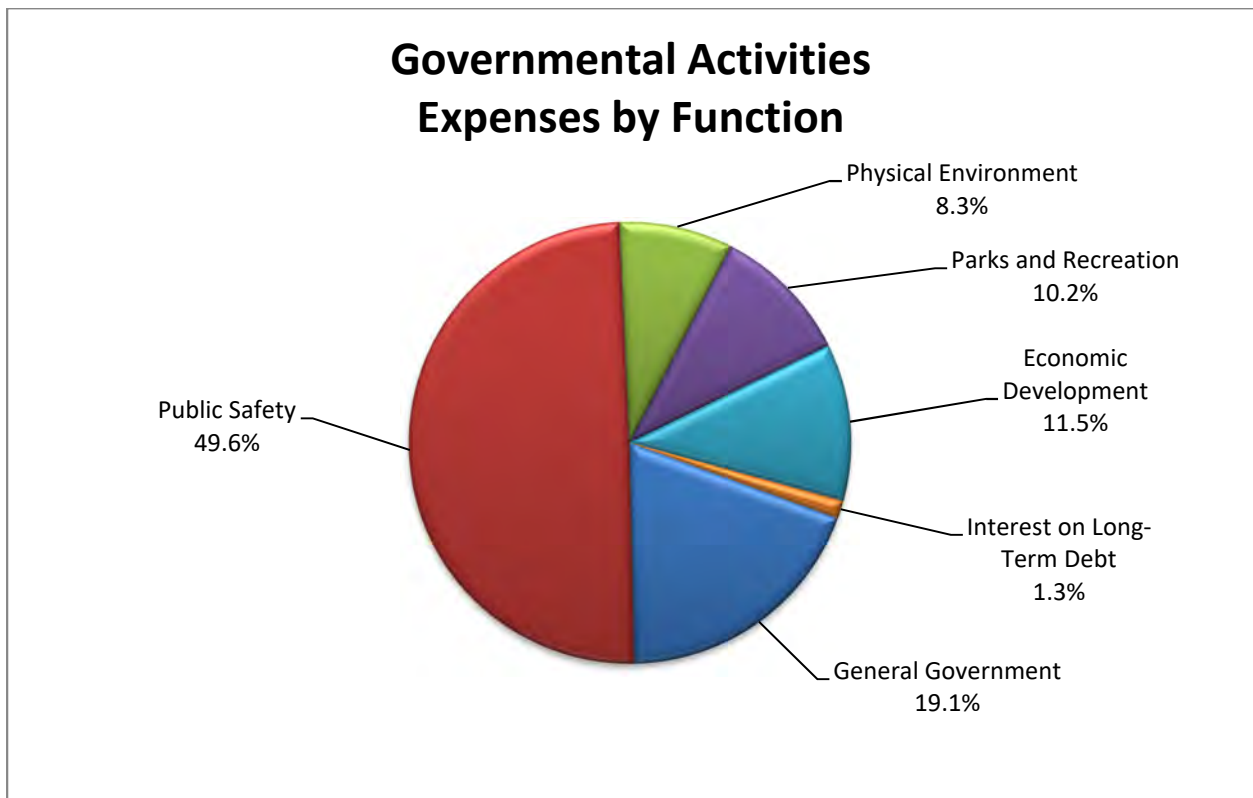
Governmental activities increased the City's net position by \$5.2 million, which was primarily due to an increase in property taxes attributable to higher property values. Expenses increased by \$9.9 million, primarily due to increases in Public Safety, Parks and Recreation, and Economic Development.

Business-type activities net position increased \$4.0 million, which was primarily attributable to water and sewer and sanitation operations. Operating grants and contributions increased approximately \$2.1 million primarily due to \$1.5 million in grants for Stormwater operations.

Governmental Activities revenues by source for 2020 are summarized as follows:



Expenditures by function for 2020 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		Neighborhood Services Fund		Community Redevelopment Agency Fund		One-Cent Sales Tax Fund		Capital Improvement Fund	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenues	\$ 132.9	\$ 134.2	\$ 1.1	\$ 1.3	\$ 24.2	\$ 23.2	\$ 5.7	\$ 6.3	\$ 11.6	\$ 4.1
Expenditures	(130.9)	(128.5)	(1.3)	(1.6)	(23.2)	(15.7)	(12.0)	(8.9)	(4.8)	(5.2)
Other financing sources (uses)	(2.5)	(4.3)	0.2	0.2	-	1.9	-	-	0.4	2.2
<b>Change in Fund Balance</b>	<b>\$ (0.5)</b>	<b>\$ 1.4</b>	<b>\$ -</b>	<b>\$ (0.1)</b>	<b>\$ 1.0</b>	<b>\$ 9.4</b>	<b>\$ (6.3)</b>	<b>\$ (2.6)</b>	<b>\$ 7.2</b>	<b>\$ 1.1</b>

### **General Fund**

The General Fund, which is the primary operating fund of the City and is not supported by user fees, recognized \$132.9 million in total revenues offset with \$130.9 million in expenditures and \$2.5 million in net other financing uses. This resulted in a decrease in fund balance of \$.5 million. Overall, property taxes increased due to higher property values, while licenses and permits, charges for services and fines and forfeitures were down due to the impact of the coronavirus pandemic. Total Fund Balance decreased from \$45.5 million in 2019 to \$45.0 million in 2020. Of that amount, \$38.0 million is Unassigned Fund Balance which represents 29% of the 2020 expenditure levels as compared to 33% of the 2019 expenditure levels. The City does not have a minimum fund balance policy but strives to maintain 25% of current expenditures in Unassigned Fund Balance for cash flow, uninsured legal claims and other emergency purposes.

### **Neighborhood Services Fund**

The Neighborhood Services Fund is used to account 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. The Neighborhood Services Fund recognized \$1.1 million in total revenues and \$.2 million in other financing sources offset by \$1.3 million in expenditures. This resulted in no change in fund balance. Total Fund Balance remained the same at \$1.6 million in 2019 and 2020, all of which is restricted for community development projects.

### **Community Redevelopment Agency Fund**

The CRA is accounted for as a blended component unit of the City and is presented as a major fund in the governmental fund financial statements for 2020. The Community Redevelopment Agency Fund is used to account for the economic development activities within the CRA boundaries covering the City's downtown and surrounding area. The Community Redevelopment Agency Fund recognized \$24.2 million in total revenues offset by \$23.2 million in expenditures. This resulted in an increase in fund balance of \$1.0 million. Total Fund Balance increased from \$22.3 million in 2019 to \$23.3 million in 2020 primarily due to an increase in tax increment revenues attributable to higher property valuations.



### **One-Cent Sales Tax Fund**

The One-Cent Sales Tax Fund was established in 2017 to account for construction of major infrastructure capital facilities financed by the one-cent local option sales tax approved by County voters in 2016. The One-Cent Sales Tax Fund recognized \$5.7 million in total revenues offset by \$12.0 million in expenditures. This resulted in a decrease in the fund balance of \$6.3 million, primarily attributable to the continued expenditures for capital projects originally financed by long-term debt issued in 2017 and secured by the sales tax. The entire fund balance of \$27.1 million is restricted for capital improvement projects at September 30, 2020.

### **Capital Improvement Fund**

The Capital Improvement 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 Capital Improvement Fund recognized \$11.6 million in total revenues and \$.4 million in other financing sources offset by \$4.8 million in expenditures. This resulted in an increase in the fund balance of \$7.2 million, primarily attributable to contributions of \$10.8 million from the CRA for neighborhood improvement projects contracted by the City. The entire fund balance of \$20.9 million is assigned to capital improvement projects at September 30, 2020.

### **Proprietary Funds**

<b>\$ in Millions</b>	<b><u>Operating Income</u></b> <b><u>(Loss)</u></b>		<b><u>Change in Net</u></b> <b><u>Position</u></b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Enterprise Funds</b>				
Water and Sewer	\$ 5.2	\$ 7.2	\$ 3.0	\$ 4.4
Stormwater	(0.1)	0.3	(0.1)	0.2
Sanitation	0.3	0.4	1.9	0.4
Municipal Golf Course	(0.1)	0.2	(0.1)	0.2
Lakeview Golf Course	0.1	0.1	0.1	0.1
City Marina	0.0	0.0	0.0	0.0
Cemetery	(0.2)	0.0	(0.2)	0.1
<b>Internal Service Funds</b>				
Insurance	(2.8)	(3.1)	(1.7)	(0.5)
Central Garage	0.2	(0.1)	0.5	0.8

### **Water and Sewer Fund**

Operating revenues were consistent year over year and operating expenses were approximately \$2.0 million higher than 2019. Higher nonoperating revenues of \$.3 million and lower net transfers out of approximately \$.4 million resulted in an increase of approximately \$3.0 million in net position in 2020.

### **Stormwater Fund**

Operating revenues were approximately \$31,000 lower in 2020 than 2019 and operating expenses were approximately \$370,000 higher than 2019. Nonoperating revenues decreased by approximately \$20,000 and capital contributions increased by approximately \$57,000, resulting in a decrease of approximately \$138,000 in net position in 2020.

## **Sanitation Fund**

Operating revenues were consistent year over year and operating expenses were approximately \$83,000 higher than 2019. Nonoperating revenues increased by approximately \$1.6 million, resulting in an increase of approximately \$1.9 million in net position in 2020.

## **Other Enterprise Funds**

The City has four (4) non-major enterprise funds consisting of the Municipal Golf Course, Lakeview Golf Course, City Marina, and Cemetery.

The **Municipal Golf Course** had an operating loss this year of approximately \$44,000 compared to operating income of \$184,000 last year.

The **Lakeview Golf Course** had operating income of approximately \$87,000 versus \$123,000 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 loss this year of approximately \$34,000 compared to operating loss of \$22,000 last year.

The **City Cemetery Fund** had an operating loss this year of approximately \$222,000 compared to operating income of \$35,000 last year.

## **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** claims liabilities for property, health and worker's compensation claims were approximately \$7.4 million for 2020, an increase of approximately \$.8 million from the prior year. All required reserves are determined by outside actuaries. The Insurance Fund has \$1.2 million in Unrestricted Net Position.

The **Central Garage Fund** had operating income of approximately \$222,000 for 2020 compared to an operating loss of \$69,000 for 2019. This was primarily due to an increase in other operating revenues of approximately \$736,000 year over year, offset by a decrease in charges for services of approximately \$267,000, and an increase in operating expenses of approximately \$178,000.

## **Budgetary Highlights**

**General Fund:** The difference between the original and final amended budget for 2020 was an increase of approximately \$.5 million. There was a positive variance between the final adopted budget and actual results of operations of approximately \$4.6 million (excluding budgeted prior year surplus of approximately \$4,962,000). Actual revenues (excluding prior year budgeted surplus) were less than the final budget by approximately \$.7 million and actual expenditures and other financing uses were less than final budget by approximately \$5.4 million. The largest unfavorable budget variance for revenues related to intergovernmental revenue (\$1.2 million), offset by a favorable budget variance related to

taxes (\$598,000). The decrease in intergovernmental revenues was due to the economic effects of the coronavirus pandemic. The largest portion of the favorable budget variances for expenditures related to Public Works (\$1.2 million); Information Technology (\$738,000); and Nondepartmental (\$717,000).

### Capital Asset and Debt Administration

#### Capital Assets

As of September 30, 2020, the City had \$312.4 million invested in a variety of capital assets, as reflected in Table A-3 below, which represents a net increase of \$3.4 million from the previous fiscal year. Additional information can be found in Note 8 Capital Assets beginning on page 47.

Capital asset activity for 2020 is summarized below:

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

	Beginning Balance 10/01/2019	Increases	Decreases	Ending Balance 9/30/2020
<b>Governmental Activities:</b>				
Land	\$ 68.9	\$ -	\$ (0.3)	\$ 68.6
Construction in Progress	9.2	6.3	-	15.5
<b>Non-Depreciable Assets</b>	<b>78.1</b>	<b>6.3</b>	<b>(0.3)</b>	<b>84.1</b>
Buildings	52.8	-	-	52.8
Improvements Other	152.3	5.2	(0.2)	157.3
Equipment	60.4	4.6	(4.4)	60.6
Less: Accumulated Depreciation	(147.8)	(10.4)	4.4	(153.8)
<b>Depreciable Assets, Net</b>	<b>117.7</b>	<b>(0.6)</b>	<b>(0.2)</b>	<b>116.9</b>
<b>Governmental Capital Assets</b>	<b>195.8</b>	<b>5.7</b>	<b>(0.5)</b>	<b>201.0</b>
<b>Business-Type Activities:</b>				
Land	5.6	-	-	5.6
Construction in Progress	11.0	2.2	(9.0)	4.2
<b>Non-Depreciable Assets</b>	<b>16.6</b>	<b>2.2</b>	<b>(9.0)</b>	<b>9.8</b>
Buildings	13.8	-	-	13.8
Improvements Other	188.5	1.4	-	189.9
Equipment	16.0	8.3	(0.3)	24.0
Less: Accumulated Depreciation	(121.7)	(4.6)	0.2	(126.1)
<b>Depreciable Assets, Net</b>	<b>96.6</b>	<b>5.1</b>	<b>(0.1)</b>	<b>101.6</b>
<b>Business-Type Capital Assets</b>	<b>\$ 113.2</b>	<b>\$ 7.3</b>	<b>\$ (9.1)</b>	<b>\$ 111.4</b>

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

Major capital asset changes during the fiscal year 2020 were primarily in the Capital improvement Fund and One-Cent Sales Tax Fund for the improvements to roads and parking garages as well as other beautification projects. In addition, there were Improvements in the Water and Sewer Fund primarily for the reclaimed water system project.

## Debt Administration

As of September 30, 2020, the City had total debt outstanding of \$94.9 million compared to \$103.8 million as of September 30, 2019. Of this \$94.9 million amount, and gross of any related unamortized premium or discounts:

- \$62.1 million is Governmental Activities 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,
- \$8.0 million is general obligation bond debt which is debt backed by the full faith and credit of the City,
- \$3.8 million is revenue bonds that are backed by a pledge of the water and sewer system net revenues,
- \$9.9 million is for compensated absences,
- \$7.4 million is for insurance claims liabilities, and
- \$1.5 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 2020 is summarized as follows:

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

	Beginning Balance 10/01/2019	Increases	Decreases	Ending Balance 9/30/2020
<b>Governmental Activities:</b>				
Revenue Bonds	\$ 68.2	\$ -	\$ (6.1)	\$ 62.1
General Obligation Bonds	9.8	-	(1.8)	8.0
Unamortized Premium	2.4	-	(0.2)	2.2
<b>Total Bonds Payable</b>	<b>80.4</b>	<b>-</b>	<b>(8.1)</b>	<b>72.3</b>
Installment Agreements	1.8	-	(0.3)	1.5
Compensated Absences	8.2	1.4	(0.8)	8.8
Insurance Claims Payable	6.6	12.1	(11.3)	7.4
<b>Governmental Activities</b>	<b>\$ 97.0</b>	<b>\$ 13.5</b>	<b>\$ (20.5)</b>	<b>\$ 90.0</b>
<b>Business-Type Activities:</b>				
Revenue Bonds	\$ 5.6	\$ -	\$ (1.8)	\$ 3.8
Installment Agreements	0.1	-	(0.1)	-
Compensated Absences	1.1	0.2	(0.2)	1.1
<b>Business-Type Activities</b>	<b>6.8</b>	<b>0.2</b>	<b>(2.1)</b>	<b>4.9</b>
<b>Total Debt Outstanding</b>	<b>\$ 103.8</b>	<b>\$ 13.7</b>	<b>\$ (22.6)</b>	<b>\$ 94.9</b>

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 11 - Noncurrent Liabilities beginning on page 50.

## **Economic Factors and FY 2020-21 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 City's adopted General Fund budget for 2020-2021 totals \$148,348,527 as compared to the prior year's final amended budget of \$140,371,582.
- ❖ While the City's budget has increased, the current total millage rate decreased 0.2% from 6.8645 mills for 2020 to 6.8497 mills for 2021. The operations portion remained consistent at 6.6611 mills and the debt service portion decreased from 0.2034 mills to 0.1886 mills.
- ❖ In March 2020, the City in conjunction with the State and Palm Beach County, limited the operations of cultural and recreational facilities, beaches, restaurants, bars and other public gathering places to limit the spread of the Coronavirus. These closures continued in FY 2020-2021 and will adversely impact the various taxes, charges for services and other revenues of the City originally budgeted for FY 2020-2021. The amount of the economic impact on the City cannot be predicted at the present time, but management believes the City has sufficient reserves to avoid any reduction in services to its residents.

## **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:

Finance Department  
100 N. W. 1<sup>st</sup> Avenue  
Delray Beach, FL 33444

# Basic Financial Statements

CITY OF DELRAY BEACH, FLORIDA  
STATEMENT OF NET POSITION  
September 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 108,905,701	\$ 20,616,039	\$ 129,521,740	\$ 220,668
Investments	38,160,796	26,912,909	65,073,705	-
Receivables:				
Accounts, net	1,020,946	3,110,204	4,131,150	-
Unbilled accounts	-	1,491,815	1,491,815	-
Notes receivable	9,335,268	-	9,335,268	-
Interest receivable	118,557	75,863	194,420	-
Due from other governments	3,393,954	1,560,931	4,954,885	-
Internal balances	63,096	(63,096)	-	-
Inventories	87,773	182,086	269,859	-
Prepaid expenses	690,110	124,530	814,640	8,659
Other assets	34,886	-	34,886	-
Deposits	-	-	-	12,390
Restricted assets	-	3,612,986	3,612,986	-
Investment in regional plant (joint venture)	-	16,743,466	16,743,466	-
Capital assets:				
Non-depreciable capital assets	84,140,618	9,849,247	93,989,865	-
Depreciable capital assets, net	116,871,904	101,580,904	218,452,808	14,903
Total Assets	<u>362,823,609</u>	<u>185,797,884</u>	<u>548,621,493</u>	<u>256,620</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on refundings	1,187,047	-	1,187,047	-
Deferred amount related to OPEB	7,172,356	1,071,518	8,243,874	-
Deferred amount related to pensions	28,533,892	1,208,095	29,741,987	-
Total Deferred Outflows of Resources	<u>36,893,295</u>	<u>2,279,613</u>	<u>39,172,908</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	10,522,275	2,866,683	13,388,958	41,739
Contracts payable and retainages	-	62,219	62,219	-
Deposits payable	1,137,252	1,059,787	2,197,039	-
Unearned revenue	7,456,712	12,012	7,468,724	-
Accrued interest on long-term debt	802,330	54,700	857,030	-
Noncurrent liabilities:				
Due within one year				
Bonds and notes payable	8,179,708	1,880,000	10,059,708	-
Installment agreements	352,047	38,396	390,443	-
Compensated absences	850,034	151,692	1,001,726	5,961
Insurance claims payable	2,208,977	-	2,208,977	-
Due in more than one year				
Bonds and notes payable	64,081,464	1,925,000	66,006,464	-
Installment agreements	1,108,333	9,772	1,118,105	-
Compensated absences	7,980,513	876,600	8,857,113	-
Insurance claims payable	5,195,000	-	5,195,000	-
Total OPEB liability	30,345,664	3,680,559	34,026,223	-
Net pension liability	119,411,974	611,838	120,023,812	-
Total Liabilities	<u>259,632,283</u>	<u>13,229,258</u>	<u>272,861,541</u>	<u>47,700</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred amount related to OPEB	355,354	59,875	415,229	-
Deferred amount related to pensions	5,789,678	692,282	6,481,960	-
	<u>6,145,032</u>	<u>752,157</u>	<u>6,897,189</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	151,463,017	107,576,983	259,040,000	14,903
Restricted for:				
Debt service	1,564,902	1,880,000	3,444,902	-
Law enforcement	1,297,619	-	1,297,619	-
Capital improvements	4,221,772	1,678,286	5,900,058	-
Unrestricted (deficit)	(24,607,721)	62,960,813	38,353,092	194,017
Total Net Position	<u>\$ 133,939,589</u>	<u>\$ 174,096,082</u>	<u>\$ 308,035,671</u>	<u>\$ 208,920</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, 2020

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Downtown Development Authority (DDA)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>PRIMARY GOVERNMENT</b>								
<b>Governmental Activities:</b>								
General Government	\$ 34,027,104	\$ 8,896,565	\$ 10,770,073	\$ 199,779	\$ (14,160,687)	\$ -	\$ (14,160,687)	\$ -
Public Safety	88,253,173	10,086,236	3,587,887	-	(74,579,050)	-	(74,579,050)	-
Physical Environment	14,746,699	2,250,915	-	-	(12,495,784)	-	(12,495,784)	-
Parks and Recreation	18,143,786	1,579,026	168,846	-	(16,395,914)	-	(16,395,914)	-
Economic Development	20,293,239	125,106	89,331	11,044,131	(9,034,671)	-	(9,034,671)	-
Interest on Long-term Debt	2,333,202	-	-	-	(2,333,202)	-	(2,333,202)	-
<b>Total Governmental Activities</b>	<b>177,797,203</b>	<b>22,937,848</b>	<b>14,616,137</b>	<b>11,243,910</b>	<b>(128,999,308)</b>	<b>-</b>	<b>(128,999,308)</b>	<b>-</b>
<b>Business-type Activities:</b>								
Water and Sewer	29,678,332	33,509,707	511,105	702,276	-	5,044,756	5,044,756	-
Stormwater	2,230,218	2,133,063	1,525,589	140,202	-	1,568,636	1,568,636	-
Sanitation	4,505,066	4,762,445	202,828	-	-	460,207	460,207	-
Municipal Golf Course	2,533,254	2,423,699	57,778	-	-	(51,777)	(51,777)	-
Lakeview Golf Course	591,710	665,559	4,616	-	-	78,465	78,465	-
City Marina	35,908	-	1,450	-	-	(34,458)	(34,458)	-
Cemetery	367,714	141,399	-	-	-	(226,315)	(226,315)	-
<b>Total Business-type Activities</b>	<b>39,942,202</b>	<b>43,635,872</b>	<b>2,303,366</b>	<b>842,478</b>	<b>-</b>	<b>6,839,514</b>	<b>6,839,514</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 217,739,405</b>	<b>\$ 66,573,720</b>	<b>\$ 16,919,503</b>	<b>\$ 12,086,388</b>	<b>(128,999,308)</b>	<b>6,839,514</b>	<b>(122,159,794)</b>	<b>-</b>
<b>COMPONENT UNIT</b>								
Downtown Development Authority (DDA)	\$ 1,137,473	\$ 18,650	\$ 48,700	\$ -	-	-	-	(1,070,123)
<b>General Revenues:</b>								
Taxes:								
Property Taxes					95,139,737	-	95,139,737	1,115,923
Franchise Fees					5,114,526	-	5,114,526	-
Utility Service Taxes					9,926,040	-	9,926,040	-
Sales Taxes					3,542,170	-	3,542,170	-
Local Business Tax					850,765	-	850,765	-
Intergovernmental Not Restricted to Specific Programs					7,561,740	-	7,561,740	-
Investment Earnings					2,552,908	1,080,172	3,633,080	2,270
Gain on Disposal of Capital Assets					20,330	-	20,330	-
Miscellaneous					5,652,219	-	5,652,219	-
Transfers					3,878,812	(3,878,812)	-	-
Total General Revenues and Transfers					134,239,247	(2,798,640)	131,440,607	1,118,193
Change in Net Position					5,239,939	4,040,874	9,280,813	48,070
Net Position - October 1, 2019					128,699,650	170,055,208	298,754,858	160,850
Net Position - September 30, 2020					<b>\$ 133,939,589</b>	<b>\$ 174,096,082</b>	<b>\$ 308,035,671</b>	<b>\$ 208,920</b>

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

CITY OF DELRAY BEACH, FLORIDA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2020

	Major Funds						Total Governmental Funds
	General Fund	Neighborhood Services Fund	Community Redevelopment Agency Fund	One-Cent Sales Tax Fund	Capital Improvement Fund	Non-Major Governmental Funds	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 26,995,472	\$ 1,391,414	\$ 22,900,366	\$ 29,098,833	\$ 19,392,972	\$ 6,513,032	\$ 106,292,089
Investments	19,639,148	-	-	-	4,209,853	3,508,915	27,357,916
Accounts receivable, net	795,187	915	6,644	-	-	179,663	982,409
Notes receivable	-	5,511,281	3,823,987	-	-	-	9,335,268
Interest receivable	51,043	-	-	-	30,189	9,120	90,352
Due from other governments	1,218,425	491,269	-	1,066,761	309,968	307,531	3,393,954
Due from other funds	3,754,555	137,000	-	486,366	161,441	6,703	4,546,065
Inventories	14,064	-	-	-	-	-	14,064
Prepaid items	624,612	-	-	-	65,498	-	690,110
Other assets	-	-	34,886	-	-	-	34,886
Total Assets	<u>\$ 53,092,506</u>	<u>\$ 7,531,879</u>	<u>\$ 26,765,883</u>	<u>\$ 30,651,960</u>	<u>\$ 24,169,921</u>	<u>\$ 10,524,964</u>	<u>\$ 152,737,113</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable and accrued items	\$ 4,760,973	\$ 207,943	\$ 892,698	\$ 2,007,590	\$ 1,780,178	\$ 133,537	\$ 9,782,919
Deposits payable	1,106,174	-	13,289	-	-	17,360	1,136,823
Due to other funds	-	-	2,515,750	\$ 1,543,949	446,366	-	4,506,065
Total Liabilities	<u>5,867,147</u>	<u>207,943</u>	<u>3,421,737</u>	<u>3,551,539</u>	<u>2,226,544</u>	<u>150,897</u>	<u>15,425,807</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue	2,212,176	5,711,633	-	-	1,072,359	-	8,996,168
<b>FUND BALANCES</b>							
Nonspendable:							
Inventories	14,064	-	-	-	-	-	14,064
Prepaid items	624,612	-	-	-	-	-	624,612
Restricted for:							
Debt service	-	-	-	-	-	1,564,902	1,564,902
Law enforcement	-	-	-	-	-	1,297,619	1,297,619
Capital improvements	5,985	-	-	27,100,421	-	100,366	27,206,772
Community development	-	1,612,303	-	-	-	2,446	1,614,749
Committed for:							
Economic development	500,000	-	3,823,987	-	-	-	4,323,987
Assigned to:							
General government	85,347	-	-	-	-	-	85,347
Public safety	133,608	-	-	-	-	192,709	326,317
Physical environment	276,013	-	-	-	-	-	276,013
Parks and recreation	145,125	-	-	-	-	1,058,823	1,203,948
Capital improvements	-	-	259,638	-	20,871,018	6,157,202	27,287,858
Subsequent year's budget	5,235,823	-	19,260,521	-	-	-	24,496,344
Unassigned	37,992,606	-	-	-	-	-	37,992,606
Total Fund Balances	<u>45,013,183</u>	<u>1,612,303</u>	<u>23,344,146</u>	<u>27,100,421</u>	<u>20,871,018</u>	<u>10,374,067</u>	<u>128,315,138</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 53,092,506</u>	<u>\$ 7,531,879</u>	<u>\$ 26,765,883</u>	<u>\$ 30,651,960</u>	<u>\$ 24,169,921</u>	<u>\$ 10,524,964</u>	<u>\$ 152,737,113</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, 2020

**Total Fund Balances - Governmental Funds** \$ 128,315,138

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	\$ 321,645,374	
Less accumulated depreciation	(131,458,881)	
		190,186,493

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

Long-term receivables		93,780
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Deferred outflows and inflows of resources related to defined benefit pension plans and other postemployment benefits are reported in the statement of net position, but are not reported in the governmental funds.

Deferred outflows related to other postemployment benefits	7,014,080	
Deferred outflows related to pensions	28,374,174	
Deferred inflows related to other postemployment benefits	(346,509)	
Deferred inflows related to pensions	(5,698,153)	
		29,343,592

Premiums, discounts and 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	1,187,047	
Bond premium	(2,208,983)	
		(1,021,936)

The long-term note payable to the City by the CRA, a blended component unit, is considered an internal advance and reported as a fund liability of the CRA when the CRA is blended into the funds of the City.

1,445,676

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	(802,330)	
Bonds, notes and installment agreements payable	(70,646,847)	
Compensated absences	(8,662,492)	
Other postemployment benefits liability	(29,802,003)	
Net pension liability	(119,331,085)	
		(229,244,757)

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	14,798,507	
Less amount allocated to business-type activities	23,096	
		14,821,603

**Total Net Position - Governmental Activities** \$ 133,939,589

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, 2020

	Major Funds					Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Neighborhood Services Fund	Community Redevelopment Agency Fund	One-Cent Sales Tax Fund	Capital Improvement Fund		
<b>REVENUES</b>							
Taxes	\$ 83,506,121	\$ -	\$ 23,768,504	\$ -	\$ -	\$ 2,184,087	\$ 109,458,712
Licenses and permits	12,942,583	-	-	-	-	-	12,942,583
Intergovernmental	11,172,030	705,557	-	5,343,612	309,968	146,443	17,677,610
Charges for services	13,269,356	-	125,106	-	-	324,519	13,718,981
Fines and forfeitures	1,068,002	-	-	-	-	322,808	1,390,810
Miscellaneous	10,954,987	367,289	393,576	417,094	11,301,603	277,980	23,712,529
Total Revenues	132,913,079	1,072,846	24,287,186	5,760,706	11,611,571	3,255,837	178,901,225
<b>EXPENDITURES</b>							
Current:							
General government	27,002,563	1,290,872	1,509,828	61,847	339,905	86,050	30,291,065
Public safety	80,577,636	-	-	-	281,957	231,332	81,090,925
Physical environment	9,238,961	-	-	-	-	788,999	10,027,960
Parks and recreation	13,927,590	-	-	-	-	504,525	14,432,115
Economic development	-	-	20,051,187	-	-	-	20,051,187
Capital outlay	21,318	-	354,983	8,447,741	4,136,914	81,067	13,042,023
Debt service:							
Principal retirement	139,946	-	1,138,353	3,035,000	-	3,795,000	8,108,299
Interest and fiscal charges	17,866	-	186,449	486,481	-	1,787,103	2,477,899
Total Expenditures	130,925,880	1,290,872	23,240,800	12,031,069	4,758,776	7,274,076	179,521,473
Revenues Over (Under) Expenditures	1,987,199	(218,026)	1,046,386	(6,270,363)	6,852,795	(4,018,239)	(620,248)
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from the sale of capital assets	870	-	2,000	-	-	-	2,870
Transfers in	3,742,226	195,506	-	-	385,000	4,824,287	9,147,019
Transfers out	(6,249,603)	-	-	-	-	(1,800)	(6,251,403)
Total Other Financing Sources (Uses)	(2,506,507)	195,506	2,000	-	385,000	4,822,487	2,898,486
Net Change in Fund Balances	(519,308)	(22,520)	1,048,386	(6,270,363)	7,237,795	804,248	2,278,238
Fund balances - October 1, 2019	45,532,491	1,634,823	22,295,760	33,370,784	13,633,223	9,569,819	126,036,900
Fund balances - September 30, 2020	\$ 45,013,183	\$ 1,612,303	\$ 23,344,146	\$ 27,100,421	\$ 20,871,018	\$ 10,374,067	\$ 128,315,138

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, 2020

**Net Change in Fund Balances - Total Governmental Funds** \$ 2,278,238

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 outlay in the current period were as follows.

Capital outlay	\$ 13,042,023	
Depreciation expense	<u>(7,940,621)</u>	5,101,402

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. (244,052)

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	199,779	
Change in note receivable from component unit	(361,419)	
Change in long-term receivables	<u>(1,202)</u>	(162,842)

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	87,984	
Compensated absences expense	(608,340)	
Pension expense	(7,464,765)	
Change in other postemployment benefits	<u>(1,296,321)</u>	(9,281,442)

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 Retirement		
Principal paid	8,108,299	
Amortization of debt premiums and deferred charges on refundings	<u>78,595</u>	8,186,894

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	(1,157,876)	
Allocation to business type activities	<u>519,617</u>	<u>(638,259)</u>

**Change in Net Position of Governmental Activities** \$ 5,239,939

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, 2020

	Business-Type Activities					Governmental
	Major Funds			Non-Major	Total	Internal
	Water and Sewer Fund	Stormwater Fund	Sanitation Fund	Enterprise Funds	Enterprise Funds	Service Funds
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ 18,259,002	\$ 46,162	\$ -	\$ 2,310,875	\$ 20,616,039	\$ 2,613,612
Investments	15,961,860	6,034,527	2,808,479	2,108,043	26,912,909	10,802,880
Accounts receivable, net	2,432,628	4,287	658,461	14,828	3,110,204	38,537
Unbilled accounts receivable	1,491,815	-	-	-	1,491,815	-
Interest receivable	47,401	15,684	7,299	5,479	75,863	28,205
Due from other governments	40,001	-	1,520,930	-	1,560,931	-
Due from other funds	5,843,525	-	-	-	5,843,525	-
Inventories	103,410	-	-	78,676	182,086	73,709
Prepaid expenses	-	-	5,847	118,683	124,530	-
Restricted assets:						
Cash and cash equivalents	1,336,570	-	-	-	1,336,570	-
Investments	2,276,416	-	-	-	2,276,416	-
Total Current Assets	<u>47,792,628</u>	<u>6,100,660</u>	<u>5,001,016</u>	<u>4,636,584</u>	<u>63,530,888</u>	<u>13,556,943</u>
<b>Noncurrent Assets</b>						
Property, land and equipment:						
Land	974,755	1,271,853	-	3,422,216	5,668,824	-
Buildings	9,419,364	1,904,722	-	2,450,262	13,774,348	88,185
Improvements other than buildings	169,039,783	17,600,225	11,958	3,312,478	189,964,444	-
Equipment	20,718,279	1,334,179	16,371	1,947,304	24,016,133	33,154,178
Construction in progress	3,475,528	704,895	-	-	4,180,423	-
Accumulated depreciation	(110,813,359)	(9,322,643)	(28,329)	(6,009,690)	(126,174,021)	(22,416,334)
Other assets:						
Investment in regional plant joint venture	16,743,466	-	-	-	16,743,466	-
Total Noncurrent Assets	<u>109,557,816</u>	<u>13,493,231</u>	<u>-</u>	<u>5,122,570</u>	<u>128,173,617</u>	<u>10,826,029</u>
<b>Total Assets</b>	<u>157,350,444</u>	<u>19,593,891</u>	<u>5,001,016</u>	<u>9,759,154</u>	<u>191,704,505</u>	<u>24,382,972</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred amount related to OPEB	983,835	61,675	26,008	-	1,071,518	158,276
Deferred amount related to pensions	1,127,035	54,640	26,420	-	1,208,095	159,718
<b>Total Deferred Outflows of Resources</b>	<u>2,110,870</u>	<u>116,315</u>	<u>52,428</u>	<u>-</u>	<u>2,279,613</u>	<u>317,994</u>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts payable and accrued expenses	1,824,784	150,841	619,525	271,533	2,866,683	739,356
Contracts payable and retainages	62,219	-	-	-	62,219	-
Unearned revenue	9,435	-	-	2,577	12,012	-
Current maturities of installment agreements	-	-	-	38,396	38,396	208,697
Current portion of compensated absences	144,006	5,782	1,904	-	151,692	11,310
Current portion of insurance claims payable	-	-	-	-	-	2,208,977
Due to other funds	-	4,082,329	1,801,196	-	5,883,525	-
Refundable deposits payable	999,868	-	-	59,919	1,059,787	429
Total Current Liabilities	<u>3,040,312</u>	<u>4,238,952</u>	<u>2,422,625</u>	<u>372,425</u>	<u>10,074,314</u>	<u>3,168,769</u>
<b>Current Liabilities Payable from Restricted Assets</b>						
Accrued interest on long-term debt	54,700	-	-	-	54,700	-
Current maturities of revenue bonds	1,880,000	-	-	-	1,880,000	-
Total Current Liabilities	<u>1,934,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,934,700</u>	<u>-</u>
<b>Total Current Liabilities</b>	<u>4,975,012</u>	<u>4,238,952</u>	<u>2,422,625</u>	<u>372,425</u>	<u>12,009,014</u>	<u>3,168,769</u>
<b>Noncurrent Liabilities</b>						
Revenue bonds payable, net	1,925,000	-	-	-	1,925,000	-
Installment agreements	-	-	-	9,772	9,772	657,025
Compensated absences payable	809,674	12,758	54,168	-	876,600	156,745
Insurance claims payable	-	-	-	-	-	5,195,000
Total OPEB liability	3,379,376	211,849	89,334	-	3,680,559	543,661
Net pension liability	570,785	27,673	13,380	-	611,838	80,889
Total Noncurrent Liabilities	<u>6,684,835</u>	<u>252,280</u>	<u>156,882</u>	<u>9,772</u>	<u>7,103,769</u>	<u>6,633,320</u>
<b>Total Liabilities</b>	<u>11,659,847</u>	<u>4,491,232</u>	<u>2,579,507</u>	<u>382,197</u>	<u>19,112,783</u>	<u>9,802,089</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred amount related to OPEB	54,976	3,446	1,453	-	59,875	8,845
Deferred amount related to pensions	645,832	31,311	15,139	-	692,282	91,525
<b>Total Deferred Inflows of Resources</b>	<u>700,808</u>	<u>34,757</u>	<u>16,592</u>	<u>-</u>	<u>752,157</u>	<u>100,370</u>
<b>NET POSITION</b>						
Net investment in capital assets	89,009,350	13,493,231	-	5,074,402	107,576,983	9,960,307
Restricted for:						
Debt service	1,880,000	-	-	-	1,880,000	-
Renewal and replacement	1,678,286	-	-	-	1,678,286	-
Unrestricted	54,533,023	1,690,986	2,457,345	4,302,555	62,983,909	4,838,200
<b>Total Net Position</b>	<u>\$ 147,100,659</u>	<u>\$ 15,184,217</u>	<u>\$ 2,457,345</u>	<u>\$ 9,376,957</u>	<u>174,119,178</u>	<u>\$ 14,798,507</u>
Adjustment for the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds					496,521	
Cumulative prior year adjustments					(519,617)	
Current year adjustment						
Net Position of Business-Type Activities, Statement of Net Position					<u>\$ 174,096,082</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, 2020

	Business-Type Activities					Governmental Activities
	Major Funds			Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Water and Sewer Fund	Stormwater Fund	Sanitation Fund			
<b>OPERATING REVENUES</b>						
Charges for services						
Water sales	\$ 14,687,406	\$ -	\$ -	\$ -	\$ 14,687,406	\$ -
Sewer and stormwater fees	18,822,301	2,133,063	-	-	20,955,364	-
Golf fees	-	-	-	3,089,258	3,089,258	-
Sanitation fees	-	-	4,762,445	-	4,762,445	-
Cemetery fees	-	-	-	141,399	141,399	-
Risk management	-	-	-	-	-	15,112,539
Fleet management	-	-	-	-	-	2,295,598
Other operating revenue	9,278	-	2,655	36,289	48,222	3,912,854
Total Operating Revenues	<u>33,518,985</u>	<u>2,133,063</u>	<u>4,765,100</u>	<u>3,266,946</u>	<u>43,684,094</u>	<u>21,320,991</u>
<b>OPERATING EXPENSES</b>						
Personal services	8,699,752	457,273	216,234	-	9,373,259	1,611,237
Other operating expenses	15,899,175	1,182,870	4,230,007	3,244,520	24,556,572	19,757,430
Depreciation	3,762,734	561,062	218	235,361	4,559,375	2,490,591
Total Operating Expenses	<u>28,361,661</u>	<u>2,201,205</u>	<u>4,446,459</u>	<u>3,479,881</u>	<u>38,489,206</u>	<u>23,859,258</u>
Operating Income (Loss)	5,157,324	(68,142)	318,641	(212,935)	5,194,888	(2,538,267)
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment earnings	674,664	223,638	103,890	77,980	1,080,172	399,617
Intergovernmental	501,827	-	1,525,589	-	2,027,416	-
Rent revenue	-	-	200,173	27,555	227,728	-
Share of regional plant joint venture net loss	(821,077)	-	-	-	(821,077)	-
Interest expense	(94,731)	-	-	(2,800)	(97,531)	(21,882)
Gain (loss) on disposal of equipment	-	-	-	-	-	19,460
Investment expense	(14,771)	-	-	-	(14,771)	-
Total Nonoperating Revenues (Expenses)	<u>245,912</u>	<u>223,638</u>	<u>1,829,652</u>	<u>102,735</u>	<u>2,401,937</u>	<u>397,195</u>
Income (Loss) Before Capital Contributions and Transfers	5,403,236	155,496	2,148,293	(110,200)	7,596,825	(2,141,072)
Capital contributions	702,276	140,202	-	-	842,478	-
Transfers in	113,353	-	-	-	113,353	983,196
Transfers out	(3,240,820)	(433,930)	(205,139)	(112,276)	(3,992,165)	-
Change In Net Position	<u>2,978,045</u>	<u>(138,232)</u>	<u>1,943,154</u>	<u>(222,476)</u>	<u>4,560,491</u>	<u>(1,157,876)</u>
Net Position - October 1, 2019	144,122,614	15,322,449	514,191	9,599,433	-	15,956,383
Net Position - September 30, 2020	<u>\$ 147,100,659</u>	<u>\$ 15,184,217</u>	<u>\$ 2,457,345</u>	<u>\$ 9,376,957</u>	-	<u>\$ 14,798,507</u>

Adjustment for the net effect of the current year activity between  
the internal service funds and the enterprise funds (519,617)  
Change In Net Position as reported on the Statement of Activities for Business-type Activities \$ 4,040,874

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, 2020

	Business-Type Activities					Governmental
	Major Funds			Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
	Water and Sewer Fund	Stormwater Fund	Sanitation Fund			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users	\$ 33,346,140	\$ 2,133,063	\$ 4,719,619	\$ 3,203,307	\$ 43,402,129	\$ 21,301,633
Receipts from others	-	48,696	200,173	27,555	276,424	-
Payments to suppliers	(16,133,088)	(1,291,111)	(4,499,455)	(3,262,128)	(25,185,782)	(19,022,393)
Payments to employees	(8,700,283)	(399,106)	(219,857)	-	(9,319,246)	(1,496,498)
Net cash provided by (used in) operating activities	8,512,769	491,542	200,480	(31,266)	9,173,525	782,742
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Grants	461,826	-	4,659	-	466,485	-
Transfers from other funds	113,353	-	-	-	113,353	850,000
Transfers to other funds	(3,107,624)	(433,930)	(205,139)	(112,276)	(3,858,969)	-
Net cash provided by (used in) noncapital financing activities	(2,532,445)	(433,930)	(200,480)	(112,276)	(3,279,131)	850,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition and construction of capital assets	(2,401,395)	(58,022)	-	-	(2,459,417)	(2,763,646)
Proceeds from the sale of capital assets	-	-	-	-	-	196,980
Capital contributions	473,931	-	-	-	473,931	-
Principal paid on capital debt	(1,820,000)	-	-	(66,898)	(1,886,898)	(203,742)
Interest paid on capital debt	(117,403)	-	-	(2,800)	(120,203)	(21,882)
Net cash used in capital and related financing activities	(3,864,867)	(58,022)	-	(69,698)	(3,992,587)	(2,792,290)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchases of investments	(437,164)	(144,645)	(67,318)	(50,529)	(699,656)	(258,940)
Interest on investments	422,393	145,055	67,318	50,529	685,295	258,940
Net cash provided by (used in) investing activities	(14,771)	410	-	-	(14,361)	-
Net increase (decrease) in cash and cash equivalents	2,100,686	-	-	(213,240)	1,887,446	(1,159,548)
Cash and cash equivalents - October 1, 2019	17,494,886	46,162	-	2,524,115	20,065,163	3,773,160
Cash and cash equivalents - September 30, 2020	\$ 19,595,572	\$ 46,162	\$ -	\$ 2,310,875	\$ 21,952,609	\$ 2,613,612
<b>Reconciliation of cash and cash equivalents to statement of net position:</b>						
Unrestricted cash and cash equivalents	\$ 18,259,002	\$ 46,162	\$ -	\$ 2,310,875	\$ 20,616,039	\$ 2,613,612
Restricted cash and cash equivalents	1,336,570	-	-	-	1,336,570	-
Cash and cash equivalents - September 30, 2020	\$ 19,595,572	\$ 46,162	\$ -	\$ 2,310,875	\$ 21,952,609	\$ 2,613,612
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>						
Operating income (loss)	\$ 5,157,324	\$ (68,142)	\$ 318,641	\$ (212,935)	\$ 5,194,888	\$ (2,538,267)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	3,762,734	561,062	218	235,361	4,559,375	2,490,591
Provision for doubtful accounts	242,088	-	-	-	242,088	-
Rent revenue	-	-	200,173	27,555	227,728	-
Change in assets, deferred outflows/inflows and liabilities:						
Accounts receivable	(620,222)	-	(45,481)	-	(665,703)	(19,787)
Due from other funds	268,271	-	-	-	268,271	-
Inventories	53,916	-	-	6,767	60,683	20,121
Prepaid expenses	-	-	(5,847)	(30,029)	(35,876)	-
Deferred amount related to OPEB	(369,134)	(34,068)	(8,448)	-	(411,650)	(76,949)
Deferred amount related to pensions	871,158	37,116	23,259	-	931,533	157,644
Accounts payable and accrued expenses	(287,829)	(108,241)	13,366	12,421	(370,283)	(60,403)
Due to other funds	-	48,696	(276,967)	-	(228,271)	-
Refundable deposits payable	(62,982)	-	-	(70,406)	(133,388)	429
Compensated absences payable	(10,211)	9,627	1,896	-	1,312	40,364
Insurance claims payable	-	-	-	-	-	775,319
Total OPEB liability	419,134	84,069	4,147	-	507,350	160,320
Net pension asset	(911,478)	(38,577)	(24,477)	-	(974,532)	(166,640)
Total adjustments	3,355,445	559,684	(118,161)	181,669	3,978,637	3,321,009
Net cash provided by (used in) operating activities	\$ 8,512,769	\$ 491,542	\$ 200,480	\$ (31,266)	\$ 9,173,525	\$ 782,742
<b>NON-CASH CAPITAL AND RELATED FINANCING AND INVESTING ACTIVITIES</b>						
Contributions of capital assets	\$ 228,345	\$ 140,202	\$ -	\$ -	\$ 368,547	\$ -
Equipment transferred from enterprise fund capital assets	\$ (133,196)	\$ -	\$ -	\$ -	\$ (133,196)	\$ 133,196
Realized and unrealized gain on investments	\$ 264,481	\$ 87,510	\$ 40,727	\$ 30,569	\$ 423,287	\$ 156,658

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, 2020

	<u>Pension Trust Funds</u>
<b>ASSETS</b>	
Cash	\$ 29,941
Investments:	
Money market mutual funds	5,088,158
U.S. Government securities	5,356,572
U.S. Government Agency securities	25,167,095
Domestic corporate bonds	36,205,379
Fixed income mutual fund	2,898,702
Global fixed income investment fund	12,637,696
Global asset allocation investment fund	3,364,353
Domestic equity securities	81,561,144
Domestic equity mutual funds	10,610,759
Domestic equity index funds	90,220,488
Pooled domestic equity index funds	15,176,870
International equity mutual funds	45,107,488
Foreign stocks	7,664,339
Timber investment funds	2,293,932
Real estate investment funds	16,362,191
Fixed income alternative investment fund	5,187,835
Interest and dividends receivable	336,032
Pending trades receivable	1,657,884
Employee contributions receivable	85,145
State contributions receivable	1,977,400
Miscellaneous receivable	6,995
Total Assets	<u>368,996,398</u>
<b>LIABILITIES</b>	
Accounts payable	331,717
Pending trades payable	2,105,891
Total Liabilities	<u>2,437,608</u>
<b>NET POSITION</b>	
Restricted for pension benefits	<u>\$ 366,558,790</u>

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

CITY OF DELRAY BEACH, FLORIDA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
For the Fiscal Year Ended September 30, 2020

	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 16,725,861
State	1,977,400
Plan members	3,415,224
Total contributions	<u>22,118,485</u>
Investment earnings	
Net appreciation in fair value of investments	22,670,492
Interest, dividends and investment fund income	8,491,480
Other investment income	6,101
	<u>31,168,073</u>
Less investment expenses	(1,361,761)
Net investment earnings	<u>29,806,312</u>
Total Additions	<u>51,924,797</u>
<b>DEDUCTIONS</b>	
Benefits	25,196,717
Refunds of contributions	161,372
Administrative expenses	407,603
Total Deductions	<u>25,765,692</u>
Change In Plan Net Position	26,159,105
Net Position Restricted for Pension Benefits - October 1, 2019	<u>340,399,685</u>
Net Position Restricted for Pension Benefits - September 30, 2020	<u>\$ 366,558,790</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, 2020

### 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 and is governed by an elected Mayor and four City Commissioners who appoint a City Manager to administer the operations of the City. 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.

#### 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 component units.

The *Delray Beach Community Redevelopment Agency* (the “CRA”) is a dependent special district established by the City under authority granted by Florida Statute 163, Section III. The CRA is a legally separate entity established by Ordinance number 46-85 of the Delray Beach City Commission on June 18, 1985. 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 governed by a seven member Board of Commissioners. On April 3, 2018, the City Commission adopted Resolution No. 53-18 declaring the City Commission as the governing Board of the Delray Beach Community Redevelopment Agency pursuant to Florida Statutes Section 163.357. The Mayor and Vice-Mayor of the City serve as the Chair and Vice-Chair, respectively, of the CRA Governing Board. In addition to the five members of the City Commission, two additional members of the CRA governing Board are appointed by the City Commission. The City Commission also approves the CRA’s annual budget and all debt obligations of the CRA. Accordingly, the CRA is reported as a blended component unit of the City.

The *Delray Beach Downtown Development Authority* (the “DDA”) was created after the City petitioned the State of Florida for its creation and a Special Act of the State Legislature establishing 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, which may remove board members at will. In addition, the City Commission approves the DDA’s annual budget. The DDA is considered a discretely presented component unit of the City.

Separate audited 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 9. 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 audited 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 U.S. generally accepted accounting principles (GAAP) applicable to governmental units as set forth by the Government Accounting Standards Board.

# City of Delray Beach, Florida

## Notes to Financial Statements

September 30, 2020

### 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 time and purpose restrictions 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. Proprietary fund revenues are recognized as earned when the services are provided. For purposes of measuring the net pension asset/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. 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 time and purpose restrictions have been met. Interest is recorded when earned. Other material revenues which are susceptible to accrual include franchise fees, utility service taxes and state shared revenue. Revenues which are not both available and measurable and are thus not susceptible to accrual include licenses and permits, fines and forfeitures, emergency medical transport services and miscellaneous revenue which are recorded as revenue when received in cash, because they are generally not measurable until actually

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

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

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

received. 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.

*Neighborhood Services Fund* – This special revenue 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.

*Community Redevelopment Agency Fund* – This special revenue fund accounts for the general fund operations and economic development activities of the Delray Beach Community Redevelopment Agency, a blended component unit of the City.

*One-Cent Sales Tax Fund* – This capital projects fund accounts for the City's allocation of the One-Cent Local Infrastructure Sales Surtax to be used for infrastructure capital improvement projects and debt service on the City's 2017 Capital Improvement Revenue Bonds issued for infrastructure projects. The sales surtax was approved by Palm Beach County voters in 2016 for a period of 10 years beginning January 1, 2017.

*Capital Improvement Fund* – This capital projects 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 funds:

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

*Stormwater Fund* – This fund is used to account for stormwater drainage charges to residents and other users for the maintenance and construction of stormwater drainage projects.

*Sanitation Fund* - This fund is used to account for solid waste removal 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 operations of the central garage.

*Pension Trust Funds* - These funds account for the accumulation of resources to be used for the retirement benefits for the City's general employees, police officers and firefighters.

**Cash, Cash Equivalents and Investments**

Cash, cash equivalents and investments consist of restricted and unrestricted cash, deposits with financial institutions, investments in money market mutual funds, Florida intergovernmental investment pools and legally

## City of Delray Beach, Florida

### Notes to Financial Statements

September 30, 2020

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

##### Cash, Cash Equivalents and Investments (Continued)

authorized securities and investment funds. Investment securities and funds are reported at fair value. Money market mutual funds and Florida intergovernmental investment pools are reported at amortized cost, which approximates fair value. Investment purchases and sales are recorded on the trade date. Realized and unrealized gains and losses on investments are reflected in current operating results as investment earnings. 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.

##### 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 or use by the City 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 among City funds and between the City and its discretely presented component unit, the DDA. Balances due between the City and the DDA are reported separately from interfund transactions as due to and due from the primary government and component unit. Transactions between the City and the DDA are recorded as revenues or expenditures/expenses as if they were conducted with external organizations. Transactions between the City and the CRA are reported as *Interfund Transactions*.

*Interfund Transactions* include balances and transactions among the funds during the year reported as follows:

*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.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

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

**Intra-Entity Transactions (Continued)**

*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).

**Capital Assets**

Capital asset acquisitions are recorded as expenditures in the governmental fund financial statements and capitalized at historical cost in the proprietary 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 the date of receipt at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the date of acquisition. 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 \$5,000 (\$50,000 for software) and an estimated useful life in excess of one year. 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 (installment agreements) 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.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

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

**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.

*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 officers 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 officers 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 and proprietary funds statements of net position and the governmental funds balance sheet report a separate section for deferred outflows and/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.



City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

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

**Deferred Outflows / Inflows of Resources (Continued)**

The City's deferred outflows of resources in the government-wide and proprietary funds statements of net position consist of deferred charges on refundings, deferred amounts related to other postemployment benefits (OPEB) and deferred amounts related to pensions. The deferred charges on refundings are 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. The deferred outflow of resources related to OPEB and pensions results from differences between expected and actual experience, or changes in assumptions or other inputs. These amounts are deferred and included in OPEB and 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 OPEB and pension plans (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's deferred inflow of resources on the government-wide and proprietary funds statements of net position consist of deferred amounts related to OPEB and pensions. The deferred inflow of resources related to OPEB and pensions results from differences between expected and actual experience which are deferred and included in OPEB and 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 OPEB and pension plans (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 or through the City's annual budget. 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.

## City of Delray Beach, Florida

### Notes to Financial Statements

September 30, 2020

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

##### Fund Balance / Net Position (Continued)

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 has not established a minimum fund balance policy but seeks to maintain an unassigned General Fund fund balance of at least 25% of General Fund expenditures.

*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.

*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 \$7,084,293 restricted for debt service, law enforcement and capital improvements and business-type activities net position of \$1,678,286 restricted for 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. Ad valorem property 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 when the amount is both measurable and available and, accordingly, unpaid delinquent taxes are not recorded by the City as receivable. Delinquent property taxes must be advertised within 45 days after delinquency, and after May 1, delinquent tax certificates are sold by the County Tax Collector and become a lien on the property on June 1. State Statutes permit municipalities to levy property taxes at a maximum rate of 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. 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 (2018/2019) 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, 2020, the City adopted an operating

## City of Delray Beach, Florida

### Notes to Financial Statements

September 30, 2020

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

##### Property Taxes (Continued)

millage rate of 6.6611 and a debt service millage of 0.2034, resulting in a net tax levy of \$76,127,852 for 2020. 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 assigned fund balance 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 Officer and Firefighter pension benefits. The on-behalf 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 \$1,977,400 for the fiscal year ended September 30, 2020.

##### Implementation of GASB Statements

There were no new GASB Statements effective for the City for the fiscal year ended September 30, 2020.

*Recent GASB Statements:* The Governmental Accounting Standards Board has issued new Statements effective in future years that may apply to the City. Management has not completed its analysis of the effects, if any, of the following GASB Statements on the financial statements of the City:

- GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is on (1) whether a government is controlling the assets of the fiduciary activity, and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefits arrangements that are fiduciary activities. The requirements of this Statement will be effective for the City for the year ending September 30, 2021.
- GASB Statement No. 87, *Leases*, addresses accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement will be effective for the City for the year ending September 30, 2022.
- GASB Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*, defines a majority equity interest and specifies the basis for measurement of a majority equity interest in a legally separate organization. The requirements of this Statement will be effective for the City for the year ending September 30, 2021.
- GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement will be effective for the City for the year ending September 30, 2023.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

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

**Implementation of GASB Statements (Continued)**

- GASB Statement No. 92, *Omnibus 2020*, addresses certain practice issues identified during implementation and application of certain GASB Statements, including 1) the effective date of GASB Statement No. 87 related to leases for interim reports; 2) reporting of intra-entity transfers between a primary government employer and component unit defined benefit pension plan; 3) applicability of GASB Statement No. 73 to reporting assets accumulated for OPEB; 4) applicability of GASB Statement No. 84 to postemployment benefit arrangements; 5) measurement of assets and liabilities related to asset retirement obligations; 6) reporting for amounts recoverable by public entity risk pools from reinsurers or excess insurers; and 7) certain terminology references. The requirements related to items 1) and 7) are effective for the City for the year ending September 30, 2021 and the remaining requirements will be effective for 2022.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*, addresses the replacement of an Interbank Offered Rate (IBOR) with other reference interest rates and modifies the existing provisions for hedge accounting termination and lease modifications. The requirements of this Statement will be effective for the City for the year ending September 30, 2022.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, addresses issues related to public-private and public-public partnership (PPP) and provides guidance for accounting and financial reporting for availability payment arrangements (APA). The Statement provides specific guidance on the accounting and financial reporting for PPP and APA transactions. The requirements of this Statement will be effective for the City for the year ending September 30, 2023.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement will be effective for the City for the year ending September 30, 2023.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, addresses the reporting of fiduciary component units without a governing board, requires that the financial burden criteria of Statement No. 84 apply only to defined benefit plans and requires Statement No. 84 to be applied to all Section 457 plans to determine whether those plans should be reported as fiduciary activities. The requirements of this Statement will be effective for the City for the year ending September 30, 2022.

**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, deferred outflows and inflows of resources, 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.

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

Cash, cash equivalents and investments of the City and its pension trust funds at September 30, 2020, including unrestricted and restricted assets, are summarized as follows:

	<b>City Primary Government</b>	<b>Fiduciary Funds Pension Trust</b>	<b>Total</b>
Deposits with financial institutions and cash on hand	\$ 94,950,095	\$ 29,941	\$ 94,980,036
Cash equivalents and investments	103,258,336	364,903,001	468,161,337
Total cash, cash equivalents and investments	<u>\$ 198,208,431</u>	<u>\$ 364,932,942</u>	<u>\$ 563,141,373</u>

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

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

	<b>City Primary Government</b>	<b>Fiduciary Funds Pension Trust</b>	<b>Total</b>
Reported in the Financial Statements			
Cash and cash equivalents	\$ 129,521,740	\$ 29,941	\$ 129,551,681
Investments	65,073,705	364,903,001	429,976,706
Restricted cash and cash equivalents	1,336,570	-	1,336,570
Restricted investments	2,276,416	-	2,276,416
Total cash, cash equivalents and investments	<u>\$ 198,208,431</u>	<u>\$ 364,932,942</u>	<u>\$ 563,141,373</u>

**Deposits with Financial Institutions**

At September 30, 2020, the City's cash and cash equivalents included deposits with financial institutions of \$94,923,147 and petty cash of \$26,948 and the pension trust funds had deposits in brokerage accounts of \$29,941. 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.

Discretely Presented Component Unit: The DDA's cash balance at September 30, 2020, includes deposits with financial institutions with a bank balance of \$224,104 and a book balance of \$220,668. The DDA's deposits were with financial institutions that were qualified public depositories under Florida law and are considered to be fully insured.

**Investments**

Florida Statutes and City policy authorize the City and its pension trust funds to invest in Florida Prime (a State administered investment pool) and other approved Florida governmental investment pools; 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, Fannie Mae, Freddie Mac, the Federal Home Loan Bank or its district banks; obligations guaranteed by the Government National Mortgage Association; and any additional investments authorized by the City's Investment Policy or the Board of each pension plan. The City's investment policy also authorizes the City to invest, with certain limitations, in repurchase agreements, commercial paper, bankers acceptances, corporate notes and obligations, mortgage and asset-backed securities, supranationals, state and local government tax exempt debt and registered investment companies.

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.

The following summarizes the cash equivalents and investments of the City and its pension trust funds reported on the statement of net position and statement of fiduciary net position at September 30, 2020:

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

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

**Investments (Continued)**

	City Primary Government	Fiduciary Funds Pension Trust	Total
Cash equivalents			
Florida governmental investment pools	\$ 35,908,215	\$ -	\$ 35,908,215
Investments			
Temporary cash pending investment	19,007	-	19,007
Money market mutual funds	475,668	5,088,158	5,563,826
U.S. Government securities	18,029,509	5,356,572	23,386,081
U.S. Government Agency securities	14,515,380	25,167,095	39,682,475
Supranational Agency notes	3,543,802	-	3,543,802
Mortgage and asset-backed securities	12,012,561	-	12,012,561
Collateralized mortgage obligations	5,438,398	-	5,438,398
Domestic and international corporate bonds and notes	13,315,796	36,205,379	49,521,175
Fixed income mutual fund	-	2,898,702	2,898,702
Global fixed income investment fund	-	12,637,696	12,637,696
Global asset allocation investment funds	-	3,364,353	3,364,353
Domestic and foreign equity securities	-	89,225,483	89,225,483
Domestic and international equity mutual funds	-	55,718,247	55,718,247
Domestic equity index funds	-	18,172,504	18,172,504
Pooled domestic equity index funds	-	87,224,854	87,224,854
Timber investment funds	-	2,293,932	2,293,932
Real estate investment funds	-	16,362,191	16,362,191
Fixed income alternative investment fund	-	5,187,835	5,187,835
Total investments	67,350,121	364,903,001	432,253,122
Total cash equivalents and investments	\$ 103,258,336	\$ 364,903,001	\$ 468,161,337

The Florida governmental investment pools consist of Florida Cooperative Liquid Assets Securities System (FL CLASS) and Florida Public Assets for Liquidity Management (FL PALM). The investment pools are organized by Florida public agencies under Florida Statutes Section 163, the Florida Interlocal Cooperation Act, for the purpose of operating an independent investment pool for local governments in Florida and are administered by a Board of Trustees elected by the participants in the investment pool. FL CLASS and FL PALM are operated in a manner consistent with SEC Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC registered mutual funds to use amortized cost, rather than fair value, to report net position used to compute share prices if certain conditions are met. Those conditions include restrictions on the types of investments held, restrictions on the term-to-maturity of individual investments and the dollar-weighted average of the portfolio, requirements for portfolio diversification, requirements for divestiture considerations in the event of security downgrades and defaults, and required actions if the fair value of the portfolio deviates from amortized cost by a specified amount. The fair value of the position in the investment pools is considered to be the same as the City's account balance (amortized cost) in the pool.

Fair Value of Investments: The City follows the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, which establishes a framework for measuring the fair value of investments in a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described below:

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

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

**Investments (Continued)**

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the City has the ability to access at the measurement date.

Level 2: Inputs to the valuation methodology include the following:

- Quoted prices for similar assets in active markets.
- Quoted prices for identical or similar assets in inactive markets.
- Inputs other than quoted prices that are observable for the assets.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified contractual term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the entity's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques would typically include discounted cash flow models and similar techniques, but may also include the use of market prices of assets that are not directly comparable to the subject asset.

The fair value measurement of an asset within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The categorization of an investment within the fair value hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the City's perceived risk of that investment.

*Valuation Methodologies*: The following valuation methods and assumptions were used by the City to estimate the fair value of financial instruments measured at fair value on a recurring basis under GASB Statement No. 72:

*U.S. Government and Agency securities, Supranational Agency securities, mortgage and asset-backed securities, collateralized mortgage obligations, and domestic and international corporate bonds and notes*: Valued at the closing price reported on the active exchange on which the individual securities are actively traded. Securities that are not actively traded are valued by the investment manager or broker using a matrix pricing technique based on the securities' relationship to quoted benchmark prices.

*Equity securities and foreign stocks*: Valued at the closing price reported on the active exchange on which the individual securities are actively traded.

*Fixed income mutual fund, global fixed income investment fund, global asset allocation investment funds, equity mutual funds and equity index funds*: Valued at the closing net asset value reported on the active exchange on which the individual investment funds are actively traded.

*Investments measured at net asset value (NAV)*: Pooled domestic equity index funds and alternative investment funds investing in timber, real estate and fixed income are valued at the unadjusted NAV per share at September 30, 2020, calculated in a manner consistent with the practical expedient method under U.S. GAAP using the fair value of the fund's underlying investments, as determined by the fund manager, if available, or by valuations of a fund's underlying assets provided by the investment manager. Timber and real estate values are based upon periodic independent appraisals performed for assets held by the funds. The fair value of timber and real estate is the price that would be received if the asset was sold to a market participant assuming the highest and best use of each asset at the measurement date. The fixed income investment fund and pooled domestic equity index funds are not publicly traded and invest in various types of fixed income and equity securities. These investment funds may hold certain investments valued by a single market maker and while the fund managers use their best judgment in estimating the fair value of the

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

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

**Investments (Continued)**

underlying assets, there are inherent limitations in any estimation technique. Accordingly, the fair value of these investment funds has been estimated by the management of the pension funds and their investment advisors in the absence of readily ascertainable or quoted fair values.

The methods and assumptions described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While the City believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no changes in the methods and assumptions used for the year ended September 30, 2020.

*Fair Value of Investments:* The financial assets measured at fair value on a recurring basis include the City's investments. There were no liabilities measured at fair value on a recurring basis at September 30, 2020. Investments in money market mutual funds and Florida intergovernmental investment pools are reported at amortized cost, which approximates fair value, and accordingly, are not included in the fair value hierarchy. The fair value of investments at September 30, 2020 is summarized as follows:

	<b>Fair Value at September 30, 2020</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Fixed income securities</b>				
U.S. Government	\$ -	\$ 23,386,081	\$ -	\$ 23,386,081
U.S. Government Agency	-	39,682,475	-	39,682,475
Supranational Agency	-	3,543,802	-	3,543,802
Mortgage and asset-backed	-	12,012,561	-	12,012,561
Collateralized mortgage obligations	-	5,438,398	-	5,438,398
Domestic and international				
corporate bonds and notes	-	49,521,175	-	49,521,175
Fixed income mutual fund	2,898,702	-	-	2,898,702
Global fixed income				
investment fund	12,637,696	-	-	12,637,696
Global asset allocation				
investment funds	<u>3,364,353</u>	<u>-</u>	<u>-</u>	<u>3,364,353</u>
Total fixed income securities	<u>18,900,751</u>	<u>133,584,492</u>	<u>-</u>	<u>152,485,243</u>
<b>Equity investments</b>				
Equity securities and foreign stocks	89,225,483	-	-	89,225,483
Equity mutual funds	55,718,247	-	-	55,718,247
Equity index funds	<u>18,172,504</u>	<u>-</u>	<u>-</u>	<u>18,172,504</u>
Total equity investments	<u>163,116,234</u>	<u>-</u>	<u>-</u>	<u>163,116,234</u>
Total investments	<u>\$ 182,016,985</u>	<u>\$ 133,584,492</u>	<u>\$ -</u>	<u>315,601,477</u>
<b>Investments measured at NAV</b>				
Alternative investment funds				
Pooled equity index funds				87,224,854
Timber investment funds				2,293,932
Real estate investment funds				16,362,191
Fixed income investment fund				<u>5,187,835</u>
Total investments at NAV				<u>111,068,812</u>
Total investments at fair value				<u>\$ 426,670,289</u>



City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

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

**Investments (Continued)**

The reported fair values for the alternative investment funds 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 investment funds may also use derivatives, forward foreign currency contracts and similar instruments that may cause wide and sudden fluctuations in market value. 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 liquidity risks; counterparty and custody risks; political risks, economic and governmental risks; and, market risk. At September 30, 2020, certain alternative investment funds had future funding commitments of approximately \$1,150,000. No withdrawals are permitted during the term of certain alternative investment funds which range from 2021 to 2026. At September 30, 2020, the approximate investment fair value and related fiscal year of redemption of these funds are as follows: \$825,000 in 2021; \$165,000 in 2024 and \$160,000 in 2026.

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 investment securities to be fully insured or collateralized, or held in independent custodial safekeeping accounts in the name of the City. At September 30, 2020 all direct investments in securities were held in independent custodial safekeeping accounts. Investments in money market mutual funds, mutual funds and alternative investments, were considered *unclassified* investments pursuant to GASB Standards.

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.

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, 2020, the ratings for the City’s investment portfolio ranged from BBB 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 investment securities and pools of the primary government and pension funds are summarized as follows at September 30, 2020.

	NRSRO Rating	Fair Value
<b>Primary Government</b>		
Money market mutual funds	AAAm	\$ 475,668
Florida governmental investment pools	AAAm	35,908,215
U.S. Government and Agency securities	AA	32,544,889
Supranational Agency notes	AAA	3,543,802
Mortgage and asset backed securities	AAA	8,966,539
Mortgage and asset backed securities	Unrated	3,046,022
Collateralized mortgage obligations	AA	5,438,398
Domestic and international corporate bonds and notes	A-BBB	13,315,796

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

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

**Investments (Continued)**

	NRSRO Rating	Fair Value
<b>Pension Trust Funds</b>		
Money market mutual funds	AAAm	\$ 5,088,158
U.S. Government and Agency securities	AAA	24,525,367
U.S. Government Agency securities	Unrated	5,998,300
Domestic and international corporate bonds and notes	A	36,205,379
Fixed income mutual fund	Unrated	2,898,702
Global fixed income investment fund	Unrated	12,637,696
Global asset allocation investment funds	Unrated	3,364,353

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 with maturities in excess of 90 days.

	Average Duration (in years)	Fair Value
<b>Primary Government</b>		
U.S. Government securities	2.0	\$ 18,029,509
U.S. Government Agency securities	2.5	14,515,380
Supranational Agency notes	2.2	3,543,802
Mortgage and asset backed securities	1.1	12,012,561
Collateralized mortgage obligations	1.5	5,438,398
Corporate obligations	1.4	13,315,796
<b>Pension Trust Funds</b>		
U.S. Government securities	9.4	5,356,572
U.S. Government Agency securities	1.0	25,167,095
Domestic and international corporate obligations	7.9	36,205,379
Fixed income mutual fund	6.1	2,898,702
Global fixed income investment funds	2.1	12,637,696
Global asset allocation investment funds	2.5	3,364,353
Fixed income alternative investment fund	Not available	5,187,835

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. All investments were in U.S. Dollar denominated securities and funds at September 30, 2020.

Risks and Uncertainties: Due to the various risks associated with 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 securities with contractual cash flows, such as asset backed securities, collateralized mortgage obligations, commercial mortgage backed securities and real estate funds or investment 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.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

**4. Accounts Receivable**

Current accounts receivable and the related allowance for doubtful accounts were as follows at September 30, 2020:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Accounts receivable:		
General Fund	\$ 3,583,800	\$ -
Neighborhood Services Fund	915	-
Community Redevelopment Agency Fund	6,644	-
Water and Sewer Fund	-	5,190,818
Stormwater Fund	-	10,558
Sanitation Fund	-	658,461
Non-Major Funds	179,663	14,828
Internal Service Funds	38,537	-
Allowance for doubtful accounts	(2,788,613)	(1,272,646)
	<u>\$ 1,020,946</u>	<u>\$ 4,602,019</u>

**5. Notes Receivable**

Notes receivable consist of the following at September 30, 2020:

**Governmental Activities**

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.

CRA notes receivable

\$ 5,511,281
<u>3,823,987</u>
<u>\$ 9,335,268</u>

**Blended Component Unit – Delray Beach Community Redevelopment Agency**

The CRA’s outstanding notes receivable at September 30, 2020 consist of the following:

*Notes Receivable from Delray Beach Community Land Trust*

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 homes. 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 expenses/expenditures. At September 30, 2020, the total advances receivable from the CLT were \$325,249 all of which is considered collectible by the CRA.

*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

## City of Delray Beach, Florida

### Notes to Financial Statements

September 30, 2020

#### 5. Notes Receivable (Continued)

##### Blended Component Unit – Delray Beach Community Redevelopment Agency (Continued)

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 provided that the CRA would 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. The Chamber also executed a release and termination of its existing lease on the Chamber Property, thereby allowing the CRA to redevelop the property. The agreement was amended in October 2020, and no payments of principal or interest are due for the months of June 2020 through December 2021, with payments resuming January 1, 2022, and with a revised maturity date that was extended to October 1, 2030. Interest is waived through November 30, 2021 and begins accruing on December 1, 2021. At September 30, 2020, the balance of the note receivable from the Chamber was \$164,854.

##### *Note Receivable from Village Square Elderly, Ltd.*

On July 17, 2014, the CRA entered into a funding agreement with Village Square Elderly, Ltd. for \$2.7 million, with a 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”). In accordance with the promissory note, the loan is non-interest bearing during the construction period and for the first ten years, and for years eleven through twenty, the loan will accrue interest at 3.0%. Payments of principal only commenced on the first anniversary date of the closing date of the loan (March 2020) and are due annually thereafter until the 10th anniversary of the loan. Commencing on the tenth anniversary date and annually thereafter, principal and interest will be payable annually on the outstanding principal. Payments due are 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 is collateralized by a second mortgage lien and security interest in the Property and all improvements, fixtures and appurtenances thereto. The loan matures 20 years from the closing date (July 16, 2034) at which time all outstanding principal and accrued interest will be due to the CRA. The total receivable at September 30, 2020 was \$2,675,000.

##### *Second Mortgage Loans Receivable*

The CRA provides home mortgage loan assistance to eligible low income individuals who qualify 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, 2020, the amount of the individual second mortgages originated in 2008 through 2020, ranged from \$15,000 to \$85,000 and all borrowers were in compliance with the terms of the second mortgage. The loans receivable totaled \$658,884 as of September 30, 2020.

##### **City Note Receivable from the Delray Beach Community Redevelopment Agency (CRA)**

The City has an outstanding note receivable from the Delray Beach Community Redevelopment Agency (CRA) at September 30, 2020, which is presented as an internal advance receivable (due from other funds) in the City’s General Fund and an advance payable (due to other funds) in the Community Redevelopment Agency Fund. The note payable is summarized as follows:

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

**5. Notes Receivable (Continued)**

**City Note Receivable from the Delray Beach Community Redevelopment Agency (CRA) (Continued)**

*US Highway One 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 One 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. 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 pays the City an amount equal to the principal and interest on the City's debt for the project based on the CRA's share of the project funding for a period of twelve years. Principal on the loan is payable by the CRA semi-annually on June 1<sup>st</sup> and December 1<sup>st</sup> in the amount of \$180,709. Interest is payable semi-annually on June 1<sup>st</sup> and December 1<sup>st</sup> at 3.25% on the outstanding principal balance. The note receivable from the CRA was \$1,445,676 at September 30, 2020.

**6. Due from Other Governments**

The total amount due from other governments of \$4,954,885 at September 30, 2020, represents the amount due from federal, state and local sources for intergovernmental revenues and grant reimbursements in the General Fund, Neighborhood Services Fund, One-Cent Sales Tax Fund, and Beach Restoration Fund for Governmental Activities and the Water and Sewer Fund and Sanitation Fund for Business-type Activities.

**7. 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 in the Water and Sewer Fund. The restricted asset balances and reserve requirements at September 30, 2020 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 Water and Sewer Fund is restricted to the extent that restricted assets exceed liabilities payable from restricted assets at September 30, 2020. Restricted assets, liabilities payable from restricted assets and restricted net position of the Water and Sewer Fund are summarized as follows at September 30, 2020:

	<b>Debt Service</b>	<b>Renewal and Replacement</b>	<b>Total</b>
<b>Restricted Assets</b>			
Water and Sewer Fund			
Cash and cash equivalents	\$ 1,934,700	\$ -	\$ 1,934,700
Investments	-	1,678,286	1,678,286
Total Restricted Assets	1,934,700	1,678,286	3,612,986
<b>Liabilities Payable from Restricted Assets</b>			
Water and Sewer Fund			
Accrued interest on long-term debt	54,700	-	54,700
Current maturities of revenue bonds	1,880,000	-	1,880,000
Total Liabilities Payable from Restricted Assets	1,934,700	-	1,934,700
<b>Restricted Net Position</b>	<b>\$ -</b>	<b>\$ 1,678,286</b>	<b>\$ 1,678,286</b>

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

**8. Capital Assets**

The major components of capital assets for the City are summarized as follows at September 30, 2020:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<u>Non-depreciable Assets</u>				
Land	\$ 68,835,813	\$ 46,701	\$ (244,052)	\$ 68,638,462
Construction in Progress	9,267,693	6,234,463	-	15,502,156
Total Non-depreciable Assets	78,103,506	6,281,164	(244,052)	84,140,618
<u>Depreciable Assets</u>				
Buildings	52,811,576	11,998	-	52,823,574
Improvements Other Than Buildings	152,252,005	5,288,088	(215,448)	157,324,645
Equipment	60,440,882	4,557,394	(4,399,376)	60,598,900
Total Depreciable Assets	265,504,463	9,857,480	(4,614,824)	270,747,119
<u>Less Accumulated Depreciation</u>				
Buildings	(26,228,624)	(1,417,581)	-	(27,646,205)
Improvements Other Than Buildings	(83,503,194)	(4,646,340)	215,448	(87,934,086)
Equipment	(38,149,491)	(4,367,291)	4,221,858	(38,294,924)
Total Accumulated Depreciation	(147,881,309)	(10,431,212)	4,437,306	(153,875,215)
Total Depreciable Assets, net	117,623,154	(573,732)	(177,518)	116,871,904
Governmental Activities				
Capital Assets, net	\$ 195,726,660	\$ 5,707,432	\$ (421,570)	\$ 201,012,522
<b>Business-Type Activities</b>				
<u>Non-depreciable Assets</u>				
Land	\$ 5,668,824	\$ -	\$ -	\$ 5,668,824
Construction in Progress	10,992,501	2,229,493	(9,041,571)	4,180,423
Total Non-depreciable Assets	16,661,325	2,229,493	(9,041,571)	9,849,247
<u>Depreciable Assets</u>				
Buildings	13,774,348	-	-	13,774,348
Improvements Other Than Buildings	188,602,211	1,362,233	-	189,964,444
Equipment	15,986,867	8,323,259	(293,996)	24,016,130
Total Depreciable Assets	218,363,426	9,685,492	(293,996)	227,754,922
<u>Less Accumulated Depreciation</u>				
Buildings	(10,321,781)	(261,170)	-	(10,582,951)
Improvements Other Than Buildings	(100,038,361)	(3,619,870)	-	(103,658,231)
Equipment	(11,415,300)	(678,335)	160,799	(11,932,836)
Total Accumulated Depreciation	(121,775,442)	(4,559,375)	160,799	(126,174,018)
Total Depreciable Assets, net	96,587,984	5,126,117	(133,197)	101,580,904
Business-Type Activities				
Capital Assets, net	\$ 113,249,309	\$ 7,355,610	\$ (9,174,768)	\$ 111,430,151

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

**8. Capital Assets (Continued)**

Depreciation expense for the fiscal year ended September 30, 2020, was charged to functions/programs of the primary government as follows:

**Governmental Activities**

General Government	\$ 1,407,613
Public Safety	1,079,359
Physical Environment	3,395,614
Parks and Recreation	2,058,035
Internal Service Funds	2,490,591
Total depreciation expense - Governmental Activities	<u>\$ 10,431,212</u>

**Business-Type Activities**

Water and Sewer	\$ 3,762,734
Stormwater	561,062
Sanitation	218
Municipal Golf Course	188,483
Lakeview Golf Course	39,159
City Marina	7,719
Total depreciation expense - Business-Type Activities	<u>\$ 4,559,375</u>

**9. 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 is 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, 2020, accounts payable of the Water and Sewer Fund and business-type activities included \$266,679 due to the Board. For the year ended September 30, 2020, the City paid \$3,879,059 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, 2020, the City's 50% equity interest in the net position of the Board totaled \$16,743,466 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, 2020, is as follows:

City of Delray Beach, Florida  
Notes to Financial Statements  
September 30, 2020

**9. Investment in Regional Plant Joint Venture (Continued)**

Net Position	
Current and other assets	\$ 11,983,317
Capital assets, net	37,061,776
Total assets	49,045,093
Current liabilities	3,176,813
Noncurrent liabilities	12,381,343
Total liabilities	15,558,156
Net position	\$ 33,486,937

Change in Net Position	
Charges for services	\$ 8,303,682
Capital grants and contributions	1,635,356
Total Program revenues	9,939,038
Program expenses	10,872,015
Net program expenses	(932,977)
Investment income	26,753
Miscellaneous	115,860
Return of excess charges to joint venture participants	(851,790)
Change in net position	\$ (1,642,154)

**10. Interfund Transactions and Balances**

Total interfund receivables/payables and transfers were as follows as of and for the year ended September 30, 2020:

	Due From Other Funds	Due To Other Funds	Transfers In	Transfers Out
<b>Major Governmental Funds</b>				
General Fund	\$ 3,754,555	\$ -	\$ 3,742,226	\$ 6,249,603
Neighborhood Services	137,000	-	195,506	-
Community Redevelopment Agency	-	2,515,750	-	-
One-Cent Sales Tax	486,366	1,543,949	-	-
Capital Improvement	161,441	446,366	385,000	-
<b>Non-Major Governmental Funds</b>				
Special Revenue Fund				
Beautification	6,703	-	935,190	-
Debt Service Fund				
Utilities Tax	-	-	3,434,650	1,800
Capital Projects Fund				
Beach Restoration	-	-	454,447	-
Total Governmental Funds	4,546,065	4,506,065	9,147,019	6,251,403



City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

**10. Interfund Transactions and Balances (Continued)**

	<b>Due From Other Funds</b>	<b>Due To Other Funds</b>	<b>Transfers In</b>	<b>Transfers Out</b>
<b>Major Proprietary Funds</b>				
Water and Sewer	\$ 5,843,525	\$ -	\$ 113,353	\$ 3,240,820
Stormwater	-	4,082,329	-	433,930
Sanitation	-	1,801,196	-	205,139
<b>Non-Major Proprietary Funds</b>				
Municipal Golf Course	-	-	-	34,611
Lakeview Golf Course	-	-	-	20,946
City Marina	-	-	-	56,719
Internal Service Fund				
Insurance	-	-	850,000	-
Central Garage	-	-	133,196	-
Total Proprietary Funds	<u>5,843,525</u>	<u>5,883,525</u>	<u>1,096,549</u>	<u>3,992,165</u>
Total Primary Government	<u>\$ 10,389,590</u>	<u>\$ 10,389,590</u>	<u>\$ 10,243,568</u>	<u>\$ 10,243,568</u>

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 and the note receivable/payable between the City and the CRA as discussed in Note 5.

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.

**11. Noncurrent Liabilities**

The changes in noncurrent liabilities of the City for the fiscal year ended September 30, 2020 were as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental Activities:</b>					
Revenue bonds	\$ 68,265,542	\$ -	\$ (6,148,353)	\$ 62,117,189	\$ 6,328,395
General obligation bonds	9,755,000	-	(1,820,000)	7,935,000	1,880,000
Unamortized bond premium	2,401,069	-	(192,086)	2,208,983	-
Total bonds payable, net	<u>80,421,611</u>	<u>-</u>	<u>(8,160,439)</u>	<u>72,261,172</u>	<u>8,208,395</u>
Installment agreements	1,804,068	-	(343,688)	1,460,380	352,047
Compensated absences	8,181,843	1,446,234	(797,530)	8,830,547	850,034
Insurance claims payable	6,628,658	12,049,204	(11,273,885)	7,403,977	2,208,977
Total Governmental Activities	<u>\$ 97,036,180</u>	<u>\$ 13,495,438</u>	<u>\$ (20,575,542)</u>	<u>\$ 89,956,076</u>	<u>\$ 11,619,453</u>

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

**11. Noncurrent Liabilities (Continued)**

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Business-Type Activities:</b>					
Revenue bonds	\$ 5,625,000	\$ -	\$ (1,820,000)	\$ 3,805,000	\$ 1,880,000
Installment agreements	115,066	-	(66,898)	48,168	38,396
Compensated absences	1,026,980	190,179	(188,867)	1,028,292	151,692
Total Business-Type Activities	<u>\$ 6,767,046</u>	<u>\$ 190,179</u>	<u>\$ (2,075,765)</u>	<u>\$ 4,881,460</u>	<u>\$ 2,070,088</u>

Debt service on capital improvement revenue bonds and installment agreements are payable from available non-ad valorem revenues. Debt service on tax increment revenue bonds is payable from the CRA's tax increment revenues. Debt service on utilities tax bonds is payable from utilities tax revenues. General obligation bonds are payable from ad valorem taxes. Water and sewer revenue bonds are payable from the pledged revenues of the Water and Sewer Fund. Compensated absences, OPEB and pension liabilities are generally liquidated by the General Fund for governmental activities and by net revenues of the applicable proprietary funds for business-type activities.

Noncurrent liabilities, including current maturities, consisted of the following at September 30, 2020:

<b>Revenue Bonds:</b>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
\$2,350,000 Water and Sewer Revenue Bonds issued November 17, 2006 (Series 2006B), with principal amounts of \$200,000 to \$205,000 due through October 1, 2021, with semi-annual interest payments at 4.84%, 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.	\$ -	\$ 405,000
\$5,430,000 Water and Sewer Refunding Revenue Bonds issued September 29, 2011 (Series 2011A), with principal amounts of \$585,000 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. The Series 2011A Bonds contain a provision that in the event of nonpayment on due dates, the amounts due shall bear interest at a Default Rate equal to the interest rate on the bonds plus 2% per annum.	-	1,185,000
\$8,160,000 Water and Sewer Revenue Refunding Bonds issued October 18, 2011 (Series 2011B), with principal amounts of \$1,095,000 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. The Series 2011B Bonds contain a provision that in the event of nonpayment on due dates, the amounts due shall bear interest at a Default Rate equal to the interest rate on the bonds plus 2% per annum.	-	2,215,000

City of Delray Beach, Florida  
Notes to Financial Statements  
September 30, 2020

**11. Noncurrent Liabilities (Continued)**

<b>Revenue Bonds (Continued):</b>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
<p>\$4,000,000 Delray Beach Community Redevelopment Agency Tax Increment Redevelopment Revenue Improvement Bond (Series 2012), due in principal amounts of \$415,647 to \$811,071 with semi-annual interest payments at 2.878% due April 1 and October 1, through October 1, 2023. The bond was issued as a draw-down bond to a financial institution, such that the financial institution will advance the purchase price of the bond pursuant to each draw request submitted by the CRA, provided that the maximum amount of the bond outstanding at any one time shall not exceed an aggregate principal amount of \$4,000,000. The bond was issued for the purpose of financing the costs of acquisition and construction of certain redevelopment projects. The Series 2012 Bond contains a provision that in the event of default, the amounts due shall bear interest at a Default Rate equal to the interest rate on the Bond plus 200 basis points.</p>	\$ 2,793,662	\$ -
<p>\$2,000,000 Delray Beach Community Redevelopment Agency Tax Increment Redevelopment Revenue Bond, (Series 2015), due in principal amounts of \$202,723 to \$416,663 with semi-annual interest payments at 2.78% due April 1 and October 1, through October 1, 2023. The 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 Series 2015 Bond contains a provision that in the event of default, the amounts due shall bear interest at a Default Rate equal to the interest rate on the Bond plus 200 basis points.</p>	1,418,527	-
<p>\$39,020,000 Utilities Tax Revenue Refunding and Improvement Bonds, issued April 1, 2015 (Series 2015), due in principal amounts of \$930,000 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>	34,920,000	-

City of Delray Beach, Florida  
Notes to Financial Statements  
September 30, 2020

**11. Noncurrent Liabilities (Continued)**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
<b>Revenue Bonds (Continued):</b>		
\$31,500,000 Capital Improvement Revenue Bonds, issued June 23, 2017 (Series 2017), due in principal amounts of \$3,095,000 to \$3,480,000 through October 1, 2026, with semi-annual interest payments at 1.96%, due April 1 and October 1, through October 1, 2026. The Bonds were issued to finance certain infrastructure capital projects. The Series 2017 Bonds contain a provision that in the event of default, the amounts due shall bear interest at a Default Rate equal to the interest rate on the Bonds plus 6%.	\$ 22,985,000	\$ -
Total Revenue Bonds	62,117,189	3,805,000
Unamortized bond premium	2,208,983	-
Total Revenue Bonds, Net	64,326,172	3,805,000
<b>General Obligation Bonds:</b>		
\$10,000,000 General Obligation Bonds issued August 26, 2005 (Series 2005), due in annual principal installments of \$985,000 to \$1,135,000 through February 1, 2024, with semi-annual interest payments at 5.04%, 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.	4,230,000	-
\$8,810,000 General Obligation Bonds issued November 21, 2013 (Series 2013), due in annual principal installments of \$895,000 to \$960,000 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.	3,705,000	-
Total General Obligation Bonds	7,935,000	-
<b>Other Noncurrent Liabilities:</b>		
Installment agreements for equipment, 2.43% to 2.85% interest, maturing in 2024	1,460,380	48,168
Compensated absences payable	8,830,547	1,028,292
Insurance claims payable (see Note 14)	7,403,977	-
Total Noncurrent Liabilities, including current portion	\$ 89,956,076	\$ 4,881,460

**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 funding 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.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

**11. Noncurrent Liabilities (Continued)**

*Governmental Activities (Continued)*

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.

*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 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 governmental activities/funds, was \$44,252,100 at September 30, 2020. Principal and interest paid during the current year was \$1,975,000 and \$1,459,650, respectively.

The City has also pledged the future non ad-valorem revenues of the City to repay the outstanding Series 2017 Capital Improvement Revenue Bonds issued to finance various capital improvements. The revenue bonds are payable solely from the non-ad valorem revenues received by the City and are payable through 2027. Annual principal and interest payments on the bonds are expected to require less than 10 percent of non-ad valorem revenues. Total principal and interest remaining to be paid on the Series 2017 Capital Improvement Bonds was \$24,596,855 at September 30, 2020. Non-ad valorem revenues received for the current year were approximately \$79.4 million. Principal and interest paid for the current year was \$3,035,000 and \$480,249, respectively.

The CRA has pledged a portion of its future tax increment revenues to repay the outstanding revenue bonds issued in 2012 and 2015 to finance various redevelopment projects. The CRA revenue bonds are payable solely from the tax increment revenues generated by increased property values in the redevelopment district and investment earnings thereon. Tax increment revenues were projected to produce more than 650 percent of the debt service requirements over the life of the revenue bonds. Total principal and interest remaining on the bonds at September 30, 2020, was \$4,424,599, payable through October 1, 2023. For the current year, principal and interest paid and the total tax increment revenues were \$1,266,072 and \$23,768,504, respectively.

*Debt Extinguishment:* 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 paid on October 1, 2016. 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 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 a deferred outflow of resources on the statement of net position and is being amortized to operations over 17 years. The defeased Series 2007 bonds were called and fully paid on June 1, 2017.

*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 per capita 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, 2020 were \$2,333,202 and \$2,421,186, respectively, all of which was expensed.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

**11. Noncurrent Liabilities (Continued)**

*Governmental Activities (Continued)*

*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, 2020:

Fiscal Year Ending September 30	Revenue Bonds		General Obligation Bonds		Total
	Principal	Interest	Principal	Interest	
2021	\$ 6,328,395	\$ 1,878,752	\$ 1,880,000	\$ 259,201	\$ 10,346,348
2022	6,527,690	1,684,957	1,945,000	188,746	10,346,393
2023	6,727,734	1,483,688	2,015,000	115,461	10,341,883
2024	6,298,370	1,275,663	2,095,000	39,041	9,708,074
2025	5,865,000	1,082,725	-	-	6,947,725
2026-2030	21,140,000	3,042,380	-	-	24,182,380
2031-2035	9,230,000	708,200	-	-	9,938,200
Total	\$ 62,117,189	\$ 11,156,365	\$ 7,935,000	\$ 602,449	\$ 81,811,003

*Business-Type Activities*

The provisions of the various bond resolutions 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 25 percent of utility net revenues. Total principal and interest remaining to be paid on the water and sewer utility revenue bonds is \$3,900,294. Principal and interest paid and utility net revenues available for debt service for the current year were \$1,937,403 and \$10,096,549, respectively.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

**11. Noncurrent Liabilities (Continued)**

*Business-type Activities (Continued)*

*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, 2020, are as follows:

Fiscal Year Ending September 30	Revenue Bonds		
	Principal	Interest	Total
2021	\$ 1,880,000	\$ 71,329	\$ 1,951,329
2022	1,925,000	23,965	1,948,965
Total	\$ 3,805,000	\$ 95,294	\$ 3,900,294

*Interest Expense:* Total interest costs incurred and paid on business-type activities debt for the year ended September 30, 2020, were \$97,531 and \$120,203, respectively, all of which was expensed.

**Installment Agreements**

The installment agreements financed the purchase of equipment. At September 30, 2020, the cost of the equipment held under these agreements was approximately \$3,615,000 and the accumulated amortization was approximately \$2,443,000. Amortization expense related to equipment purchased under the installment agreements is included in depreciation expense in the accompanying financial statements. The installment agreements call for termination of the agreements and forfeiture of the equipment in the event the payments are not budgeted or made. Future payments through maturity for the City's installment agreements as of September 30, 2020, are as follows:

Fiscal Year Ending September 30	
2021	\$ 426,835
2022	397,384
2023	387,566
2024	387,545
Total minimum payments	1,599,330
Less amount representing interest	(90,782)
Outstanding balance at September 30, 2020	\$ 1,508,548

**Blended Component Unit – Delray Beach Community Redevelopment Agency**

Loan Payable to the City of Delray Beach: The outstanding loan payable to the City by the CRA at September 30, 2020 for US Highway One improvements is presented as an internal advance receivable (due from other funds) in the City's General Fund and an advance payable (due to other funds) in the Community Redevelopment Agency Fund (see Note 5 – Notes Receivable).

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

**11. Noncurrent Liabilities (Continued)**

**Blended Component Unit – Delray Beach Community Redevelopment Agency (Continued)**

The annual debt service requirements on the loan payable to the City from the CRA are summarized as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2021	\$ 361,419	\$ 58,730	\$ 420,149
2022	361,419	58,730	420,149
2023	361,419	58,730	420,149
2024	361,419	58,730	420,149
	\$ 1,445,676	\$ 234,920	\$ 1,680,596

**12. Employee Retirement Plans**

**Description of the Plans**

The City contributes to three 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 separate pension plans. The Delray Beach Firefighters' Retirement System covers all firefighters and the Delray Beach Police Officers' Retirement System covers all police officers. Each plan is administered by an independent Board 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. Actuarial reports are 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, 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 up to 100% at 10 years.

*Eligibility for Retirement* - Ordinance No. 33-10 effective October 5, 2010, changed 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 did 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 average monthly compensation times years of service with a maximum benefit of 75% of average monthly compensation. Effective October 5, 2010, the normal form of benefit changed from a 60% joint and survivor annuity to a life annuity. This change did 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 is also the option to purchase all or a portion of prior service at the increased multiplier.



City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

**12. Employee Retirement Plans (Continued)**

**Description of the Plans (Continued)**

*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 DROP election date will be directed to the employee's 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 \$6,293,180 at September 30, 2020.

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

*Employee Contributions* - The employee contribution is 3.05% of the employee's base annual compensation. 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 with interest 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 City of Delray Beach Police and Firefighters' Retirement System (the "Legacy Plan") was originally established in 1974 by the City of Delray Beach to provide pension benefits to all full-time City police officers and firefighters. Effective October 1, 2016, the City Commission adopted City Ordinance No. 17-16, which provided for the establishment of separate retirement systems for the City's police officers and firefighters, a new Board for each retirement system, changes in the allocation and use of Chapter 175 and 185 premium tax revenues, and changes to the retirement benefits of police officers and firefighters. Accordingly, during the year ended September 30, 2017, the assets of the Legacy Plan were allocated to the new Delray Beach Police Officers' Retirement System and Delray Beach Firefighters' Retirement System based on an actuarial impact statement dated September 6, 2016 that utilized the ratio of the present value of accrued benefits for each of the police officer and firefighter members (and beneficiaries of such members, if applicable) to the total present value of accrued benefits. The allocation method resulted in an allocation of 47.431% of the Legacy Plan assets to the new Police Officers' Retirement System and 52.569% of the Legacy Plan assets to the new Firefighters' Retirement System. The allocation percentages were not applied to the Excess State Monies Reserves and DROP that were allocated to the new plans based on the actual reserves and balances held for the respective groups. At September 30, 2017, all Legacy Plan assets were fully allocated and operation of the Legacy Plan as a City retirement plan was discontinued.

***Police Officers' Retirement System*** - The benefit provisions and all other requirements of the Police Officers' 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 Officers' Retirement System Board, consisting of two outside members appointed by the City Commission, two full-time City police officers elected by active members and a fifth member chosen by a majority of the other four members.

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

*Eligibility for Normal Retirement* - For police officers hired on or before July 7, 2015, eligibility for normal retirement is the earlier of age 55 and 10 years of service or 20 years of service regardless of age.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

**12. Employee Retirement Plans (Continued)**

**Description of the Plans (Continued)**

For police officers hired after July 7, 2015, eligibility for normal retirement is the earlier of age 55 and 10 years of service or 25 years of service regardless of age.

*Annual Retirement Benefit* - The annual retirement benefit for police officers is based on the date of hire as follows:

- A) Police Officers hired on or before July 7, 2015 with 20 or more years of service on July 7, 2015, receive 3.5% (if the enhanced multiplier is elected or 3.0% if it is not elected) times the police officers' average final compensation for all credited service (subject to a maximum benefit equal to 87.5% of average final compensation).
- B) Police officers hired on or before July 7, 2015, and retiring with:
  - 1) more than 20 years of service receive 3.5% (if the enhanced multiplier is elected or 3.0% if it is not elected) times the police officer's average final compensation for all credited service prior to July 7, 2015 plus 3.0% times the police officer's average final compensation times all credited service after July 6, 2015.
  - 2) less than 20 years of service receive 2.5% times the police officer's average final compensation times all years of credited service prior to July 7, 2015 plus 3.0% times the police officer's average final compensation times all years of credited service after July 6, 2015 (subject to a maximum annual benefit of \$108,000 but in no event less than 2.0% times average final compensation for each year of service).
- C) Police officers hired after July 7, 2015 receive 2.75% times the police officer's average final compensation times all years of credited service (subject to a maximum annual benefit of \$108,000 and further subject to a maximum of 68.75% of their average final compensation (but in no event less than 2% times average final compensation for each year of service).
- D) Police Officers hired after April 9, 2013 may not elect the enhanced multiplier.

*Deferred Retirement Option Plan ("DROP")* – Police officers who have met normal retirement eligibility have the option of entering the DROP. When entering the DROP, the police officer continues employment with the City, but will cease accruing a pension benefit under the plan, and the monthly benefit as of the DROP election date will be directed to the police officer's self-administered 401(a) plan. After a maximum of 60 months, the police officer must terminate employment with the City. The balance of amounts held pursuant to DROP was \$9,500,572 at September 30, 2020.

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

*Employee Contributions* - Police officers are required to contribute 9.0% of annual compensation. If a police officer leaves employment or dies prior to vesting, contributions are refunded to the police officer or designated beneficiary with interest.

*State of Florida Contributions* - Pursuant to Chapter 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 as an on-behalf payment for the Police Officers' Retirement System. Chapter 185 tax monies up to \$606,595 annually will be used to offset the City's contributions.

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

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

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

**12. Employee Retirement Plans (Continued)**

**Description of the Plans (Continued)**

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 Firefighters' Retirement System Board, consisting of two outside members appointed by the City Commission, two full-time City firefighters elected by the active members of the Plan, and a fifth member chosen by the majority of the other four members.

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

*Eligibility for Normal Retirement* - For firefighters hired on or before October 4, 2016, eligibility for normal retirement is the earlier of age 55 and 10 years of service or 20 years of service regardless of age. For firefighters hired after October 4, 2016, eligibility for normal retirement is the earlier of age 55 and 10 years of service or 25 years of service regardless of age.

*Annual Retirement Benefit* - The annual retirement benefit for firefighters is based on the date of hire as follows:

- A) Firefighters hired on or before October 4, 2016 with 20 or more years of service on October 4, 2016, receive 3.5% (if the enhanced multiplier is elected or 3.0% if it is not elected) times the firefighter's average final compensation for all credited service (subject to a maximum benefit equal to 87.5% of average final compensation).
- B) Firefighters hired on or before October 4, 2016 with less than 20 years of service on October 4, 2016, and retiring with:
  - 1) more than 20 years of service at retirement receive 3.5% (if the enhanced multiplier is elected or 3.0% if it is not elected) times the firefighter's average final compensation for all credited service prior to October 4, 2016 plus 3.0% times the firefighter's average final compensation times all years of credited service after October 4, 2016 (subject to a maximum annual benefit of \$100,000, but not less than 2.0% times average final compensation for each year of credited service).
  - 2) less than 20 years of service at retirement receive 2.5% times the firefighter's average final compensation times all years of credited service prior to October 4, 2016 plus 3.0% times the firefighter's average final compensation times all years of credited service after October 4, 2016 (subject to a maximum annual benefit of \$100,000, but not less than 2.0% times average final compensation for each year of credited service).
- C) Firefighters hired after October 4, 2016 receive 2.75% times the firefighter's average final compensation times all years of credited service (subject to a maximum annual benefit of \$100,000, but not less than 2.0% times average final compensation for each year of credited service).
- D) Firefighters hired after April 9, 2013 may not elect the enhanced multiplier.

*Deferred Retirement Option Plan ("DROP")* - Firefighters who have met normal retirement eligibility have the option of entering the DROP. When entering the DROP, the firefighter continues employment with the City, but will cease accruing a pension benefit under the plan, and the monthly benefit as of the DROP election date will be directed to the firefighter's self-administered 401(a) plan. After a maximum of 60 months, the firefighter must terminate employment with the City. The balance of amounts held pursuant to DROP was \$12,414,352 at September 30, 2020.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

**12. Employee Retirement Plans (Continued)**

**Description of the Plans (Continued)**

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

*Employee Contributions* - Firefighters are required to contribute 9.0% of annual compensation. If an employee leaves employment or dies prior to vesting, contributions are refunded to the firefighter or designated beneficiary with interest.

*State of Florida Contributions* - Pursuant to Chapter 175 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 as an on-behalf payment for the Firefighters' Retirement System Fund. Chapter 175 tax monies up to \$1,206,994 annually will be used to offset the City's contributions.

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

The net pension liability, deferred outflows/inflows of resources related to pensions and pension expense related to the City's three defined benefit retirement plans are summarized as follows at September 30, 2020:

	<b>General Employees' Pension Plan</b>	<b>Police Officers' Retirement System</b>	<b>Firefighters' Retirement System</b>	<b>Total</b>
Net pension liability	<u>\$ 3,040,945</u>	<u>\$ 59,056,095</u>	<u>\$ 57,926,772</u>	<u>\$ 120,023,812</u>
Deferred outflows/inflows				
Deferred outflows of resources	<u>\$ 6,004,447</u>	<u>\$ 12,119,792</u>	<u>\$ 11,617,748</u>	<u>\$ 29,741,987</u>
Deferred inflows of resources	<u>\$ 3,440,767</u>	<u>\$ 869,753</u>	<u>\$ 2,171,440</u>	<u>\$ 6,481,960</u>
Pension expense	<u>\$ 2,706,039</u>	<u>\$ 12,532,783</u>	<u>\$ 10,877,208</u>	<u>\$ 26,116,030</u>

**Membership**

Membership data of the City's pension plans as of October 1, 2019, the date of the most recent actuarial valuations, is summarized as follows:

	<b>General Employees' Pension Plan</b>	<b>Police Officers' Retirement System</b>	<b>Firefighters' Retirement System</b>
Retirees and beneficiaries receiving benefits	356	146	139
Terminated employees entitled to benefits but not receiving them	81	7	1
Active members	392	149	141

**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 of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

**12. Employee Retirement Plans (Continued)**

**Summary of Significant Accounting Policies (Continued)**

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.

The asset allocation policy adopted by each pension plans' Board at September 30, 2020 was as follows:

<b>Asset Class</b>	<b>General Employees' Pension Plan</b>	<b>Police Officers' Retirement System</b>	<b>Firefighters' Retirement System</b>
Domestic equity	61.5%	42.5%	42.5%
International equity	10.0	15.0	15.0
Fixed income	21.0	27.5	27.5
Real estate	0.0	10.0	10.0
Alternatives	7.5	5.0	5.0
Total	100.0%	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, the Police Officers' Retirement System and Firefighters' Retirement System, was 8.65%, 8.34% and 8.26%, respectively, for the year ended September 30, 2020. 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, 2020, the measurement date, were as follows:

	<b>General Employees' Pension Plan</b>	<b>Police Officers' Retirement System</b>	<b>Firefighters' Retirement System</b>
Total pension liability	\$ 143,498,233	\$ 166,543,519	\$ 176,540,850
Plan fiduciary net position	140,457,288	107,487,424	118,614,078
Net pension liability	\$ 3,040,945	\$ 59,056,095	\$ 57,926,772
Plan fiduciary net position as a percentage of the total pension liability	97.9%	64.5%	67.2%

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

**12. Employee Retirement Plans (Continued)**

**Net Pension Liability (Continued)**

Actuarial Assumptions: The total pension liability for the City's pension plans was determined by actuarial valuations as of October 1, 2019, based on the following actuarial assumptions:

	<b>General Employees' Pension Plan</b>	<b>Police Officers' Retirement System</b>	<b>Firefighters' Retirement System</b>
Measurement date	September 30, 2020	September 30, 2020	September 30, 2020
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Post-retirement benefit increases	None	Annual increase of 1% plus available State revenue	Annual increase of 1% plus available State revenue
Amortization method	Level Dollar, Closed	Level Dollar, Closed	Level Dollar, Closed
Remaining amortization period	25 years	20 years	20 years
Asset valuation method	5 year Smoothed Market	4 year Smoothed Market	4 year Smoothed Market
Actuarial assumptions:			
Investment rate of return*	6.75%	6.75%	6.75%
Projected salary increases*	3.75% - 6.75% based on service	5.25% - 6.75% based on service	4.5% - 8.25% based on service
Cost of living increases	None	1.0% per year	1.0% per year
Mortality	PUB-2010 Headcount Weighted Below Median Employee Male Table and Female Table using Scale MP-2018	PUB-2010 Headcount Weighted Safety Below Median Male Table and Female Table using Scale MP-2018	PUB-2010 Headcount Weighted Safety Below Median Male Table and Female Table using Scale MP-2018
* Includes inflation rate	2.5%	2.5%	2.5%

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, 2020 (see the discussion of each pension plan's investment policy) are summarized in the following table:

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

**12. Employee Retirement Plans (Continued)**

**Net Pension Liability (Continued)**

Asset Class	Long-Term Expected Rate of Return		
	General Employees' Pension Plan	Police Officers' Retirement System	Firefighters' Retirement System
Domestic equity	7.5%	7.5%	7.5%
International equity	8.5	8.5	8.5
Fixed income	2.5	2.5	2.5
Real estate	-	4.5	4.5
Alternatives	6.2	6.2	6.2

Discount Rate: The discount rates used to measure the total pension liability was 6.75% for the General Employees' Pension Plan, Police Officers' and Firefighters' Retirement Systems. The discount rates were based on the expected rate of return on investments of each pension plan. The projection of cash flows used to determine the discount rates 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.

**Changes in the Net Pension Liability**

The changes in the net pension liability of the General Employees' Pension Plan, Police Officers' Retirement System and the Firefighters' Retirement System were as follows for the year ended September 30, 2020:

General Employees' Pension Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
<b>Balances at October 1, 2019</b>	\$ 140,210,004	\$ 132,929,736	\$ 7,280,268
<b>Changes for the Current Year</b>			
Service cost	2,825,262	-	2,825,262
Interest	9,387,643	-	9,387,643
Difference between actual and expected experience	1,621,500	-	1,621,500
Changes in assumptions	(2,628,018)	-	(2,628,018)
Contributions – City	-	2,866,796	(2,866,796)
Contributions – Employee	-	1,098,892	(1,098,892)
Net investment income	-	11,601,492	(11,601,492)
Benefit payments, including refunds of employee contributions	(7,918,158)	(7,918,158)	-
Administrative expenses	-	(121,470)	121,470
<b>Net Changes</b>	<b>3,288,229</b>	<b>7,527,552</b>	<b>(4,239,323)</b>
<b>Balances at September 30, 2020</b>	<b>\$ 143,498,233</b>	<b>\$ 140,457,288</b>	<b>\$ 3,040,945</b>

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

**12. Employee Retirement Plans (Continued)**

**Changes in the Net Pension Liability (Continued)**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>Police Officers' Retirement System</b>			
<b>Balances at October 1, 2019</b>	\$ 156,009,037	\$ 98,566,550	\$ 57,442,487
<b>Changes for the Current Year</b>			
Service cost	3,026,742	-	3,026,742
Interest	10,830,624	-	10,830,624
Difference between actual and expected experience	4,485,655	-	4,485,655
Changes in assumptions	816,626	-	816,626
Contributions – City	-	6,917,364	(6,917,364)
Contributions – State of Florida	-	868,062	(868,062)
Contributions – Employee	-	1,196,828	(1,196,828)
Net investment income	-	8,707,580	(8,707,580)
Benefit payments, including refunds of employee contributions	(8,625,165)	(8,625,165)	-
Administrative expenses	-	(143,795)	143,795
<b>Net Changes</b>	<b>10,534,482</b>	<b>8,920,874</b>	<b>1,613,608</b>
<b>Balances at September 30, 2020</b>	<b>\$ 166,543,519</b>	<b>\$ 107,487,424</b>	<b>\$ 59,056,095</b>

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>Firefighters' Retirement System</b>			
<b>Balances at October 1, 2019</b>	\$ 170,260,456	\$ 108,903,399	\$ 61,357,057
<b>Changes for the Current Year</b>			
Service cost	3,280,458	-	3,280,458
Interest	11,839,347	-	11,839,347
Change of benefit terms	19,308	-	19,308
Difference between actual and expected experience	698,989	-	698,989
Changes in assumptions	(742,942)	-	(742,942)
Contributions – City	-	6,941,701	(6,941,701)
Contributions – State of Florida	-	1,109,338	(1,109,338)
Contributions – Employee	-	1,119,504	(1,119,504)
Net investment income	-	9,497,240	(9,497,240)
Benefit payments, including refunds of employee contributions	(8,814,766)	(8,814,766)	-
Administrative expenses	-	(142,338)	142,338
<b>Net Changes</b>	<b>6,280,394</b>	<b>9,710,679</b>	<b>3,430,285</b>
<b>Balances at September 30, 2020</b>	<b>\$ 176,540,850</b>	<b>\$ 118,614,078</b>	<b>\$ 57,926,772</b>



City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

**12. Employee Retirement Plans (Continued)**

**Changes in the Net Pension Liability (Continued)**

Investment rate of return: Effective October 1, 2019, the investment return assumption was lowered from 7.0% to 6.75% for the General Employees' Pension Plan, Police Officers' Retirement System and the Firefighters' Retirement System. Effective October 1, 2019, the rates of retirement, withdrawal, salary increases and mortality were changed for the General Employees' Pension Plan, Police Officers' Retirement System and the Firefighters' Retirement System.

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, the Police Officers' Retirement System and the Firefighters' Retirement System, calculated using the current discount rate, 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:

	<b>General Employees' Pension Plan</b>	<b>Police Officers' Retirement System</b>	<b>Firefighters' Retirement System</b>
One percentage point lower than current discount rate	\$ 19,734,024	\$ 80,786,258	\$ 79,046,691
Current discount rate	3,040,945	59,056,095	57,926,772
One percentage point higher than current discount rate	(10,980,161)	41,227,018	40,550,112

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

For the year ended September 30, 2020, the City recognized pension expense of \$2,706,039, \$12,532,783 and \$10,877,208 for the General Employees' Pension Plan, the Police Officers' Retirement System and the Firefighters' Retirement System, respectively. At September 30, 2020, the City reported deferred inflows/outflows of resources related to the General Employees' Pension Plan, the Police Officers' Retirement System and Firefighters' Retirement System from the following sources:

<b>General Employees' Pension Plan</b>	<b>Deferred Inflows</b>	<b>Deferred Outflows</b>
Differences between expected and actual experience	\$ -	\$ 2,328,177
Changes in assumptions	1,954,167	3,676,270
Net difference between projected and actual investment earnings on pension plan investments	1,486,600	-
<b>Total</b>	<b>\$ 3,440,767</b>	<b>\$ 6,004,447</b>
<b>Police Officers' Retirement System</b>		
Differences between expected and actual experience	\$ 478,701	\$ 5,187,687
Changes in assumptions	-	6,932,105
Net difference between projected and actual investment earnings on pension plan investments	391,052	-
<b>Total</b>	<b>\$ 869,753</b>	<b>\$ 12,119,792</b>

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

**12. Employee Retirement Plans (Continued)**

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

<b>Firefighters' Retirement System</b>	<b>Deferred Inflows</b>	<b>Deferred Outflows</b>
Differences between expected and actual experience	\$ 1,126,636	\$ 3,178,905
Changes in assumptions	617,020	8,438,843
Net difference between projected and actual investment earnings on pension plan investments	427,784	-
<b>Total</b>	<b>\$ 2,171,440</b>	<b>\$ 11,617,748</b>

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

<b>Year Ending September 30,</b>	<b>General Employees' Pension Plan</b>	<b>Police Officers' Retirement System</b>	<b>Firefighters' Retirement System</b>
2021	\$ 687,620	\$ 5,306,438	\$ 3,347,048
2022	1,572,807	3,979,025	3,158,739
2023	837,149	1,842,643	2,310,926
2024	(533,896)	121,933	636,303
2025	-	-	(6,708)

**Pension Plans Fiduciary Net Position**

The financial statements for the General Employees' Pension Plan, the Police Officers' Retirement System and Firefighters' Retirement System Fund as of and for the year ended September 30, 2020, are as follows:

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

**12. Employee Retirement Plans (Continued)**

**Pension Plans Fiduciary Net Position (Continued)**

<b>Statements of Fiduciary Net Position</b>			
	<b>General Employees' Pension Plan</b>	<b>Police Officers' Retirement System</b>	<b>Firefighters' Retirement System</b>
<b>ASSETS</b>			
Cash	\$ 17,854	\$ 11,747	\$ 340
Investments			
Money market mutual funds	1,845,545	1,494,122	1,748,491
U.S. Government securities	1,020,014	1,973,841	2,362,717
U.S. Government Agency securities	12,297,051	5,998,300	6,871,744
Domestic corporate bonds	13,857,656	10,531,627	11,816,096
Fixed income mutual fund	-	-	2,898,702
Global fixed income investment fund	10,144,814	2,492,882	-
Global asset allocation investment fund	-	3,364,353	-
Domestic equity securities	12,680,718	26,645,675	42,234,751
Domestic equity mutual funds	-	10,610,759	-
Domestic equity index funds	6,928,053	3,842,057	7,402,394
Pooled domestic equity index funds	72,047,984	8,974,369	6,202,501
International equity mutual funds	8,581,764	16,943,127	19,582,597
Foreign stocks	1,820,488	2,259,864	3,583,987
Timber investment funds	-	1,088,035	1,205,897
Real estate investment funds	-	7,760,749	8,601,442
Fixed income alternative investment fund	-	2,460,641	2,727,194
Interest and dividends receivable	97,789	98,805	139,438
Pending trades receivable	119,067	496,094	1,042,723
Employee contributions receivable	-	42,096	43,049
State contributions receivable	-	868,062	1,109,338
Miscellaneous receivable	-	6,995	-
Total assets	<u>141,458,797</u>	<u>107,964,200</u>	<u>119,573,401</u>
<b>LIABILITIES</b>			
Accounts payable	143,870	83,042	104,805
Pending trades payable	857,639	393,734	854,518
Total liabilities	<u>1,001,509</u>	<u>476,776</u>	<u>959,323</u>
<b>FIDUCIARY NET POSITION</b> restricted for pension benefits	<u>\$ 140,457,288</u>	<u>\$ 107,487,424</u>	<u>\$ 118,614,078</u>

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

**12. Employee Retirement Plans (Continued)**

**Pension Plans Fiduciary Net Position (Continued)**

<b>Statements of Changes in Fiduciary Net Position</b>			
	<b>General Employees' Pension Plan</b>	<b>Police Officers' Retirement System</b>	<b>Firefighters' Retirement System</b>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 2,866,796	\$ 6,917,364	\$ 6,941,701
State of Florida	-	868,062	1,109,338
Plan members	1,098,892	1,196,828	1,119,504
Total contributions	<u>3,965,688</u>	<u>8,982,254</u>	<u>9,170,543</u>
Investment earnings			
Net appreciation in fair value of investments	9,103,653	6,287,172	7,279,667
Interest, dividends and investment fund income	2,720,078	2,938,685	2,832,717
Other investment income	4,585	811	705
	<u>11,828,316</u>	<u>9,226,668</u>	<u>10,113,089</u>
Less investment expenses	(226,824)	(519,088)	(615,849)
Net investment earnings	<u>11,601,492</u>	<u>8,707,580</u>	<u>9,497,240</u>
Total additions	<u>15,567,180</u>	<u>17,689,834</u>	<u>18,667,783</u>
<b>DEDUCTIONS</b>			
Benefits	7,815,429	8,591,907	8,789,381
Refunds of contributions	102,729	33,258	25,385
Administrative expenses	121,470	143,795	142,338
Total deductions	<u>8,039,628</u>	<u>8,768,960</u>	<u>8,957,104</u>
Change in fiduciary net position	<u>7,527,552</u>	<u>8,920,874</u>	<u>9,710,679</u>
Net position restricted for pension benefits at October 1, 2019	<u>132,929,736</u>	<u>98,566,550</u>	<u>108,903,399</u>
Net position restricted for pension benefits at September 30, 2020	<u>\$ 140,457,288</u>	<u>\$ 107,487,424</u>	<u>\$ 118,614,078</u>

The Police Officers' Retirement System and Firefighters' Retirement System issue separate publicly available financial reports that include financial statements and required supplementary information. These reports are not posted on the internet, but may be obtained by writing to the City of Delray Beach, 100 NW 1<sup>st</sup> Avenue, Delray Beach, FL 33444 or by calling (561) 243-7012. The General Employees' Pension Fund does not issue a separate publicly available financial report.

**Payables to the Pension Plans**

There were no amounts payable by the City to the General Employees' Pension Plan, Police Officers' Retirement System or the Firefighters' Retirement System at September 30, 2020.

**Other Employee Benefit Plans**

The City sponsors a 457 deferred compensation plan and a 401(a) defined contribution retirement plan for department heads and certain eligible management and key employees not covered by one of the City's defined benefit pension plans. The plans allow participants to contribute up to 3% of their base salary to an ICMA Deferred

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

**12. Employee Retirement Plans (Continued)**

**Other Employee Benefit Plans (Continued)**

Compensation Plan or 3% of their base salary to the ICMA 401(a) Plan with the City matching the contribution. 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 or access 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, 2020, is summarized as follows:

Balance at October 1, 2019	\$ 867,400
Employer contributions	46,372
Employee contributions	46,372
Investment gain, net of expenses	94,873
Distributions	(9,289)
Balance at September 30, 2020	<u>\$ 1,045,728</u>

**13. Other Postemployment Benefits (OPEB)**

**Description of the Plans**

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

**City OPEB Plan** - The City administers a single-employer defined benefit plan (the "City 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 City OPEB Plan. The City OPEB Plan is financed on a "pay-as-you-go" basis and is not administered as a formal qualifying trust. The City OPEB Plan does not issue a publicly available financial report.

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 City 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. City OPEB Plan members receiving benefits contribute 100% of the monthly premiums ranging from a minimum of \$241 for single coverage to a maximum of \$1,943 for family 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. Since the City does not control, have access to or hold any assets of the Trust and has no

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

**13. Other Postemployment Benefits (OPEB) (Continued)**

**Description of the Plans (Continued)**

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.

**Plan Membership**

The membership in the City's OPEB Plan and the Retiree Benefit Fund as of October 1, 2019 and September 30, 2019, respectively, which are the dates of the most recent actuarial valuations, is summarized as follows:

	<b>City OPEB Plan</b>	<b>Retiree Benefit Fund</b>
Inactive employees or beneficiaries currently receiving benefit payments	384	154
Inactive employees entitled to but not yet receiving benefit payments	-	-
Active employees	777	324
Total	1,161	478

**Total OPEB Liability**

The City's total OPEB liability, deferred outflows/inflows of resources related to OPEB and OPEB expense for both OPEB plans are summarized as follows at September 30, 2020:

	<b>City OPEB Plan</b>	<b>Retiree Benefit Fund</b>	<b>Total</b>
Total OPEB liability	\$ 25,523,990	\$ 8,502,233	\$ 34,026,223
Deferred outflows of resources	\$ 7,430,780	\$ 813,094	\$ 8,243,874
Deferred inflows of resources	\$ 415,229	\$ -	\$ 415,229
OPEB expense	\$ 1,949,341	\$ 1,091,707	\$ 3,041,048

The City's total OPEB liability of \$34,026,223 was measured as of September 30, 2020 for the City OPEB Plan and the Retiree Benefit Plan as determined by actuarial valuations as of October 1, 2019 and September 30, 2019, respectively.

Actuarial Methods and Significant Assumptions: The actuarial methods and significant assumptions used to determine the City's total OPEB liability for the current year are summarized as follows:

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

**13. Other Postemployment Benefits (OPEB) (Continued)**

**Total OPEB Liability (Continued)**

	<u>City OPEB Plan</u>	<u>Retiree Benefit Fund</u>
Valuation date	October 1, 2019	September 30, 2019
Measurement date	September 30, 2020	September 30, 2020
Actuarial cost method	Entry Age Normal	Entry Age Normal
Post-retirement benefit increases	None	None
Health care cost trend rates	8% per year initially, reduced annually by .5% to an ultimate rate of 5.0% in 2026	N/A – Benefits are a fixed amount and do not adjust for changes in health care costs
Amortization method	Level Percent of Projected Salary – Closed	Level Percent of Projected Salary – Closed
Remaining amortization period	12 years	23 years
Asset valuation method	N/A <sup>(1)</sup>	Market Value of Assets
Actuarial assumptions:		
Discount rate	2.26% <sup>(2)</sup>	7.5% net of investment related expenses
Projected salary increases*	4%	5.0-6.25%
* Includes inflation rate	0%	2.75%
Mortality	Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality using Scale MP-2019	RP-2000 Combined Healthy Participant using Scale BB

(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 the date of the most recent valuation.

(2) Since there are currently no invested plan assets held in trust to finance the OPEB liability, the discount rate is the long-term expected rate of return on tax-exempt, high quality municipal bonds based on the average of three 20-year bond indices (e.g., *Bond Buyer-20 Bond GO*, *S&P Municipal Bond 20 Year High Grade Rate Index* and *Fidelity GA AA 20 Years*).

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.

**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 the Retiree Benefit Fund. It is the policy of the 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, 2020

**13. Other Postemployment Benefits (OPEB) (Continued)**

**Investments (Continued)**

The long-term expected rate of return on investments of the Retiree Benefit Fund was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of 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. The asset allocation policy adopted by the Board and best estimates of arithmetic real rates of return for each major asset class included in the target allocation as of September 30, 2020 are summarized in the following table:

Asset Class	Asset Allocation	Long-term Expected Rate of Return
Domestic equity	42.5%	7.5%
International equity	15.0	8.5
Fixed income	27.5	2.5
Real estate	10.0	4.5
Alternatives	5.0	6.2

**Changes in the Total OPEB Liability**

The changes in the City's total OPEB liability for the City OPEB Plan and Retiree Benefit Fund for the year ended September 30, 2020 were as follows:

	City OPEB Plan	Retiree Benefit Fund	Total
<b>Total OPEB Liability</b>			
Total OPEB liability at September 30, 2019	\$ 21,296,705	\$ 14,427,386	\$ 35,724,091
Changes in the total OPEB liability for the year			
Service cost	272,380	227,892	500,272
Interest	565,929	1,074,582	1,640,511
Changes of assumptions and other inputs	4,099,784	-	4,099,784
Benefit payments	(710,808)	(667,099)	(1,377,907)
Change in total OPEB liability	4,227,285	635,375	4,862,660
Total OPEB liability at September 30, 2020	25,523,990	15,062,761	40,586,751
<b>Fiduciary Net Position</b>			
Balances at October 1, 2019	-	6,154,429	6,154,429
Changes in Fiduciary net position for the current year			
Employer contributions	-	854,845	854,845
Net investment income	-	250,427	250,427
Benefit payments	-	(667,099)	(667,099)
Administrative expenses	-	(32,074)	(32,074)
Changes in fiduciary net position	-	406,099	406,099
Total fiduciary net position at September 30, 2020	-	6,560,528	6,560,528
<b>Balances at September 30, 2020</b>	\$ 25,523,990	\$ 8,502,233	\$ 34,026,223



City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

**13. Other Postemployment Benefits (OPEB) (Continued)**

**Changes in the Total OPEB Liability (Continued)**

Changes of Assumptions: Effective October 1, 2019, the discount rate for the City OPEB Plan was decreased from 3.00% to 2.26%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following table presents the total OPEB liability of the City OPEB Plan and the Retiree Benefit Fund, respectively, calculated using the current discount rates, as well as what the total OPEB liability 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:

	<u>City OPEB Plan</u>	<u>Retiree Benefit Fund</u>
One percentage point lower than current discount rate	\$ 34,638,563	\$ 10,146,012
Current discount rate	25,523,990	8,502,233
One percentage point higher than current discount rate	19,636,440	7,119,464

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate: The following table presents the total OPEB liability of the City OPEB Plan and the Retiree Benefit Fund, respectively, calculated using the current healthcare cost trend rates of 8.0% decreasing to 5.0%, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>City OPEB Plan</u>	<u>Retiree Benefit Fund</u>
One percentage point lower than current trend rate	\$ 19,867,200	\$ N/A
Current healthcare cost trend rate	25,523,990	N/A
One percentage point higher than current trend rate	33,852,105	N/A

**OPEB Expense and Deferred Inflows/Outflows of Resources Related to OPEB**

For the year ended September 30, 2020, the City recognized OPEB expense of \$1,949,341 and \$1,091,707 for the City OPEB Plan and the Retiree Benefit Fund, respectively. At September 30, 2020, the City reported deferred inflows/outflows of resources related to the City OPEB Plan and the Retiree Benefit Fund from the following sources:

<b>City OPEB Plan</b>	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>
Changes in assumptions and other inputs	\$ 415,229	\$ 7,430,780
<b>Retiree Benefit Fund</b>		
Differences between projected and actual experience	\$ -	\$ 204,744
Net difference between projected and actual earnings	-	361,499
Changes in assumptions and other inputs	-	246,851
<b>Total</b>	<u>\$ -</u>	<u>\$ 813,094</u>

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

**13. Other Postemployment Benefits (OPEB) (Continued)**

**OPEB Expense and Deferred Inflows/Outflows of Resources Related to OPEB (Continued)**

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

<b>Year Ending September 30,</b>	<b>City OPEB Plan</b>	<b>Retiree Benefit Fund</b>
2021	\$ 939,020	\$ 224,474
2022	939,020	253,604
2023	939,020	212,245
2024	1,042,827	85,163
2025	1,068,779	37,608
Thereafter	2,086,885	-

**14. 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 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 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 maximum loss fund of \$1,950,000 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 United Healthcare 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, 2020, charges of \$15,112,539 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 \$7,403,977 (\$2,208,977 current and \$5,195,000 noncurrent) at September 30, 2020, which is an increase of approximately \$775,000 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.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

**14. Risk Management (Continued)**

The following summarizes the claims liability activity for the current and prior year:

Balance at September 30, 2018	\$ 6,119,308
Claims incurred	11,515,135
Claims paid	<u>(11,005,785)</u>
Balance at September 30, 2019	6,628,658
Claims incurred	12,049,204
Claims paid	<u>(11,273,885)</u>
Balance at September 30, 2020	<u><u>\$ 7,403,977</u></u>

The claims liability at September 30, 2020 and 2019, is summarized as follows:

	<u>2020</u>	<u>2019</u>
Current	\$ 2,208,977	\$ 2,186,658
Noncurrent	5,195,000	4,442,000
	<u>\$ 7,403,977</u>	<u>\$ 6,628,658</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. Chapter 2010-26, Laws of Florida, established the limits of sovereign immunity at \$200,000 per claim and \$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.

**15. Related Party Transactions**

The CRA is a component unit of the City of Delray Beach, Florida. For the year ended September 30, 2020, the CRA's tax increment revenues include \$13,841,783 received from the City. CRA expenditures for the year ended September 30, 2020, include charges of \$3,184,451 for contractual services provided by the City to the CRA in connection with various administrative and redevelopment activities, \$11,013,116 for construction services related to redevelopment projects, and \$905,000 for sponsorship of City tennis tournaments. The CRA also received approximately \$47,000 in reimbursements from the City for various projects.

At September 30, 2020, the City had a receivable from the CRA of \$1,070,074 for various administrative services and notes receivable from the CRA of \$1,445,676 (see Note 5 - Notes Receivable and Note 11 - Noncurrent Liabilities). The CRA contracts with the City for various administrative services each fiscal year and budgeted approximately \$3.6 million for those services for the year ending September 30, 2021.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

**16. Commitments and Contingencies**

**Contract Commitments**

The City has various long-term contractual obligations for construction projects on which work has not been completed. The remaining commitments on these obligations at September 30, 2020, were as follows:

Capital Projects Funds	\$ 16,528,631
Water and Sewer Fund	3,635,112
Stormwater Fund	689,788
Community Redevelopment Agency Fund	347,710
	<hr/>
Total Contract Commitments	\$ 21,201,241

Payments from the Water and Sewer Fund and Stormwater 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.

**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.

**Coronavirus Pandemic**

During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of the coronavirus (COVID-19). The pandemic significantly affected economic conditions in the U.S. as federal, state and local governments reacted to the public health crisis by ordering the temporary closures of schools, public facilities and non-essential businesses and organizations, and imposing travel restrictions. To date, certain revenues of the City, such as sales taxes, gas taxes and program fees, have been negatively impacted by the decline in economic activity, although the City has made corresponding budget adjustments. The duration of the business and economic disruptions, and the long-term impact on the City's revenues and services cannot presently be determined. It is at least reasonably possible that the effects of the pandemic on the City could be material in future periods.

**Blended Component Unit – Delray Beach Community Redevelopment Agency**

CRA Contract Commitments: The CRA has entered into an interlocal agreement with the City of Delray Beach to provide funding for certain construction projects and related professional services totaling \$9,825,000 for the year ending September 30, 2021.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

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

**Blended Component Unit – Delray Beach Community Redevelopment Agency (Continued)**

CRA Lease Commitments: The CRA had the following lease commitments as lessor at September 30, 2020:

*Delray Beach Housing Group, Inc.* - On September 11, 2011 the CRA entered into a ground lease and property management agreement with the Delray Beach Housing Group, Inc. (a Florida not-for-profit organization) 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 ground lease and property management agreement with the CLT on September 22, 2011 for the Palm Manor apartments and on June 27, 2013 for the SW 12<sup>th</sup> Avenue Duplexes. Each agreement provides for an annual rental payment to the CRA of \$1 and that the lessees will pay all taxes, fees, assessments, utilities, insurance and other charges incurred by the CRA for the properties. The term of each agreement is for five years with one renewal option for an additional five year period. The original three leases were renewed through September 22, 2021 and the SW 12<sup>th</sup> Avenue Duplexes lease was renewed through June 27, 2023. The properties were purchased by the CRA to provide affordable housing for City residents and had a total carrying value of approximately \$4,681,000 at September 30, 2020.

*Prime Delray Hotel, LLC* - On April 2, 2012, the CRA entered into a Ground 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. Rental income was approximately \$53,000 for the year ended September 30, 2020. 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, 2020 was approximately \$2,420,000.

*Hatcher Construction & Development, Inc.* - On July 18, 2019, the CRA entered into a Ground Lease Agreement with Hatcher Construction & Development, Inc. (“Hatcher”) for a 40 year term. Hatcher intends to develop the property, occupy 2,000 square feet, and utilize the remaining 4,000 square feet as rental space. The lease agreement provides for an annual base rent of \$1 for years 1 through 5, \$26,000 per year for years 6-10, \$39,000 for year 11, with the base rent increasing annually by 2.5% for years 12 through 15, and \$52,000 for year 16, increasing annually by 2.5% through year 40. Hatcher may purchase the property for \$200,000 during the first seven years. On the eighth anniversary of the agreement the purchase price increases to \$650,000. The first amendment to the agreement executed in November 2020 extends the site analysis period to July 18, 2021, during which time Hatcher may ascertain whether the property is acceptable and obtain all necessary approvals, permits and licenses for development of the property in substantial conformance with the conceptual plan. If the property is determined to be unacceptable, Hatcher can provide a written termination notice and neither party shall have any further rights or obligations. The carrying value of the property at September 30, 2020 was approximately \$365,000.

The CRA also has lease commitments with other entities for properties in the economic development area. The lease terms on these properties vary from one year to three year terms and expire at various dates through January 2021 with monthly base rent totaling approximately \$5,000. The carrying value of these leased properties at September 30, 2020 is approximately \$2,530,000.

The total carrying value of the CRA’s leased properties was approximately \$10 million at September 30, 2020. Depreciation expense is not recorded on the redevelopment properties that are currently held for sale. All the leased properties were held for sale at September 30, 2020, except for the property leased to the Delray Beach Housing Group.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

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

**Blended Component Unit – Delray Beach Community Redevelopment Agency (Continued)**

Rental income for all leased properties for 2020 totaled \$363,565. Future annual minimum rental income for the CRA properties is as follows: 2021 - \$46,283; 2022 - \$13,485; 2023 - \$14,294; 2024 - \$21,653; 2025 - \$37,729; thereafter - \$1,731,068.

Loan Commitment: On September 9, 2020, the CRA entered into an agreement to loan the Delray Beach Community Land Trust, Inc. \$2,454,350 for the development and disposition of properties in the SW Neighborhood for a workforce housing project known as Corey Isle. The project includes construction of ten single family homes. The loan is secured by mortgages encumbering the properties. Completed homes, evidenced by a certificate of occupancy issued to the borrower by the City of Delray Beach, can be released from the mortgage upon payment of a release price in the amount of \$215,163 for a one story single family house and \$272,961 for a two story single family house. The release price will be applied to pay down the outstanding principal of the construction loan. The release price is due at closing on each of the ten single family homes with any remaining outstanding principal due with the sale of the final home.

Tax Increment Incentive Agreements: The CRA reimbursed \$195,555 to qualified private for-profit organizations under the CRA's Development Infrastructure Assistance Program, pursuant to State statutory authority for public-private partnerships to rehabilitate and develop properties within a Community Redevelopment Area. The Development Infrastructure Assistance Program is a CRA incentive program in which the CRA reimburses 50% of the costs of eligible site improvements for an eligible commercial project, up to an amount not to exceed 50% of the projected Tax Increment Funds generated by the improvements over a 5 year period following project completion. The projects must be located in CRA Sub-Areas #3, #4, #5, #6, #7, or #8 and the final incentive agreement must be approved by the CRA Board.

The following tax increment incentive agreements were in effect as of September 30, 2020:

*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 50% of the actual tax increment revenues attributed to the project for any such year. Payments of \$66,470 were made each year under the grant for the years ended September 30, 2017 through 2020. At September 30, 2020, the outstanding amount under this grant agreement was \$66,469.

*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 1<sup>st</sup> of each year. Payments of \$43,162 were made each year under the grant for the years ended September 30, 2014 through 2020. At September 30, 2020, the outstanding amount under this grant agreement was \$129,485.

Contracts for Sale of Properties: At September 30, 2020, the CRA entered into contracts for the sale of properties with total sales prices of \$3,520 and total carrying values of \$8,078,798.

City of Delray Beach, Florida

Notes to Financial Statements

September 30, 2020

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

**Blended Component Unit – Delray Beach Community Redevelopment Agency (Continued)**

Job Creation Bonus Program Grant: A Job Creation Bonus Program grant was awarded to International Materials, Inc. for relocation of thirty-six program incentive eligible employment positions to the CRA’s area with eight of the relocated employment positions eligible for the Delray-based local hiring bonus. Grant funds to be paid by the CRA will not exceed \$75,000 and will be disbursed in two payments of \$37,500 each. The first payment will be made within 90 days after the jobs have been relocated and are in place in the CRA’s area, job verification documents are provided to the CRA and a site visit by CRA staff has been conducted. The second payment will be made twelve months following the initial payment in the same manner after the relocated jobs have been maintained within the CRA’s area, the job verification documents are provided to the CRA and a site visit by CRA staff has been conducted. The relocated jobs must be maintained and located in the CRA’s area for a period of two years from the date of relocation.

Grant Funding Commitments: The CRA also entered into agreements with the following organizations to provide funding for their operations during the year ending September 30, 2021:

City of Delray Beach – International Tennis Championships	\$	905,000
City of Delray Beach – Information Technology Services		110,000
Treasure Coast Regional Planning Council – Public Outreach CRA Plan		64,500
Delray Beach Community Land Trust, Inc.		229,615
Delray Beach Public Library Association, Inc.		443,000
EPOCH, Inc.		106,000
Delray Beach Historical Society		75,000
Old School Square Center for the Arts		750,000
Delray Beach Creative City Collaborative, Inc.		275,000
Delray Beach Chamber of Commerce		<u>40,000</u>
Total grant commitments	\$	<u>2,998,115</u>

**17. Expenditures in Excess of Appropriations**

The City’s expenditures exceeded appropriations by \$55,158 for the City Manager and \$318,324 for the Parks and Recreation departments for the year ended September 30, 2020. For the CRA, expenditures exceeded appropriations by \$82,668 for the General Government cost center.

## Required Supplementary Information



CITY OF DELRAY BEACH, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 For the Fiscal Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 83,719,501	\$ 82,908,000	\$ 83,506,121	\$ 598,121
Fees and permits	14,004,500	12,554,364	12,942,583	388,219
Intergovernmental	8,452,227	10,361,967	9,194,630	(1,167,337)
Charges for services	15,491,443	13,363,907	13,269,356	(94,551)
Fines and forfeitures	1,963,000	1,238,219	1,068,002	(170,217)
Miscellaneous	11,158,621	10,911,956	10,955,857	43,901
Transfers in	4,071,209	4,071,209	3,742,226	(328,983)
Prior year surplus	1,034,959	4,961,960	-	(4,961,960)
Total Revenues	<u>139,895,460</u>	<u>140,371,582</u>	<u>134,678,775</u>	<u>(5,692,807)</u>
<b>EXPENDITURES</b>				
General government				
City commission	454,173	335,952	313,043	22,909
City manager	1,375,385	1,416,610	1,471,768	(55,158)
Economic development	643,537	425,275	176,164	249,111
Human resources	969,403	911,486	905,020	6,466
City clerk	819,301	671,159	586,856	84,303
Finance	2,506,203	2,151,788	1,968,850	182,938
Information technology	5,217,213	4,825,686	4,087,534	738,152
City attorney	1,428,460	1,360,053	1,239,915	120,138
Purchasing	809,094	737,762	631,838	105,924
Nondepartmental	2,156,647	2,524,560	1,807,805	716,755
Transfers to component units	13,869,598	13,841,783	13,841,783	-
Public safety				
Police	38,257,150	37,905,353	37,264,125	641,228
Fire	34,042,300	34,964,661	34,581,906	382,755
Development services	4,803,865	4,642,028	4,091,176	550,852
Neighborhood & community services	3,248,669	3,023,027	2,550,804	472,223
Physical environment				
Public works	11,299,096	10,247,587	9,013,887	1,233,700
Parks and recreation	12,668,197	13,749,643	14,067,967	(318,324)
Debt service	387,566	387,566	157,812	229,754
Transfers out	4,939,603	6,249,603	6,249,603	-
Total Expenditures	<u>139,895,460</u>	<u>140,371,582</u>	<u>135,007,856</u>	<u>5,363,726</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(329,081)</u>	<u>\$ (329,081)</u>
Fund balance - October 1, 2019			45,532,491	
Difference between GAAP and budgetary basis			(190,227)	
Fund balance - September 30, 2020			<u>\$ 45,013,183</u>	

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

CITY OF DELRAY BEACH, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 NEIGHBORHOOD SERVICES FUND  
 For the Fiscal Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 609,788	\$ 1,430,764	\$ 705,557	\$ (725,207)
Miscellaneous	123,397	1,579,492	367,289	(1,212,203)
Transfers in	195,506	195,506	195,506	-
Total Revenues	<u>928,691</u>	<u>3,205,762</u>	<u>1,268,352</u>	<u>(1,937,410)</u>
<b>EXPENDITURES</b>				
General government				
Personal services	427,369	427,369	388,595	38,774
Operating	380,106	2,424,281	598,463	1,825,818
Grants and aid	-	262,555	144,161	118,394
Contingency	69,010	83,731	-	83,731
SHIP	52,206	164,677	159,653	5,024
Total Expenditures	<u>928,691</u>	<u>3,362,613</u>	<u>1,290,872</u>	<u>2,071,741</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (156,851)</u>	<u>(22,520)</u>	<u>\$ 134,331</u>
Fund balance - October 1, 2019			1,634,823	
Fund balance - September 30, 2020			<u>\$ 1,612,303</u>	

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

CITY OF DELRAY BEACH, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE  
 COMMUNITY REDEVELOPMENT AGENCY FUND  
 For the Fiscal Year Ended September 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Tax increment revenue				
City of Delray Beach	\$ 14,032,619	\$ 13,841,783	\$ 13,841,783	\$ -
Palm Beach County	9,923,972	9,926,721	9,926,721	-
Total Tax Increment Revenue	<u>23,956,591</u>	<u>23,768,504</u>	<u>23,768,504</u>	<u>-</u>
Charges for services				
Green Market	55,000	31,230	31,080	(150)
Arts Warehouse	148,000	121,248	94,026	(27,222)
Total Charges for Services	<u>203,000</u>	<u>152,478</u>	<u>125,106</u>	<u>(27,372)</u>
Miscellaneous revenue				
Reimbursements from City of Delray Beach	-	47,120	47,120	-
Other reimbursements	-	42,467	42,211	(256)
Rental income	234,593	262,076	251,918	(10,158)
Interest and other income	47,000	51,627	52,327	700
Total Miscellaneous Revenue	<u>281,593</u>	<u>403,290</u>	<u>393,576</u>	<u>(9,714)</u>
Total Revenues	<u>24,441,184</u>	<u>24,324,272</u>	<u>24,287,186</u>	<u>(37,086)</u>
<b>OTHER FINANCING SOURCES</b>				
General Fund carryforward fund balance	17,692,033	-	-	-
Proceeds from the sale of capital assets	750,000	2,000	2,000	-
Total Other Financing Sources	<u>18,442,033</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Total Revenues and Other Financing Sources	<u>42,883,217</u>	<u>24,326,272</u>	<u>24,289,186</u>	<u>(37,086)</u>
<b>EXPENDITURES</b>				
General government				
Personnel	1,499,500	1,119,062	1,216,201	(97,139)
Supplies and materials	18,500	11,586	11,574	12
Office space	188,000	40,443	40,443	-
Administration/Operations	741,600	565,498	551,039	14,459
Equipment, property and maintenance	54,000	45,554	45,554	-
Total General Government	<u>2,501,600</u>	<u>1,782,143</u>	<u>1,864,811</u>	<u>(82,668)</u>
Economic development				
Areawide and Neighborhood Plans	23,629,593	12,658,576	12,565,389	93,187
Redevelopment Projects	7,856,195	1,159,469	1,114,529	44,940
Community Improvement and Economic Development	7,209,608	6,365,180	6,371,269	(6,089)
Total Economic Development	<u>38,695,396</u>	<u>20,183,225</u>	<u>20,051,187</u>	<u>132,038</u>
Debt service				
Principal and interest	1,686,221	1,686,221	1,686,221	-
Total Expenditures	<u>42,883,217</u>	<u>23,651,589</u>	<u>23,602,219</u>	<u>49,370</u>
Excess of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ 674,683</u>	<u>686,967</u>	<u>\$ 12,284</u>
Fund balance - October 1, 2019			22,295,760	
Difference between GAAP and budgetary basis			361,419	
Fund balance - September 30, 2020			<u>\$ 23,344,146</u>	

City of Delray Beach, Florida  
Notes to Budgetary Comparison Schedules  
September 30, 2020

**1. Budgetary Accounting**

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 and Neighborhood Services Fund, a major special revenue fund. The Board of Commissioners of the Delray Beach Community Redevelopment Agency (CRA) adopts an annual operating budget for the CRA that generally follows the same process as the City. The budget procedures are 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.
- ❖ Prior to September 1, the CRA Executive Director submits to the CRA Board of Commissioners 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 by the City and the CRA 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 for the City and the CRA 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.
- ❖ Changes or amendments to the CRA's budget for individual cost centers and in total must be approved by the Board of Commissioners; however, changes within CRA projects which do not affect the total cost center expenditures may be approved at the administrative level by the CRA Executive Director. Accordingly, the legal level of control is at the CRA cost center level.

The legally adopted appropriated budgets for the City are on the same modified-accrual basis used to reflect revenues and expenditures, except that for budgetary purposes, current year encumbrances and transfers out are treated as expenditures, transfers in are treated as revenues, 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 General Fund and Neighborhood Services Fund budget amendments increasing budgeted appropriations by \$476,122 and \$2,433,922, respectively, during the year ended September 30, 2020.

The CRA's adopted budget is also prepared on the same modified accrual basis used to reflect revenues and expenditures, except that non-cash exchange transactions are not budgeted and loans to various entities are recorded as expenditures. The CRA Governing Board approved budget amendments decreasing budgeted appropriations by \$19,231,628, during the year ended September 30, 2020.

**2. Budget and Actual Comparisons**

The budgetary comparison schedules are prepared on the basis of accounting used in preparing the appropriated budget. As indicated in Note 1, current year encumbrances and transfers are treated as expenditures for budgetary purposes and City 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 and major Special Revenue Funds revenues and expenditures reported in the budgetary comparison schedules differ from the revenues and expenditures reported on the basis of GAAP.

City of Delray Beach, Florida  
Notes to Budgetary Comparison Schedules  
September 30, 2020

**2. Budget and Actual Comparisons (Continued)**

The budget to actual differences of the City's General Fund and Neighborhood Service Fund and the CRA can be reconciled as follows:

	<b>Revenues</b>	<b>Expenditures</b>
<b>General Fund</b>		
Transfers	\$ 3,742,226	\$ 6,249,603
On-behalf payments for pension benefits	(1,977,400)	(1,977,400)
Proceeds from the sale of capital assets	870	-
Encumbrances	-	640,093
Prior year encumbrances paid in current year	-	(830,320)
Net differences - GAAP and budgetary basis	1,765,696	4,081,976
GAAP basis	132,913,079	130,925,880
Budgetary basis	\$ 134,678,775	\$ 135,007,856
 <b>Neighborhood Services Fund</b>		
Transfers	\$ 195,506	\$ -
GAAP basis	1,072,846	1,290,872
Budgetary basis	\$ 1,268,352	\$ 1,290,872
 <b>Community Redevelopment Agency Fund</b>		
Proceeds from the sale of capital assets	\$ 2,000	\$ -
Principal paid on CRA note payable to the City	-	361,419
GAAP basis	24,287,186	23,240,800
Budgetary basis	\$ 24,289,186	\$ 23,602,219

City of Delray Beach, Florida

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

Last Seven Fiscal Years

	Fiscal Year	
	2020	2019
<b>Total Pension Liability</b>		
Service cost	\$ 2,825,262	\$ 2,741,412
Interest	9,387,643	9,169,248
Changes of benefit terms	-	-
Differences between expected and actual experience	1,621,500	1,452,111
Changes of assumptions	(2,628,018)	7,018,332
Benefit payments, including refunds	(7,918,158)	(7,804,145)
Net change in total pension liability	3,288,229	12,576,958
Total pension liability, beginning of fiscal year	140,210,004	127,633,046
<b>Total pension liability, end of fiscal year (a)</b>	<b>\$ 143,498,233</b>	<b>\$ 140,210,004</b>
<b>Plan Fiduciary Net Position</b>		
Contributions		
Employer	\$ 2,866,796	\$ 2,360,582
Plan members	1,098,892	1,206,890
Net investment income	11,601,492	3,620,514
Other income	-	-
Benefit payments, including refunds	(7,918,158)	(7,804,145)
Administrative expense	(121,470)	(172,197)
Net change in plan fiduciary net position	7,527,552	(788,356)
Plan fiduciary net position, beginning of fiscal year	132,929,736	133,718,092
<b>Plan fiduciary net position, end of fiscal year (b)</b>	<b>\$ 140,457,288</b>	<b>\$ 132,929,736</b>
<b>Net Pension Liability (Asset), end of fiscal year [(a)-(b)]</b>	<b>\$ 3,040,945</b>	<b>\$ 7,280,268</b>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	97.9%	94.8%
Covered Payroll	\$ 20,997,013	\$ 20,025,730
Net Pension Liability (Asset) as a Percentage of Covered Payroll	14.5 %	36.4 %

**Note to Schedule:**

Information prior to adoption of GASB Statement No. 68 in fiscal year 2014 is not available.

<b>Fiscal Year</b>				
<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 2,493,225	\$ 2,119,345	\$ 2,192,881	\$ 2,203,317	\$ 2,249,595
8,777,037	8,375,249	8,161,229	7,791,771	7,502,443
-	-	522,720	-	-
1,447,270	(821,344)	(1,097,920)	1,375,784	-
-	2,634,532	-	-	-
<u>(7,307,689)</u>	<u>(6,971,817)</u>	<u>(6,535,065)</u>	<u>(5,993,746)</u>	<u>(5,436,303)</u>
5,409,843	5,335,965	3,243,845	5,377,126	4,315,735
122,223,203	116,887,238	113,643,393	108,266,267	103,950,532
<b><u>\$ 127,633,046</u></b>	<b><u>\$ 122,223,203</u></b>	<b><u>\$ 116,887,238</u></b>	<b><u>\$ 113,643,393</u></b>	<b><u>\$ 108,266,267</u></b>
\$ 2,151,438	\$ 1,969,163	\$ 2,046,827	\$ 2,178,705	\$ 2,084,010
799,106	717,598	618,705	948,466	1,126,054
13,197,102	14,474,141	10,986,275	438,253	12,191,062
-	-	18,858	7,008	5,387
(7,307,689)	(6,971,817)	(6,535,065)	(5,993,746)	(5,436,303)
<u>(73,250)</u>	<u>(77,550)</u>	<u>(82,336)</u>	<u>(73,705)</u>	<u>(79,025)</u>
8,766,707	10,111,535	7,053,264	(2,495,019)	9,891,185
124,951,385	114,839,850	107,786,586	110,281,605	100,390,420
<b><u>\$ 133,718,092</u></b>	<b><u>\$ 124,951,385</u></b>	<b><u>\$ 114,839,850</u></b>	<b><u>\$ 107,786,586</u></b>	<b><u>\$ 110,281,605</u></b>
<b><u>\$ (6,085,046)</u></b>	<b><u>\$ (2,728,182)</u></b>	<b><u>\$ 2,047,388</u></b>	<b><u>\$ 5,856,807</u></b>	<b><u>\$ (2,015,338)</u></b>
<u>104.8%</u>	<u>102.2%</u>	<u>98.2%</u>	<u>94.8%</u>	<u>101.9%</u>
<b><u>\$ 18,060,007</u></b>	<b><u>\$ 15,449,062</u></b>	<b><u>\$ 15,371,826</u></b>	<b><u>\$ 15,895,095</u></b>	<b><u>\$ 16,527,919</u></b>
<u>(33.7)%</u>	<u>(17.7)%</u>	<u>13.3 %</u>	<u>36.8 %</u>	<u>(12.2)%</u>

City of Delray Beach, Florida

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

Last Seven Fiscal Years

	Fiscal Year	
	2020	2019
<b>Total Pension Liability - Note 1</b>		
Service cost	\$ 3,026,742	\$ 2,660,367
Interest	10,830,624	10,337,194
Changes in excess State contributions	-	-
Changes of benefit terms	-	-
Differences between expected and actual experience	4,485,655	2,465,331
Contributions - buyback	-	-
Changes of assumptions	816,626	4,575,940
Benefit payments, including refunds	(8,625,165)	(7,902,822)
Net change in total pension liability	10,534,482	12,136,010
Total pension liability, beginning of fiscal year	156,009,037	143,873,027
<b>Total pension liability, end of fiscal year (a)</b>	<b>\$ 166,543,519</b>	<b>\$ 156,009,037</b>
<b>Plan Fiduciary Net Position - Note 1</b>		
Contributions		
Employer	\$ 6,917,364	\$ 6,247,516
State	868,062	835,929
Plan members	1,196,828	1,160,807
Net investment income (loss)	8,707,580	4,296,676
Other income	-	-
Equity allocation from Legacy Pension Fund	-	-
Benefit payments, including refunds	(8,625,165)	(7,902,822)
Administrative expense	(143,795)	(181,670)
Other	-	-
Net change in plan fiduciary net position	8,920,874	4,456,436
Plan fiduciary net position, beginning of fiscal year	98,566,550	94,110,114
<b>Plan fiduciary net position, end of fiscal year (b)</b>	<b>\$ 107,487,424</b>	<b>\$ 98,566,550</b>
<b>Net Pension Liability, end of fiscal year [(a)-(b)]</b>	<b>\$ 59,056,095</b>	<b>\$ 57,442,487</b>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	64.5%	63.2%
Covered Payroll	\$ 12,084,406	\$ 12,078,834
Net Pension Liability as a Percentage of Covered Payroll	488.7%	475.6%



<b>Fiscal Year</b>				
<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 2,250,201	\$ 2,257,858	\$ 4,161,533	\$ 4,116,670	\$ 4,215,639
10,150,990	9,439,367	16,394,667	19,332,804	16,854,289
-	-	(1,741,230)	659,168	1,406,983
-	-	(1,121,765)	(347,798)	-
(1,504,488)	4,431,186	1,568,118	(2,020,566)	-
-	-	32,218	34,696	128,140
12,110,938	-	7,407,717	-	-
(7,543,572)	(6,907,367)	(13,532,591)	(13,282,705)	(12,180,870)
15,464,069	9,221,044	13,168,667	8,492,269	10,424,181
128,408,958	119,187,914	238,707,736	230,215,467	219,791,286
<b>\$ 143,873,027</b>	<b>\$ 128,408,958</b>	<b>\$ 251,876,403</b>	<b>\$ 238,707,736</b>	<b>\$ 230,215,467</b>
\$ 5,113,912	\$ 5,162,290	\$ 10,789,457	\$ 10,837,369	\$ 9,057,075
786,320	742,419	1,909,358	1,896,237	1,951,084
1,126,780	924,337	1,806,021	1,634,828	1,594,712
6,880,290	8,943,920	13,455,717	(1,922,565)	14,082,413
-	-	150,647	22,903	-
-	79,306,442	-	-	-
(7,543,572)	(6,907,367)	(13,532,591)	(13,282,705)	(12,180,870)
(108,929)	(156,400)	(245,221)	(231,434)	(232,362)
-	(160,328)	-	-	-
6,254,801	87,855,313	14,333,388	(1,045,367)	14,272,052
87,855,313	-	153,260,618	154,305,985	140,033,933
<b>\$ 94,110,114</b>	<b>\$ 87,855,313</b>	<b>\$ 167,594,006</b>	<b>\$ 153,260,618</b>	<b>\$ 154,305,985</b>
<b>\$ 49,762,913</b>	<b>\$ 40,553,645</b>	<b>\$ 84,282,397</b>	<b>\$ 85,447,118</b>	<b>\$ 75,909,482</b>
65.4%	68.4%	66.5%	64.2%	67.0%
<b>\$ 11,125,424</b>	<b>\$ 10,738,126</b>	<b>\$ 19,643,308</b>	<b>\$ 18,107,436</b>	<b>\$ 16,474,658</b>
447.3%	377.7%	429.1%	471.9%	460.8%

City of Delray Beach, Florida

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

Last Seven Fiscal Years

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**Notes to Schedule:**

Information prior to adoption of GASB Statement No. 68 in fiscal year 2014 is not available.

**Note 1 - Change in Reporting Entity**

Prior to 2017, the Police Officers' and Firefighters' Retirement Systems were operated as a single plan covering both employee groups. The City adopted Ordinance No. 17-16 effective October 1, 2016, that established a separate pension plan for police officers and a separate pension plan for firefighters. Information for 2016 and prior years is for the combined pension plan, referred to as the Legacy Pension Fund.

**Note 2 - 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.
  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 68.75% 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.

Upon adoption of Ordinance No. 17-16, effective for the September 30, 2016 measurement date, the following changes were effective for the Police Officers' Retirement System:

- A. All Chapter 185 tax monies up to \$606,595 will be used to offset the City's pension contribution for Police Officers.
- B. Accumulated excess 185 monies totaling approximately \$2.4 million were used to pay down the unfunded actuarial accrued liability for Police officers.

City of Delray Beach, Florida

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

Last Seven Fiscal Years

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**Notes to Schedule (Continued):**

**Note 3 - Changes of assumptions**

1. Effective October 1, 2017, the discount rate was lowered from 8.0% to 7.25%. The mortality assumption for active members prior to retirement was revised in accordance with a revision to the active member pre-retirement mortality assumption used by the Florida Retirement System (FRS) in their July 1, 2016 actuarial valuation.
2. Effective October 1, 2018, the discount rate was lowered from 7.25% to 7.00%.
3. Effective October 1, 2019, the discount rate was lowered from 7.0% to 6.75%. The rate of salary increase was increased from 5.0% - 6.25% to 5.25% - 6.75%. The mortality assumption was revised in accordance with the assumption used by FRS. Rates of retirement for employees hired after October 4, 2016 were added to be 20% of those members age 55+ with 10 - 24 years of service and 100% of members with 25+ years of service. Rates of termination were changed from 0% - 12% based on age to 1.0% - 6.5% based on years of service and/or age.

City of Delray Beach, Florida

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

Last Seven Fiscal Years

	Fiscal Year	
	2020	2019
<b>Total Pension Liability - Note 1</b>		
Service cost	\$ 3,280,458	\$ 2,996,276
Interest	11,839,347	11,298,073
Changes in excess State contributions	-	-
Changes of benefit terms	19,308	-
Differences between expected and actual experience	698,989	2,794,151
Contributions - buyback	-	-
Changes of assumptions	(742,942)	4,579,534
Benefit payments, including refunds	(8,814,766)	(8,493,594)
Net change in total pension liability	6,280,394	13,174,440
Total pension liability, beginning of fiscal year	170,260,456	157,086,016
<b>Total pension liability, end of fiscal year (a)</b>	<b>\$ 176,540,850</b>	<b>\$ 170,260,456</b>
<b>Plan Fiduciary Net Position - Note 1</b>		
Contributions		
Employer	\$ 6,941,701	\$ 6,452,812
State	1,109,338	1,129,759
Plan members	1,119,504	1,044,994
Net investment income (loss)	9,497,240	4,761,288
Other income	-	-
Equity allocation from Legacy Pension Fund	-	-
Benefit payments, including refunds	(8,814,766)	(8,493,594)
Administrative expense	(142,338)	(160,131)
Other	-	-
Net change in plan fiduciary net position	9,710,679	4,735,128
Plan fiduciary net position, beginning of fiscal year	108,903,399	104,168,271
<b>Plan fiduciary net position, end of fiscal year (b)</b>	<b>\$ 118,614,078</b>	<b>\$ 108,903,399</b>
<b>Net Pension Liability, end of fiscal year [(a)-(b)]</b>	<b>\$ 57,926,772</b>	<b>\$ 61,357,057</b>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	67.2%	64.0%
Covered Payroll	\$ 12,193,590	\$ 11,003,736
Net Pension Liability as a Percentage of Covered Payroll	475.1%	557.6%

<b>Fiscal Year</b>				
<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 2,325,806	\$ 2,278,992	\$ 4,161,533	\$ 4,116,670	\$ 4,215,639
11,229,505	10,477,015	16,394,667	19,332,804	16,854,289
-	-	(1,741,230)	659,168	1,406,983
-	-	(1,121,765)	(347,798)	-
(2,478,601)	4,606,418	1,568,118	(2,020,566)	-
-	-	32,218	34,696	128,140
11,964,611	-	7,407,717	-	-
(7,996,621)	(8,009,598)	(13,532,591)	(13,282,705)	(12,180,870)
15,044,700	9,352,827	13,168,667	8,492,269	10,424,181
142,041,316	132,688,489	238,707,736	230,215,467	219,791,286
<b>\$ 157,086,016</b>	<b>\$ 142,041,316</b>	<b>\$ 251,876,403</b>	<b>\$ 238,707,736</b>	<b>\$ 230,215,467</b>
\$ 4,374,387	\$ 5,721,499	\$ 10,789,457	\$ 10,837,369	\$ 9,057,075
1,074,825	1,134,704	1,909,358	1,896,237	1,951,084
991,333	903,846	1,806,021	1,634,828	1,594,712
7,839,367	9,944,303	13,455,717	(1,922,565)	14,082,413
-	-	150,647	22,903	-
-	88,287,564	-	-	-
(7,996,621)	(8,009,598)	(13,532,591)	(13,282,705)	(12,180,870)
(111,297)	(146,369)	(245,221)	(231,434)	(232,362)
-	160,328	-	-	-
6,171,994	97,996,277	14,333,388	(1,045,367)	14,272,052
97,996,277	-	153,260,618	154,305,985	140,033,933
<b>\$ 104,168,271</b>	<b>\$ 97,996,277</b>	<b>\$ 167,594,006</b>	<b>\$ 153,260,618</b>	<b>\$ 154,305,985</b>
<b>\$ 52,917,745</b>	<b>\$ 44,045,039</b>	<b>\$ 84,282,397</b>	<b>\$ 85,447,118</b>	<b>\$ 75,909,482</b>
66.3%	69.0%	66.5%	64.2%	67.0%
<b>\$ 10,494,232</b>	<b>\$ 8,954,177</b>	<b>\$ 19,643,308</b>	<b>\$ 18,107,436</b>	<b>\$ 16,474,658</b>
504.3%	491.9%	429.1%	471.9%	460.8%

City of Delray Beach, Florida

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

Last Seven Fiscal Years

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**Notes to Schedule:**

Information prior to adoption of GASB Statement No. 68 in fiscal year 2014 is not available.

**Note 1 - Change in Reporting Entity**

Prior to 2017, the Police Officers' and Firefighters' Retirement Systems were operated as a single plan covering both employee groups. The City adopted Ordinance No. 17-16 effective October 1, 2016, that established a separate pension plan for police officers and a separate pension plan for firefighters. Information for 2016 and prior years is for the combined pension plan, referred to as the Legacy Pension Fund.

**Note 2 - Changes of Benefit Terms**

Upon adoption of Ordinance No. 17-16, effective for the September 30, 2016 measurement date, the following changes were effective for the Firefighters' Retirement System:

- A. The multiplier for Firefighters without an enhanced multiplier increased from 2.5% to 3% and the maximum benefit was limited to \$100,000, increased 2% per year.
- B. Firefighters will contribute 9.0% of earnings to the Plan.
- C. All Chapter 175 monies up to \$1,206,994 will be used to offset the City's pension contribution for Firefighters.

**Note 3 - Changes of assumptions**

1. In addition to the changes related to the adoption of Ordinance No. 17-16, effective for the September 30, 2016 measurement date, the following actuarial change was effective for the Firefighters' Retirement System:
  - A. As mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed from the RP-2000 Generational Tables to the mortality tables for special risk employees used by the Florida Retirement System actuary in the July 1, 2015 actuarial valuation.
2. Effective October 1, 2017, the discount rate was lowered from 8.0% to 7.25%. The mortality assumption for active members prior to retirement was revised in accordance with a revision to the active member pre-retirement mortality assumption used by the Florida Retirement System (FRS) in their July 1, 2016 actuarial valuation.
3. Effective October 1, 2018, the discount rate was lowered from 7.25% to 7.0%.
4. Effective October 1, 2019, the discount rate was lowered from 7.0% to 6.75%. The rate of salary increase was changed from 5.0% - 6.25% to 4.5% - 8.25%. The mortality assumption was revised in accordance with the assumption used by FRS. The benefit provisions were changed in compliance with Florida Statutes Chapter 112.1816 to provide that firefighters diagnosed with certain cancers are presumed to have contracted those cancers while in the line of duty for purposes of determining disability and death benefits. In conjunction with the benefit changes, the proportion of firefighter disabilities and pre-retirement deaths that are assumed to be service connected (versus non-service connected) was increased from 75% to 85%. Rates of retirement for employees hired after October 4, 2016 were added to be 20% of those members age 55+ with 10 - 24 years of service and 100% of members with 25+ years of service. Rates of termination were changed from 0% - 12% based on age to 1.0% - 6.5% based on years of service and/or age.

City of Delray Beach, Florida

Required Supplementary Information - Pension Funds  
Schedules of Net Pension Liability (Asset)

Last Seven Fiscal Years

<b>General Employees' Pension Plan</b>						
Fiscal Year Ended September 30,	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)	Plan Net Position as a Percentage of Total Pension Liability	Covered Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll
2020	\$ 143,498,233	\$ 140,457,288	3,040,945	97.9%	\$ 20,997,013	14.5 %
2019	140,210,004	132,929,736	7,280,268	94.8%	20,025,730	36.4 %
2018	127,633,046	133,718,092	(6,085,046)	104.8%	18,060,007	(33.7)%
2017	122,223,203	124,951,385	(2,728,182)	102.2%	15,449,062	(17.7)%
2016	116,887,238	114,839,850	2,047,388	98.2%	15,371,826	13.3 %
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)%

<b>Police Officers' Retirement System</b>						
Fiscal Year Ended September 30, (Note 1)	Total Pension Liability	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
2020	\$ 166,543,519	\$ 107,487,424	\$ 59,056,095	64.5%	\$ 12,084,406	488.7 %
2019	156,009,037	98,566,550	57,442,487	63.2%	12,078,834	475.6 %
2018	143,873,027	94,110,114	49,762,913	65.4%	11,125,424	447.3 %
2017	128,408,958	87,855,313	40,553,645	68.4%	10,738,126	377.7 %
2016	251,876,403	167,594,006	84,282,397	66.5%	19,643,308	429.1 %
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 %

<b>Firefighters' Retirement System</b>						
Fiscal Year Ended September 30, (Note 1)	Total Pension Liability	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
2020	\$ 176,540,850	\$ 118,614,078	\$ 57,926,772	67.2%	\$ 12,193,590	475.1 %
2019	170,260,456	108,903,399	61,357,057	64.0%	11,003,736	557.6 %
2018	157,086,016	104,168,271	52,917,745	66.3%	10,494,232	504.3 %
2017	142,041,316	97,996,277	44,045,039	69.0%	8,954,177	491.9 %
2016	251,876,403	167,594,006	84,282,397	66.5%	19,643,308	429.1 %
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 adoption of GASB Statement No. 68 in fiscal year 2014 is not available.

**Note 1 - Change in Reporting Entity**

Prior to 2017, the Police Officers' and Firefighters' Retirement Systems were operated as a single plan covering both employee groups. The City adopted Ordinance No. 17-16 effective October 1, 2016, that established a separate pension plan for police officers and a separate pension plan for firefighters. Information for 2016 and prior years is for the combined pension plan.

City of Delray Beach, Florida  
Required Supplementary Information - Pension Funds  
Schedules of City Contributions  
Last Seven Fiscal Years

	Fiscal Year	
	2020	2019
<b>General Employees' Pension Plan</b>		
Actuarially determined contribution	\$ 2,866,796	\$ 2,360,582
Contributions in relation to actuarially determined contribution	2,866,796	2,360,582
Contribution deficiency (excess)	\$ -	\$ -
Covered payroll	\$ 20,997,013	\$ 20,025,730
Contributions as a percentage of covered payroll	13.7%	11.8%
<b>Police Officers' Retirement System <sup>(1)</sup></b>		
Actuarially determined contribution	\$ 7,523,959	\$ 6,854,111
Contributions in relation to actuarially determined contribution <sup>(2)</sup>	7,523,959	6,854,111
Contribution deficiency (excess)	\$ -	\$ -
Covered payroll	\$ 12,084,406	\$ 12,078,834
Contributions as a percentage of covered payroll	62.3%	56.7%
<b>Firefighters' Retirement System <sup>(1)</sup></b>		
Actuarially determined contribution	\$ 8,451,577	\$ 7,582,571
Contributions in relation to actuarially determined contribution <sup>(3)</sup>	8,051,039	7,582,571
Contribution deficiency (excess)	\$ 400,538	\$ -
Covered payroll	\$ 12,193,590	\$ 11,003,736
Contributions as a percentage of covered payroll	66.0%	68.9%

- (1) Prior to 2017, the Police Officers' and Firefighters' Retirement Systems were operated as a single plan covering both employee groups. The City adopted Ordinance No. 17-16 effective October 1, 2016, that established a separate pension plan for police officers and a separate pension plan for firefighters. Information for 2016 and prior years is for the combined pension plan, referred to as the Legacy Pension Fund.
- (2) Pension contributions for Police Officers for 2017 and later years are based on the City's contribution plus \$606,595 of the State contribution per City Ordinance No 17-16.
- (3) Pension contributions for Firefighters for 2017 and later years are based on the City's contribution plus up to \$1,206,994 of the State contribution per City Ordinance No 17-16.



<b>Fiscal Year</b>				
<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 2,151,438	\$ 1,969,163	\$ 2,046,827	\$ 2,178,705	\$ 2,084,010
<u>2,151,438</u>	<u>1,969,163</u>	<u>2,046,827</u>	<u>2,178,705</u>	<u>2,084,010</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 18,060,007</u>	<u>\$ 15,449,062</u>	<u>\$ 15,371,826</u>	<u>\$ 15,895,095</u>	<u>\$ 16,527,919</u>
<u>11.9%</u>	<u>12.7%</u>	<u>13.3%</u>	<u>13.7%</u>	<u>12.6%</u>
\$ 5,985,879	\$ 5,503,513	\$ 11,294,379	\$ 11,293,235	\$ 9,209,334
<u>5,720,507</u>	<u>5,904,709</u>	<u>11,294,379</u>	<u>11,342,291</u>	<u>9,561,997</u>
<u>\$ 265,372</u>	<u>\$ (401,196)</u>	<u>\$ -</u>	<u>\$ (49,056)</u>	<u>\$ (352,663)</u>
<u>\$ 11,125,424</u>	<u>\$ 10,738,126</u>	<u>\$ 19,643,308</u>	<u>\$ 18,107,436</u>	<u>\$ 16,474,658</u>
<u>51.4%</u>	<u>55.0%</u>	<u>57.5%</u>	<u>62.6%</u>	<u>58.0%</u>
\$ 6,538,017	\$ 5,332,347	\$ 11,294,379	\$ 11,293,235	\$ 9,209,334
<u>5,449,212</u>	<u>6,856,203</u>	<u>11,294,379</u>	<u>11,342,291</u>	<u>9,561,997</u>
<u>\$ 1,088,805</u>	<u>\$ (1,523,856)</u>	<u>\$ -</u>	<u>\$ (49,056)</u>	<u>\$ (352,663)</u>
<u>\$ 10,494,232</u>	<u>\$ 8,954,177</u>	<u>\$ 19,643,308</u>	<u>\$ 18,107,436</u>	<u>\$ 16,474,658</u>
<u>51.9%</u>	<u>76.6%</u>	<u>57.5%</u>	<u>62.6%</u>	<u>58.0%</u>

City of Delray Beach, Florida  
 Required Supplementary Information - Pension Funds  
 Notes to Schedules of City Contributions  
 Last Seven Fiscal Years

**Notes to Schedule:**

Information prior to adoption of GASB Statement No. 68 in fiscal year 2014 is not available.

**Note 1 - Change in Reporting Entity**

Prior to 2017, the Police Officers' and Firefighters' Retirement Systems were operated as a single plan covering both employee groups. The City adopted Ordinance No. 17-16 effective October 1, 2016, that established a separate pension plan for police officers and a separate pension plan for firefighters. Information for 2016 and prior years is for the combined pension plan.

**Note 2 - Significant Actuarial Assumptions**

	<u>General Employees'</u>	<u>Police Officers'</u>	<u>Firefighters'</u>
Actuarial valuation date	10/1/2019	10/1/2019	10/1/2019
Measurement date	9/30/2020	9/30/2020	9/30/2020
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	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar, Closed	Level Dollar, Closed	Level Dollar, Closed
Remaining amortization period	25 years	20 years	20 years
Asset valuation method	5 Year Smoothed	4 Year Smoothed	5 Year Smoothed
Inflation	2.5% / year	2.5% / year	2.5% / year
Salary increases (with inflation)	3.75% - 6.75% / year based on service	5.0% - 6.25% / year based on service	5.0% - 6.25% / year based on service
Investment rate of return (net of expenses, with inflation)	6.75% / year	6.75% / year	7.0% / year
Cost of living adjustments	None	1.0% / year	1.0% / year
Retirement age	Experienced-based table of rates	Experienced-based table of rates that are specific to the type of eligibility condition	Experienced-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Combined Healthy Participant, Female - 100% White Collar, Male - 50% White Collar/50% Blue Collar, Scale BB	RP-2000 Combined Healthy Participant, Female - 100% White Collar, Male - 10% White Collar/90% Blue Collar, Scale BB	RP-2000 Combined Healthy Participant, Female - 100% White Collar, Male - 10% White Collar/90% Blue Collar, Scale BB

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

Last Seven Fiscal Years

Fiscal Year Ended September 30,	<b>Annual money-weighted rate of return, net of investment expenses</b>		
	General Employees' Pension Plan	Police Officers' Retirement System	Firefighters' Retirement System
2020	8.65%	8.34 %	8.26 %
2019	2.65%	4.43 %	4.39 %
2018	10.68%	7.81 %	8.01 %
2017	12.59%	10.74 %	10.78 %
2016	10.30%	8.86 %	8.86 %
2015	0.43%	(1.23)%	(1.23)%
2014	12.26%	9.32 %	9.32 %

**Notes to Schedule:**

Information prior to adoption of GASB Statement No. 68 in fiscal year 2014 is not available.

Prior to 2017, the Police Officers' and Firefighters' Retirement Systems were operated as a single plan covering both employee groups. The City adopted Ordinance No. 17-16 effective October 1, 2016, that established a separate pension plan for police officers and a separate pension plan for firefighters. Information for 2016 and prior years is for the combined pension plan.

City of Delray Beach, Florida

Required Supplementary Information - City OPEB Plan  
Schedules of Changes in the Total OPEB Liability and Related Ratios

Last Three Fiscal Years

	Fiscal Year		
	2020	2019	2018
<b>Total OPEB Liability</b>			
Service cost	\$ 272,380	\$ 203,314	\$ 878,492
Interest	565,929	479,804	581,386
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions or other inputs	4,099,784	4,952,769	(804,506)
Benefit payments	(710,808)	(665,299)	(123,575)
Net change in total OPEB liability	4,227,285	4,970,588	531,797
Total OPEB liability, beginning of fiscal year	21,296,705	16,326,117	15,794,320
<b>Total OPEB liability, end of fiscal year</b>	<b>\$ 25,523,990</b>	<b>\$ 21,296,705</b>	<b>\$ 16,326,117</b>
Covered Employee Payroll	\$ 52,284,538	\$ 52,284,538	\$ 49,971,711
Total OPEB Liability as a Percentage of Covered Employee Payroll	48.8%	40.7%	32.7%

**Notes to Schedule:**

Information prior to adoption of GASB Statement No. 75 in fiscal year 2018 is not available.

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 the date of the most recent valuation. Since there are currently no invested plan assets held in trust to finance the OPEB obligation, the discount rate is the long-term expected rate of return on tax-exempt, high quality municipal bonds based on an average of three 20-Year bond indices (e.g. *Bond Buyer-20 Bond GO, S&P Municipal Bond 20 Year High Grade Rate Index and Fidelity GA AA 20 Years*).

**Note 1 - Changes in Actuarial Assumptions**

- Changes of assumptions and other inputs reflect the effects of changes in the discount rate each year.

The following are the discount rates used for each fiscal year:

2020	2.26%
2019	3.00%
2018	3.83%
2017	3.50%

- Effective October 1, 2018, the mortality table was changed from RP-2000 Combined Healthy Participant using Scale BB to Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality using Scale MP-2019.

City of Delray Beach, Florida

Required Supplementary Information - Delray Beach Police, Firefighters & Paramedics Retiree Benefit Fund  
Schedules of Changes in the Total OPEB Liability and Related Ratios

Last Three Fiscal Years

	Fiscal Year		
	2020	2019	2018
<b>Total OPEB Liability</b>			
Service cost	\$ 227,892	\$ 223,424	\$ 213,605
Interest	1,074,582	1,010,021	972,220
Changes of assumptions and other inputs	-	288,312	-
Benefit payments	(667,099)	(663,795)	(718,460)
Net change in total OPEB liability	635,375	857,962	467,365
Total OPEB liability, beginning of fiscal year	14,427,386	13,569,424	13,102,059
<b>Total OPEB liability, end of fiscal year (a)</b>	<b>\$ 15,062,761</b>	<b>\$ 14,427,386</b>	<b>\$ 13,569,424</b>
<b>Plan Fiduciary Net Position</b>			
Contributions			
Employer	\$ 854,845	\$ 775,823	\$ 873,731
Net investment income	250,427	163,247	297,055
Benefit payments	(667,099)	(663,795)	(718,460)
Other	-	(42,907)	42,907
Administrative expense	(32,074)	(25,217)	(27,868)
Net change in plan fiduciary net position	406,099	207,151	467,365
Plan fiduciary net position, beginning of fiscal year	6,154,429	5,947,278	5,479,913
<b>Plan fiduciary net position, end of fiscal year (b)</b>	<b>\$ 6,560,528</b>	<b>\$ 6,154,429</b>	<b>\$ 5,947,278</b>
<b>Net OPEB Liability, end of fiscal year [(a)-(b)]</b>	<b>\$ 8,502,233</b>	<b>\$ 8,272,957</b>	<b>\$ 7,622,146</b>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	43.6%	42.7%	43.8%
Covered employee payroll	\$ 31,542,349	\$ 27,135,701	\$ 22,787,098
Net OPEB Liability as a Percentage of Covered Employee Payroll	27.0%	30.5%	33.4%

**Notes to Schedule:**

Information prior to adoption of GASB Statement No. 75 in fiscal year 2018 is not available.

City of Delray Beach, Florida

Required Supplementary Information - Delray Beach Police, Firefighters & Paramedics Retiree Benefit Fund  
Schedules of City Contributions

Last Three Fiscal Years

	Fiscal Year		
	2020	2020	2018
<b>Delray Beach Police, Firefighters &amp; Paramedics Retiree Benefit Fund</b>			
Actuarially determined contribution	\$ 1,153,772	\$ 1,000,387	\$ 976,925
Contributions in relation to actuarially determined contribution	854,845	775,823	873,731
Contribution deficiency (excess)	<u>\$ 298,927</u>	<u>\$ 224,564</u>	<u>\$ 103,194</u>
Covered employee payroll	<u>\$ 31,542,349</u>	<u>\$ 27,135,701</u>	<u>\$ 22,787,098</u>
Contributions as a percentage of covered employee payroll	<u>2.7%</u>	<u>2.9%</u>	<u>3.8%</u>

**Notes to Schedule:**

Information prior to adoption of GASB Statement No. 75 in fiscal year 2018 is not available.

**Actuarial Assumptions:**

Actuarial valuation date	9/30/2020
Measurement date	9/30/2020

Actuarially determined contribution rates are calculated at October 1, one year prior to the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Inflation	2.75% / year
Healthcare cost trend rate	N/A - fixed \$5,200 annual benefit with 25 or more years of service reduced 3% per year for service less than 25 years and increased 3% per year for service greater than 25 years. Minimum benefit of \$3,900.
Salary increases (with inflation)	5.00% - 6.25%
Investment rate of return (net of expenses, with inflation)	7.5% / year
Retirement age	Completion of 20 years of service, regardless of age
Mortality	RP-2000 Combined Healthy Participant Mortality Table with 90% Blue Collar Adjustment / 10% White Collar Adjustment using Scale BB

# 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.

*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 by the City for a variety of earmarked purposes.

## Debt Service Funds

Debt Service Funds are used to account for assets and revenues to be used for the repayment of principal and interest on debt reported in the government-wide financial statements.

*General Obligation Debt Service Fund* – This fund is used to account for the repayment of principal and interest on general obligation debt paid from ad valorem tax revenues.

*Utilities Tax Fund* – This fund is used to account for the repayment of principal and interest on special obligation debt paid from utilities tax revenues.

## 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, 2020

	Special Revenue				Debt Service		Capital Projects		Total Non-Major Governmental Funds
	Law Enforcement Trust	Developers Land Contribution	Beautification	Special Projects	General Obligation Debt Service	Utilities Tax	2004 GO Bond	Beach Restoration	
	<b>ASSETS</b>								
Cash and cash equivalents	\$ 627,657	\$ 1,530,062	\$ 1,901,633	\$ 721,355	\$ 59,058	\$ 1,505,844	\$ 100,366	\$ 67,057	\$ 6,513,032
Investments	-	-	-	3,508,915	-	-	-	-	3,508,915
Accounts receivable, net	-	500	-	179,163	-	-	-	-	179,663
Interest receivable	-	-	-	9,120	-	-	-	-	9,120
Due from other governments	-	-	-	-	-	-	-	307,531	307,531
Due from other funds	-	-	6,703	-	-	-	-	-	6,703
Total Assets	<u>\$ 627,657</u>	<u>\$ 1,530,562</u>	<u>\$ 1,908,336</u>	<u>\$ 4,418,553</u>	<u>\$ 59,058</u>	<u>\$ 1,505,844</u>	<u>\$ 100,366</u>	<u>\$ 374,588</u>	<u>\$ 10,524,964</u>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>LIABILITIES</b>									
Accounts payable and accrued items	\$ 1,750	\$ -	\$ 19,953	\$ 31,858	\$ -	\$ -	\$ -	\$ 79,976	\$ 133,537
Deposits payable	-	-	-	17,360	-	-	-	-	17,360
Total Liabilities	<u>1,750</u>	<u>-</u>	<u>19,953</u>	<u>49,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,976</u>	<u>150,897</u>
<b>FUND BALANCES</b>									
Restricted for:									
Debt service	-	-	-	-	59,058	1,505,844	-	-	1,564,902
Law enforcement	625,907	-	-	671,712	-	-	-	-	1,297,619
Capital improvements	-	-	-	-	-	-	100,366	-	100,366
Community development	-	-	-	2,446	-	-	-	-	2,446
Assigned to:									
Public safety	-	-	-	192,709	-	-	-	-	192,709
Parks and recreation	-	-	-	1,058,823	-	-	-	-	1,058,823
Capital improvements	-	1,530,562	1,888,383	2,443,645	-	-	-	294,612	6,157,202
Total Fund Balances	<u>625,907</u>	<u>1,530,562</u>	<u>1,888,383</u>	<u>4,369,335</u>	<u>59,058</u>	<u>1,505,844</u>	<u>100,366</u>	<u>294,612</u>	<u>10,374,067</u>
Total Liabilities and Fund Balances	<u>\$ 627,657</u>	<u>\$ 1,530,562</u>	<u>\$ 1,908,336</u>	<u>\$ 4,418,553</u>	<u>\$ 59,058</u>	<u>\$ 1,505,844</u>	<u>\$ 100,366</u>	<u>\$ 374,588</u>	<u>\$ 10,524,964</u>

CITY OF DELRAY BEACH, FLORIDA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 For the Fiscal Year Ended September 30, 2020

	Special Revenue				Debt Service		Capital Projects		Total Non-Major Governmental Funds
	Law Enforcement Trust	Developers Land Contribution	Beautification	Special Projects	General Obligation Debt Service	Utilities Tax	2004 GO Bond	Beach Restoration	
	<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,184,087	\$ -	\$ -	\$ -	\$ 2,184,087
Intergovernmental	-	-	-	-	-	-	-	146,443	146,443
Charges for services	-	-	-	324,519	-	-	-	-	324,519
Fines and forfeitures	322,808	-	-	-	-	-	-	-	322,808
Miscellaneous	-	90,500	33,839	153,641	-	-	-	-	277,980
Total Revenues	322,808	90,500	33,839	478,160	2,184,087	-	-	146,443	3,255,837
<b>EXPENDITURES</b>									
Current:									
General government	-	-	-	86,050	-	-	-	-	86,050
Public safety	3,531	-	-	227,801	-	-	-	-	231,332
Physical environment	-	-	788,999	-	-	-	-	-	788,999
Parks and recreation	-	-	-	115,081	-	-	-	389,444	504,525
Capital outlay	-	-	-	81,067	-	-	-	-	81,067
Debt service:									
Principal retirement	-	-	-	-	1,820,000	1,975,000	-	-	3,795,000
Interest and fiscal charges	-	-	-	-	327,453	1,459,650	-	-	1,787,103
Total Expenditures	3,531	-	788,999	509,999	2,147,453	3,434,650	-	389,444	7,274,076
Excess of Revenues Over (Under)									
Expenditures	319,277	90,500	(755,160)	(31,839)	36,634	(3,434,650)	-	(243,001)	(4,018,239)
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	-	-	935,190	-	-	3,434,650	-	454,447	4,824,287
Transfers out	-	-	-	-	-	(1,800)	-	-	(1,800)
Total Other Financing Sources (Uses)	-	-	935,190	-	-	3,432,850	-	454,447	4,822,487
Net change in fund balance	319,277	90,500	180,030	(31,839)	36,634	(1,800)	-	211,446	804,248
Fund balances - October 1, 2019	306,630	1,440,062	1,708,353	4,401,174	22,424	1,507,644	100,366	83,166	9,569,819
Fund balances - September 30, 2020	\$ 625,907	\$ 1,530,562	\$ 1,888,383	\$ 4,369,335	\$ 59,058	\$ 1,505,844	\$ 100,366	\$ 294,612	\$ 10,374,067

# 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.

*Cemetery Fund* – This fund is used to account for the operation and maintenance of the City's cemetery.

CITY OF DELRAY BEACH, FLORIDA  
 COMBINING STATEMENT OF NET POSITION  
 NON-MAJOR ENTERPRISE FUNDS  
 September 30, 2020

	Municipal Golf Course	Lakeview Golf Course	City Marina	Cemetery	Total Non-Major Enterprise Funds
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 861,583	\$ 578,163	\$ 227,240	\$ 643,889	\$ 2,310,875
Investments	-	-	1,266,174	841,869	2,108,043
Accounts receivable, net	-	-	-	14,828	14,828
Interest receivable	-	-	3,291	2,188	5,479
Inventories	67,504	11,172	-	-	78,676
Prepaid expenses	97,970	15,204	5,509	-	118,683
Total Current Assets	<u>1,027,057</u>	<u>604,539</u>	<u>1,502,214</u>	<u>1,502,774</u>	<u>4,636,584</u>
<b>Noncurrent Assets:</b>					
Property, land and equipment					
Land	1,415,482	1,963,894	42,840	-	3,422,216
Buildings	2,309,544	140,718	-	-	2,450,262
Improvements other than buildings	1,239,323	899,663	1,173,492	-	3,312,478
Equipment	1,562,385	298,893	86,026	-	1,947,304
Accumulated depreciation	(3,833,132)	(988,748)	(1,187,810)	-	(6,009,690)
Total Noncurrent Assets	<u>2,693,602</u>	<u>2,314,420</u>	<u>114,548</u>	<u>-</u>	<u>5,122,570</u>
Total Assets	<u>3,720,659</u>	<u>2,918,959</u>	<u>1,616,762</u>	<u>1,502,774</u>	<u>9,759,154</u>
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts payable and accrued expenses	174,064	28,162	241	69,066	271,533
Unearned revenue	-	-	2,577	-	2,577
Current maturities of installment agreements	38,396	-	-	-	38,396
Refundable deposits payable	56,203	-	3,716	-	59,919
Total Current Liabilities	<u>268,663</u>	<u>28,162</u>	<u>6,534</u>	<u>69,066</u>	<u>372,425</u>
<b>Noncurrent Liabilities:</b>					
Installment agreements	9,772	-	-	-	9,772
Total Noncurrent Liabilities	<u>9,772</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,772</u>
Total Liabilities	<u>278,435</u>	<u>28,162</u>	<u>6,534</u>	<u>69,066</u>	<u>382,197</u>
<b>NET POSITION</b>					
Net investment in capital assets	2,645,434	2,314,420	114,548	-	5,074,402
Unrestricted	796,790	576,377	1,495,680	1,433,708	4,302,555
Total Net Position	<u>\$ 3,442,224</u>	<u>\$ 2,890,797</u>	<u>\$ 1,610,228</u>	<u>\$ 1,433,708</u>	<u>\$ 9,376,957</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, 2020

	<b>Municipal Golf Course</b>	<b>Lakeview Golf Course</b>	<b>City Marina</b>	<b>Cemetery</b>	<b>Total Non-Major Enterprise Funds</b>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 2,423,699	\$ 665,559	\$ -	\$ 141,399	\$ 3,230,657
Other operating revenue	30,223	4,616	1,450	-	36,289
Total Operating Revenues	<u>2,453,922</u>	<u>670,175</u>	<u>1,450</u>	<u>141,399</u>	<u>3,266,946</u>
<b>OPERATING EXPENSES</b>					
Operating expenses	2,309,864	544,004	27,722	362,930	3,244,520
Depreciation	188,483	39,159	7,719	-	235,361
Total Operating Expenses	<u>2,498,347</u>	<u>583,163</u>	<u>35,441</u>	<u>362,930</u>	<u>3,479,881</u>
Operating Income (Loss)	(44,425)	87,012	(33,991)	(221,531)	(212,935)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment earnings	-	-	46,838	31,142	77,980
Rent revenue	27,555	-	-	-	27,555
Interest expense	(1,951)	(849)	-	-	(2,800)
Total Nonoperating Revenues (Expenses)	<u>25,604</u>	<u>(849)</u>	<u>46,838</u>	<u>31,142</u>	<u>102,735</u>
Income (Loss) Before Transfers	(18,821)	86,163	12,847	(190,389)	(110,200)
Transfers out	(34,611)	(20,946)	(56,719)	-	(112,276)
Change In Net Position	(53,432)	65,217	(43,872)	(190,389)	(222,476)
Net Position - October 1, 2019	3,495,656	2,825,580	1,654,100	1,624,097	9,599,433
Net Position - September 30, 2020	<u>\$ 3,442,224</u>	<u>\$ 2,890,797</u>	<u>\$ 1,610,228</u>	<u>\$ 1,433,708</u>	<u>\$ 9,376,957</u>

CITY OF DELRAY BEACH, FLORIDA  
 COMBINING STATEMENT OF CASH FLOWS  
 NON-MAJOR ENTERPRISE FUNDS  
 For the Fiscal Year Ended September 30, 2020

	Municipal Golf Course	Lakeview Golf Course	City Marina	Cemetery	Total Non-Major Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 2,386,575	\$ 673,883	\$ 1,450	\$ 141,399	\$ 3,203,307
Receipts from others	27,555	-	-	-	27,555
Payments to suppliers	(2,362,655)	(539,836)	(40,303)	(319,334)	(3,262,128)
Net cash provided by (used in) operating activities	<u>51,475</u>	<u>134,047</u>	<u>(38,853)</u>	<u>(177,935)</u>	<u>(31,266)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITY</b>					
Transfers to other funds	(34,611)	(20,946)	(56,719)	-	(112,276)
Net cash used in noncapital financing activity	<u>(34,611)</u>	<u>(20,946)</u>	<u>(56,719)</u>	<u>-</u>	<u>(112,276)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Principal paid on capital debt	(37,319)	(29,579)	-	-	(66,898)
Interest paid on capital debt	(1,951)	(849)	-	-	(2,800)
Net cash used in capital and related financing activities	<u>(39,270)</u>	<u>(30,428)</u>	<u>-</u>	<u>-</u>	<u>(69,698)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchases of investments	-	-	(30,350)	(20,179)	(50,529)
Interest on investments	-	-	30,350	20,179	50,529
Net cash used in investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in cash and cash equivalents	(22,406)	82,673	(95,572)	(177,935)	(213,240)
Cash and cash equivalents - October 1, 2019	883,989	495,490	322,812	821,824	2,524,115
Cash and cash equivalents - September 30, 2020	<u>\$ 861,583</u>	<u>\$ 578,163</u>	<u>\$ 227,240</u>	<u>\$ 643,889</u>	<u>\$ 2,310,875</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ (44,425)	\$ 87,012	\$ (33,991)	\$ (221,531)	\$ (212,935)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	188,483	39,159	7,719	-	235,361
Rent revenue	27,555	-	-	-	27,555
Change in assets and liabilities:					
Inventories	3,059	3,708	-	-	6,767
Prepaid expenses	(17,341)	(7,179)	(5,509)	-	(30,029)
Accounts payable and accrued expenses	(35,450)	11,347	(7,072)	43,596	12,421
Refundable deposits payable	(70,406)	-	-	-	(70,406)
Total adjustments	<u>95,900</u>	<u>47,035</u>	<u>(4,862)</u>	<u>43,596</u>	<u>181,669</u>
Net cash provided by (used in) operating activities	<u>\$ 51,475</u>	<u>\$ 134,047</u>	<u>\$ (38,853)</u>	<u>\$ (177,935)</u>	<u>\$ (31,266)</u>
<b>NON-CASH INVESTING ACTIVITY</b>					
Realized and unrealized gain on investments	\$ -	\$ -	\$ 18,361	\$ 12,208	\$ 30,569

# 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, 2020

	Insurance	Central Garage	Total Internal Service Funds
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 2,042,650	\$ 570,962	\$ 2,613,612
Investments	6,876,396	3,926,484	10,802,880
Accounts receivable, net	17,482	21,055	38,537
Interest receivable	18,000	10,205	28,205
Inventories	-	73,709	73,709
Total Current Assets	<u>8,954,528</u>	<u>4,602,415</u>	<u>13,556,943</u>
<b>Noncurrent Assets:</b>			
Property and equipment			
Buildings	-	88,185	88,185
Equipment	130,428	33,023,750	33,154,178
Accumulated depreciation	(130,428)	(22,285,906)	(22,416,334)
Total Noncurrent Assets	<u>-</u>	<u>10,826,029</u>	<u>10,826,029</u>
Total Assets	<u>8,954,528</u>	<u>15,428,444</u>	<u>24,382,972</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount related to OPEB	43,842	114,434	158,276
Deferred amount related to pensions	60,044	99,674	159,718
Total Deferred Outflows of Resources	<u>103,886</u>	<u>214,108</u>	<u>317,994</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued expenses	196,344	543,012	739,356
Current maturities of installment agreements	-	208,697	208,697
Current portion of compensated absences	2,775	8,535	11,310
Current portion of insurance claims payable	2,208,977	-	2,208,977
Refundable deposits payable	279	150	429
Total Current Liabilities	<u>2,408,375</u>	<u>760,394</u>	<u>3,168,769</u>
<b>Noncurrent Liabilities:</b>			
Installment agreements	-	657,025	657,025
Compensated absences payable	39,700	117,045	156,745
Insurance claims payable	5,195,000	-	5,195,000
Total OPEB liability	150,592	393,069	543,661
Net pension liability	30,409	50,480	80,889
Total Noncurrent Liabilities	<u>5,415,701</u>	<u>1,217,619</u>	<u>6,633,320</u>
Total Liabilities	<u>7,824,076</u>	<u>1,978,013</u>	<u>9,802,089</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred amount related to OPEB	2,450	6,395	8,845
Deferred amount related to pensions	34,408	57,117	91,525
Total Deferred Inflows of Resources	<u>36,858</u>	<u>63,512</u>	<u>100,370</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	9,960,307	9,960,307
Unrestricted	1,197,480	3,640,720	4,838,200
Total Net Position	<u>\$ 1,197,480</u>	<u>\$ 13,601,027</u>	<u>\$ 14,798,507</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, 2020

	<b>Insurance</b>	<b>Central Garage</b>	<b>Total Internal Service Funds</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 15,112,539	\$ 2,295,598	\$ 17,408,137
Other operating revenue	563,362	3,349,492	3,912,854
Total Operating Revenues	<u>15,675,901</u>	<u>5,645,090</u>	<u>21,320,991</u>
<b>OPERATING EXPENSES</b>			
Personal services	473,051	1,138,186	1,611,237
Other operating expenses	17,956,673	1,800,757	19,757,430
Depreciation	6,212	2,484,379	2,490,591
Total Operating Expenses	<u>18,435,936</u>	<u>5,423,322</u>	<u>23,859,258</u>
Operating Income (Loss)	(2,760,035)	221,768	(2,538,267)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment earnings	254,370	145,247	399,617
Interest expense	-	(21,882)	(21,882)
Gain on disposal of equipment	-	19,460	19,460
Total Nonoperating Revenues (Expenses)	<u>254,370</u>	<u>142,825</u>	<u>397,195</u>
Income (Loss) Before Transfers	(2,505,665)	364,593	(2,141,072)
Transfers in	<u>850,000</u>	<u>133,196</u>	<u>983,196</u>
Change In Net Position	(1,655,665)	497,789	(1,157,876)
Net Position - October 1, 2019	2,853,145	13,103,238	15,956,383
Net Position - September 30, 2020	<u>\$ 1,197,480</u>	<u>\$ 13,601,027</u>	<u>\$ 14,798,507</u>

CITY OF DELRAY BEACH, FLORIDA  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 For the Fiscal Year Ended September 30, 2020

	Insurance	Central Garage	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 15,677,448	\$ 5,624,185	\$ 21,301,633
Payments to suppliers	(17,111,773)	(1,910,620)	(19,022,393)
Payments to employees	(442,408)	(1,054,090)	(1,496,498)
Net cash provided by (used in) operating activities	(1,876,733)	2,659,475	782,742
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITY</b>			
Transfers from other funds	850,000	-	850,000
Net cash provided by noncapital financing activity	850,000	-	850,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	-	(2,763,646)	(2,763,646)
Proceeds from the sale of capital assets	-	196,980	196,980
Principal paid on capital debt	-	(203,742)	(203,742)
Interest paid on capital debt	-	(21,882)	(21,882)
Net cash used in capital and related financing activities	-	(2,792,290)	(2,792,290)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of investments	(164,824)	(94,116)	(258,940)
Interest on investments	164,824	94,116	258,940
Net cash used in investing activities	-	-	-
Net change in cash and cash equivalents	(1,026,733)	(132,815)	(1,159,548)
Cash and cash equivalents - October 1, 2019	3,069,383	703,777	3,773,160
Cash and cash equivalents - September 30, 2020	\$ 2,042,650	\$ 570,962	\$ 2,613,612
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ (2,760,035)	\$ 221,768	\$ (2,538,267)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation expense	6,212	2,484,379	2,490,591
Change in assets and liabilities:			
Accounts receivable	1,268	(21,055)	(19,787)
Inventories	-	20,121	20,121
Deferred amount related to OPEB	(21,258)	(55,691)	(76,949)
Deferred amount related to pensions	52,743	104,901	157,644
Accounts payable and accrued expenses	69,581	(129,984)	(60,403)
Refundable deposits payable	279	150	429
Compensated absences payable	10,548	29,816	40,364
Insurance claims payable	775,319	-	775,319
Total OPEB liability	44,108	116,212	160,320
Total adjustments	883,302	2,437,707	3,321,009
Net cash provided by (used in) operating activities	\$ (1,876,733)	\$ 2,659,475	\$ 782,742
<b>NON-CASH CAPITAL AND RELATED FINANCING AND INVESTING ACTIVITIES</b>			
Equipment transferred from enterprise fund capital assets	\$ -	\$ 133,196	\$ 133,196
Realized and unrealized gain on investments	\$ 99,718	\$ 56,940	\$ 156,658

# 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 Officers' and Firefighters' Retirement System Funds.

*Police Officers' Retirement System Fund* – This fund is used to account for assets held in a trustee capacity for the retirement pensions of all non-civilian police department employees of the City. The fund was established by City Ordinance No. 17-16 which created a separate retirement system for all non-civilian police department employees, effective October 1, 2016.

*Firefighters' Retirement System Fund* – This fund is used to account for assets held in a trustee capacity for the retirement pensions of all non-civilian fire department employees of the City. The fund was established by City Ordinance No. 17-16 which created a separate retirement system for all non-civilian fire department employees, effective October 1, 2016.

CITY OF DELRAY BEACH, FLORIDA  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 PENSION TRUST FUNDS  
 September 30, 2020

	<b>General Employees' Pension</b>	<b>Police Officers' Retirement System</b>	<b>Firefighters' Retirement System</b>	<b>Total Pension Trust Funds</b>
<b>ASSETS</b>				
Cash	\$ 17,854	\$ 11,747	\$ 340	\$ 29,941
Investments:				
Money market mutual funds	1,845,545	1,494,122	1,748,491	5,088,158
U.S. Government securities	1,020,014	1,973,841	2,362,717	5,356,572
U.S. Government Agency securities	12,297,051	5,998,300	6,871,744	25,167,095
Domestic corporate bonds	13,857,656	10,531,627	11,816,096	36,205,379
Fixed income mutual fund	-	-	2,898,702	2,898,702
Global fixed income investment fund	10,144,814	2,492,882	-	12,637,696
Global asset allocation investment fund	-	3,364,353	-	3,364,353
Domestic equity securities	12,680,718	26,645,675	42,234,751	81,561,144
Domestic equity mutual funds	-	10,610,759	-	10,610,759
Domestic equity index funds	78,976,037	3,842,057	7,402,394	90,220,488
Pooled domestic equity index funds	-	8,974,369	6,202,501	15,176,870
International equity mutual funds	8,581,764	16,943,127	19,582,597	45,107,488
Foreign stocks	1,820,488	2,259,864	3,583,987	7,664,339
Timber investment funds	-	1,088,035	1,205,897	2,293,932
Real estate investment funds	-	7,760,749	8,601,442	16,362,191
Fixed income alternative investment fund	-	2,460,641	2,727,194	5,187,835
Interest and dividends receivable	97,789	98,805	139,438	336,032
Pending trades receivable	119,067	496,094	1,042,723	1,657,884
Employee contributions receivable	-	42,096	43,049	85,145
State contributions receivable	-	868,062	1,109,338	1,977,400
Miscellaneous receivable	-	6,995	-	6,995
Total Assets	<u>141,458,797</u>	<u>107,964,200</u>	<u>119,573,401</u>	<u>368,996,398</u>
<b>LIABILITIES</b>				
Accounts payable	143,870	83,042	104,805	331,717
Pending trades payable	857,639	393,734	854,518	2,105,891
Total Liabilities	<u>1,001,509</u>	<u>476,776</u>	<u>959,323</u>	<u>2,437,608</u>
<b>NET POSITION</b>				
Restricted for pension benefits	<u>\$ 140,457,288</u>	<u>\$ 107,487,424</u>	<u>\$ 118,614,078</u>	<u>\$ 366,558,790</u>

CITY OF DELRAY BEACH, FLORIDA  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 PENSION TRUST FUNDS  
 For the Fiscal Year Ended September 30, 2020

	<b>General Employees' Pension</b>	<b>Police Officers' Retirement System</b>	<b>Firefighters' Retirement System</b>	<b>Total Pension Trust Funds</b>
<b>ADDITIONS</b>				
Contributions				
Employer	\$ 2,866,796	\$ 6,917,364	\$ 6,941,701	\$ 16,725,861
State of Florida	-	868,062	1,109,338	1,977,400
Plan members	1,098,892	1,196,828	1,119,504	3,415,224
Total contributions	<u>3,965,688</u>	<u>8,982,254</u>	<u>9,170,543</u>	<u>22,118,485</u>
Investment earnings				
Net appreciation in fair value of investments	9,103,653	6,287,172	7,279,667	22,670,492
Interest, dividends and investment fund income	2,720,078	2,938,685	2,832,717	8,491,480
Other investment income	4,585	811	705	6,101
	<u>11,828,316</u>	<u>9,226,668</u>	<u>10,113,089</u>	<u>31,168,073</u>
Less investment expenses	<u>(226,824)</u>	<u>(519,088)</u>	<u>(615,849)</u>	<u>(1,361,761)</u>
Net investment earnings	<u>11,601,492</u>	<u>8,707,580</u>	<u>9,497,240</u>	<u>29,806,312</u>
Total Additions	15,567,180	17,689,834	18,667,783	51,924,797
<b>DEDUCTIONS</b>				
Benefits	7,815,429	8,591,907	8,789,381	25,196,717
Refunds of contributions	102,729	33,258	25,385	161,372
Administrative expenses	121,470	143,795	142,338	407,603
Total Deductions	<u>8,039,628</u>	<u>8,768,960</u>	<u>8,957,104</u>	<u>25,765,692</u>
Change In Plan Net Position	7,527,552	8,920,874	9,710,679	26,159,105
Net Position Restricted for Pension Benefits at October 1, 2019	<u>132,929,736</u>	<u>98,566,550</u>	<u>108,903,399</u>	<u>340,399,685</u>
Net Position Restricted for Pension Benefits at September 30, 2020	<u>\$ 140,457,288</u>	<u>\$ 107,487,424</u>	<u>\$ 118,614,078</u>	<u>\$ 366,558,790</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, 2020

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
Revenue:				
Taxes:				
Ad valorem	\$ 70,374,501	\$ 71,123,000	\$ 71,371,233	\$ 248,233
Sales and use	1,600,000	1,279,500	1,358,083	78,583
Utility	7,285,000	6,441,700	6,804,426	362,726
Communications Services Tax	3,350,000	3,188,800	3,121,614	(67,186)
Business tax receipts	1,110,000	875,000	850,765	(24,235)
Total taxes	83,719,501	82,908,000	83,506,121	598,121
Fees and permits:				
Building permits	5,638,000	5,227,000	5,288,713	61,713
Franchise fees	5,423,000	4,979,214	5,114,526	135,312
Miscellaneous	2,773,500	2,278,150	2,487,214	209,064
License fees	170,000	70,000	52,130	(17,870)
Total fees and permits	14,004,500	12,554,364	12,942,583	388,219
Intergovernmental:				
Federal shared revenue:				
Hazmat Sustainment	112,327	67,660	96,790	29,130
Highway Safety Grants	60,000	35,000	98,652	63,652
Justice Assistance Grants	30,000	3,044,220	1,269,311	(1,774,909)
Total federal shared revenue	202,327	3,146,880	1,464,753	(1,682,127)
State shared revenue:				
State revenue sharing	2,400,000	1,902,000	2,092,878	190,878
Local government sales tax	5,474,820	4,642,000	4,990,388	348,388
Alcoholic beverage licenses tax	95,000	90,000	99,310	9,310
Municipal fuel tax refund	50,000	190,000	230,228	40,228
Mobile home licenses tax	400	400	387	(13)
Fire incentive	79,680	79,680	61,693	(17,987)
State grants	-	191,007	86,856	(104,151)
Total state shared revenue	8,099,900	7,095,087	7,561,740	466,653
Shared revenue from local units:				
County occupational licenses	150,000	120,000	145,734	25,734
Palm Beach County grants	-	-	22,403	22,403
Total shared revenue from local units	150,000	120,000	168,137	48,137
Total intergovernmental	8,452,227	10,361,967	9,194,630	(1,167,337)

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, 2020

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
Revenue (continued):				
Charges for services:				
General government	\$ 947,000	\$ 891,610	\$ 1,068,508	\$ 176,898
Public safety	9,368,693	9,084,189	8,695,426	(388,763)
Physical environment	112,000	103,240	161,495	58,255
Parking	3,834,200	2,314,938	2,089,420	(225,518)
Culture and recreation	1,229,550	969,930	1,254,507	284,577
Total charges for services	15,491,443	13,363,907	13,269,356	(94,551)
Fines and forfeitures:				
Court	1,676,000	990,519	881,533	(108,986)
Penalties on licenses and permits	90,000	90,000	46,757	(43,243)
Violations of local ordinances	197,000	157,700	139,712	(17,988)
Total fines and forfeitures	1,963,000	1,238,219	1,068,002	(170,217)
Miscellaneous:				
Interest	1,254,950	1,223,238	1,368,072	144,834
Rents and special assessments	170,600	199,370	180,291	(19,079)
Sale of capital assets	-	-	870	870
Contributions and donations	4,881,515	4,501,398	4,410,936	(90,462)
Recovery of administrative costs	4,615,556	4,615,556	4,615,556	-
Other	236,000	372,394	380,132	7,738
Total miscellaneous	11,158,621	10,911,956	10,955,857	43,901
Total revenue	134,789,292	131,338,413	130,936,549	(401,864)
Other financing sources:				
Prior year surplus	1,034,959	4,961,960	-	(4,961,960)
Transfers in:				
Water and Sewer Fund	3,555,180	3,555,180	3,102,434	(452,746)
Municipal and Lakeview Golf Course Funds	55,557	55,557	55,557	-
City Marina Fund	56,719	56,719	56,719	-
Utilities Tax Fund	1,800	1,800	1,800	-
Sanitation Fund	91,786	91,786	91,786	-
Stormwater Utility Fund	310,167	310,167	433,930	123,763
Total transfers in	4,071,209	4,071,209	3,742,226	(328,983)
Total other financing sources	5,106,168	9,033,169	3,742,226	(5,290,943)
Total revenue and other financing sources	<u>\$ 139,895,460</u>	<u>\$ 140,371,582</u>	134,678,775	<u>\$ (5,692,807)</u>
Reconciliation to GAAP basis statements:				
On-behalf payments			1,977,400	
Revenue and other financing sources - GAAP basis			<u>\$ 136,656,175</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, 2020

	Original Budget	Final Amended Budget	Current Year Expenditures	Current Year Encumbrances Outstanding	Total Expenditures and Encumbrances	Unencumbered Balance Lapsed
General government:						
City commission	\$ 454,173	\$ 335,952	\$ 313,043	\$ -	\$ 313,043	\$ 22,909
City manager	1,192,688	1,165,556	1,248,868	-	1,248,868	(83,312)
Communications	182,697	251,054	222,900	-	222,900	28,154
Economic development	643,537	425,275	176,164	-	176,164	249,111
Human resources	969,403	911,486	905,020	-	905,020	6,466
City clerk	819,301	671,159	578,507	8,349	586,856	84,303
Finance	2,506,203	2,151,788	1,955,350	13,500	1,968,850	182,938
Information technology	5,217,213	4,825,686	4,024,036	63,498	4,087,534	738,152
City attorney	1,428,460	1,360,053	1,239,915	-	1,239,915	120,138
Purchasing	809,094	737,762	631,838	-	631,838	105,924
Grants and Aids:						
Library	1,453,500	1,453,500	1,453,500	-	1,453,500	-
Other grants and aids	215,700	292,200	154,200	-	154,200	138,000
Miscellaneous and contingency	487,447	778,860	200,105	-	200,105	578,755
Tax increment payments to CRA	13,869,598	13,841,783	13,841,783	-	13,841,783	-
Total general government	30,249,014	29,202,114	26,945,229	85,347	27,030,576	2,171,538
Public safety:						
Police	38,257,150	37,905,353	37,232,319	31,806	37,264,125	641,228
Fire	34,042,300	34,964,661	34,568,320	13,586	34,581,906	382,755
Development services						
Planning and zoning	1,985,082	1,869,082	1,619,357	15,966	1,635,323	233,759
Building inspection	2,818,783	2,772,946	2,383,603	72,250	2,455,853	317,093
Neighborhood & Community Services						
Administration	738,255	425,769	320,511	-	320,511	105,258
Clean and Safe	928,124	928,124	766,573	-	766,573	161,551
Code compliance	1,582,290	1,669,134	1,463,720	-	1,463,720	205,414
Total public safety	80,351,984	80,535,069	78,354,403	133,608	78,488,011	2,047,058
Physical environment:						
Public works:						
Engineering	1,610,555	1,704,240	1,253,987	183,823	1,437,810	266,430
Programs	308,399	371,473	290,451	5,272	295,723	75,750
Project management	574,025	574,165	580,793	-	580,793	(6,628)
Administration	686,601	604,521	574,928	-	574,928	29,593
Street maintenance	1,346,537	1,352,077	1,143,028	-	1,143,028	209,049
Traffic operations	486,589	486,589	436,114	-	436,114	50,475
Street lighting	807,871	807,871	701,618	-	701,618	106,253
Parking facilities	1,248,990	1,252,400	1,036,475	8,805	1,045,280	207,120
Right of way landscaping	1,618,036	-	11,635	-	11,635	(11,635)
Building maintenance	2,611,493	3,094,251	2,708,845	78,113	2,786,958	307,293
Total physical environment	11,299,096	10,247,587	8,737,874	276,013	9,013,887	1,233,700

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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, 2020

	Original Budget	Final Amended Budget	Current Year Expenditures	Current Year Encumbrances Outstanding	Total Expenditures and Encumbrances	Unencumbered Balance Lapsed
Parks and recreation:						
Administration	\$ 999,328	\$ 1,061,135	\$ 1,112,843	\$ 3,937	\$ 1,116,780	\$ (55,645)
Out of school program	451,863	297,306	322,494	135	322,629	(25,323)
Teen center	434,856	417,961	396,833	808	397,641	20,320
Catherine Strong Park	432,912	382,362	353,388	2	353,390	28,972
Community center	349,340	353,331	325,793	4,327	330,120	23,211
Veteran's park recreation facility	267,238	219,851	202,205	566	202,771	17,080
Pompey Park recreation facility	1,100,549	1,094,264	1,064,628	1,104	1,065,732	28,532
Parks maintenance	2,642,818	3,570,674	3,815,742	6,831	3,822,573	(251,899)
Special events	249,514	317,514	241,038	-	241,038	76,476
Cemetery	435,252	443,423	381,390	8,931	390,321	53,102
Tennis centers	1,367,734	1,261,743	1,394,945	-	1,394,945	(133,202)
Tennis stadium	2,771,879	3,286,812	3,335,030	67,573	3,402,603	(115,791)
Aquatics	576,758	479,711	459,469	3,842	463,311	16,400
Athletics	588,156	563,556	517,044	47,069	564,113	(557)
Total parks and recreation	12,668,197	13,749,643	13,922,842	145,125	14,067,967	(318,324)
Debt service:						
Principal retirement	343,688	343,688	139,946	-	139,946	203,742
Interest and fiscal charges	43,878	43,878	17,866	-	17,866	26,012
Total debt service	387,566	387,566	157,812	-	157,812	229,754
Total expenditures and encumbrances	134,955,857	134,121,979	128,118,160	640,093	128,758,253	5,363,726
Other financing uses:						
Transfers out to other funds:						
Neighborhood Services Fund	195,506	195,506	195,506	-	195,506	-
Beautification Fund	930,000	930,000	930,000	-	930,000	-
Utilities Tax Fund	3,434,650	3,434,650	3,434,650	-	3,434,650	-
Capital Improvement Fund	125,000	385,000	385,000	-	385,000	-
Beach Restoration Fund	254,447	454,447	454,447	-	454,447	-
Insurance Fund	-	850,000	850,000	-	850,000	-
Total other financing uses	4,939,603	6,249,603	6,249,603	-	6,249,603	-
Total expenditures, encumbrances and other financing uses	\$ 139,895,460	\$ 140,371,582	\$ 134,367,763	\$ 640,093	135,007,856	\$ 5,363,726
Reconciliation to GAAP basis statements:						
Current year encumbrances outstanding					(640,093)	
Prior year encumbrances paid in current year					830,320	
On-behalf payments					1,977,400	
Expenditures and other financing uses - GAAP basis					\$ 137,175,483	

## 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	Governmental		Water and Sewer Revenue Bonds	Installment Agreements	Total Requirements
		Activities Revenue Bonds				
2021	\$ 2,139,201	\$ 8,207,147	\$ 1,951,329	\$ 426,835	\$ 12,724,512	
2022	2,133,746	8,212,647	1,948,965	397,384	12,692,742	
2023	2,130,461	8,211,422	-	387,566	10,729,449	
2024	2,134,041	7,574,033	-	387,545	10,095,619	
2025	-	6,947,725	-	-	6,947,725	
2026	-	6,940,526	-	-	6,940,526	
2027	-	6,951,004	-	-	6,951,004	
2028	-	3,428,500	-	-	3,428,500	
2029	-	3,432,850	-	-	3,432,850	
2030	-	3,429,500	-	-	3,429,500	
2031	-	3,429,812	-	-	3,429,812	
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	
	\$ 8,537,449	\$ 73,273,554	\$ 3,900,294	\$ 1,599,330	\$ 87,310,627	

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
2021	\$ 1,880,000	\$ 259,201	\$ 2,139,201	\$ 6,398,248
2022	1,945,000	188,746	2,133,746	4,264,502
2023	2,015,000	115,461	2,130,461	2,134,041
2024	2,095,000	39,041	2,134,041	-
	<u>\$ 7,935,000</u>	<u>\$ 602,449</u>	<u>\$ 8,537,449</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			
2021	\$ 985,000	\$ 106,677	\$ 81,836	\$ 1,173,513	\$ 3,495,805	5.04%	
2022	1,030,000	81,836	55,860	1,167,696	2,328,109	5.04	
2023	1,080,000	55,860	28,624	1,164,484	1,163,625	5.04	
2024	1,135,000	28,625	-	1,163,625	-	5.04	
	<u>\$ 4,230,000</u>	<u>\$ 272,998</u>	<u>\$ 166,320</u>	<u>\$ 4,669,318</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 acquisition of land, equipping of new parks, recreation centers, parking garage and library.

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			
2021	\$ 895,000	\$ 40,199	\$ 30,489	\$ 30,489	\$ 965,688	\$ 2,902,443	2.17%
2022	915,000	30,489	20,561	20,561	966,050	1,936,393	2.17
2023	935,000	20,561	10,416	10,416	965,977	970,416	2.17
2024	960,000	10,416	-	-	970,416	-	2.17
	<u>\$ 3,705,000</u>	<u>\$ 101,665</u>	<u>\$ 61,466</u>	<u>\$ 61,466</u>	<u>\$ 3,868,131</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 defeasing the Series 2004 GO Bonds which were used for the acquisition of land, equipping of new parks and recreation centers.

City of Delray Beach, Florida

Combined Schedule of Governmental Activities Revenue Bonds  
Debt Service Requirements

Fiscal Year Ending September 30	Principal	Interest	Total	Balance Outstanding at End of Fiscal Year
2021	\$ 6,328,395	\$ 1,878,752	\$ 8,207,147	\$ 65,066,407
2022	6,527,690	1,684,957	8,212,647	56,853,760
2023	6,727,734	1,483,688	8,211,422	48,642,338
2024	6,298,370	1,275,663	7,574,033	41,068,305
2025	5,865,000	1,082,725	6,947,725	34,120,580
2026	6,050,000	890,526	6,940,526	27,180,054
2027	6,260,000	691,004	6,951,004	20,229,050
2028	2,855,000	573,500	3,428,500	16,800,550
2029	2,945,000	487,850	3,432,850	13,367,700
2030	3,030,000	399,500	3,429,500	9,938,200
2031	3,125,000	304,812	3,429,812	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>\$ 62,117,189</u>	<u>\$ 11,156,365</u>	<u>\$ 73,273,554</u>	

Note: Includes all CRA Tax Increment Redevelopment Revenue Bonds.



City of Delray Beach, Florida

Schedule of Capital Improvement Revenue Bonds (Series 2017)

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			
2021	\$ 3,095,000	\$	225,253	\$ 194,922	\$ 3,515,175	\$ 21,081,680	1.96%
2022	3,155,000		194,922	164,003	3,513,925	17,567,755	1.96
2023	3,220,000		164,003	132,447	3,516,450	14,051,305	1.96
2024	3,280,000		132,447	100,303	3,512,750	10,538,555	1.96
2025	3,345,000		100,303	67,522	3,512,825	7,025,730	1.96
2026	3,410,000		67,522	34,104	3,511,626	3,514,104	1.96
2027	3,480,000		34,104	-	3,514,104	-	1.96
	<u>\$ 22,985,000</u>	<u>\$</u>	<u>918,554</u>	<u>\$ 693,301</u>	<u>\$ 24,596,855</u>		

- Original Authorization – \$31,500,000
- Issued – \$31,500,000 Serial Bonds
- Date of Issue – June 23, 2017
- Maturity Range – Serial Bonds: October 1, 2018 through October 1, 2026
- Principal Payment Date – October 1 of each year
- Interest Payment Dates – April 1 and October 1 of each year
- Pledged Revenue – Non-ad valorem tax revenues
- Denomination – N/A
- Call Features – Optional redemption for bonds maturing on or after June 1, 2026 at 100%
- Paying Agent – Bank of America
- Ratings – N/A

Projects: The bonds were issued to finance the costs of certain infrastructure capital projects.

City of Delray Beach, Florida

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

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				
2021	\$ 2,065,000	\$ 680,450	\$ 680,450	\$ 3,425,900	\$ 40,826,200	5.00%	
2022	2,175,000	628,825	628,825	3,432,650	37,393,550	5.00	
2023	2,280,000	574,450	574,450	3,428,900	33,964,650	5.00	
2024	2,400,000	517,450	517,450	3,434,900	30,529,750	5.00	
2025	2,520,000	457,450	457,450	3,434,900	27,094,850	5.00	
2026	2,640,000	394,450	394,450	3,428,900	23,665,950	5.00	
2027	2,780,000	328,450	328,450	3,436,900	20,229,050	5.00	
2028	2,855,000	286,750	286,750	3,428,500	16,800,550	5.00	
2029	2,945,000	243,925	243,925	3,432,850	13,367,700	3.00	
2030	3,030,000	199,750	199,750	3,429,500	9,938,200	3.00	
2031	3,125,000	152,406	152,406	3,429,812	6,508,388	3.00	
2032	3,225,000	101,625	101,625	3,428,250	3,080,138	3.13	
2033	930,000	49,219	49,219	1,028,438	2,051,700	3.25	
2034	960,000	33,525	33,525	1,027,050	1,024,650	3.25	
2035	990,000	17,325	17,325	1,024,650	-	3.38	
	<u>\$ 34,920,000</u>	<u>\$ 4,666,050</u>	<u>\$ 4,666,050</u>	<u>\$ 44,252,100</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

Combined Schedule of Water and Sewer Revenue Bonds  
Debt Service Requirements

Fiscal Year Ending September 30	Principal	Interest	Total	Balance Outstanding at End of Fiscal Year
2021	\$ 1,880,000	\$ 71,329	\$ 1,951,329	\$ 1,948,965
2022	1,925,000	23,965	1,948,965	-
	<u>\$ 3,805,000</u>	<u>\$ 95,294</u>	<u>\$ 3,900,294</u>	

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				
2021	\$ 200,000	\$ 9,795	\$ 4,958	\$ 214,753	\$ 209,959	4.84%	
2022	205,000	4,959	-	209,959	-	4.84	
	<u>\$ 405,000</u>	<u>\$ 14,754</u>	<u>\$ 4,958</u>	<u>\$ 424,712</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, NA
- 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				
2021	\$ 585,000	\$ 13,094	\$ 6,630	\$ 604,724	\$ 606,630	2.21%	
2022	600,000	6,630	-	606,630	-	2.21	
	<u>\$ 1,185,000</u>	<u>\$ 19,724</u>	<u>\$ 6,630</u>	<u>\$ 1,211,354</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	October 1	April 1				
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>\$ 2,215,000</u>	<u>\$ 36,852</u>	<u>\$ 12,376</u>	<u>\$ 2,264,228</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 Revenue Bond Issue. The 2007 Water and Sewer Revenue 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

Fiscal Year Ending September 30	Principal	Interest	Total	Balance Outstanding at End of Fiscal Year
2021	\$ 390,443	\$ 36,392	\$ 426,835	\$ 1,172,495
2022	370,381	27,003	397,384	775,111
2023	369,380	18,186	387,566	387,545
2024	378,344	9,201	387,545	-
	<u>\$ 1,508,548</u>	<u>\$ 90,782</u>	<u>\$ 1,599,330</u>	

Schedule of installment agreements consists of the following:

- PNC Leasing — Original amount of principal—\$182,800, 60-month term, 2.85% interest, payable monthly January 7, 2017 through December 7, 2021, secured by golf carts at the Delray Beach Municipal Golf Course.
  
- PNC Leasing — Original amount of principal—\$1,462,569, 84-month term, 2.432% interest, payable monthly December 7, 2017 through December 7, 2023, secured by two fire pumper trucks.
  
- PNC Leasing — Original amount of principal—\$1,004,607, 84-month term, 2.432% interest, payable monthly December 7, 2017 through December 7, 2023, secured by a fire ladder truck.

City of Delray Beach, Florida

Combined Schedule of Community Redevelopment Agency Tax Increment  
Redevelopment Revenue Bonds (Series 2012 and Series 2015)

Fiscal Year Ending September 30	Principal		Interest		Total	Balance Outstanding at End of Fiscal Year	Interest Rate
	April 1/Oct. 1	April 1/Oct. 1	April 1/Oct. 1	April 1/Oct. 1			
2021	\$ 1,168,395	\$ 97,677	\$ 1,266,072	\$ 3,158,527		2.78 - 2.88 %	
2022	1,197,690	68,382	1,266,072	1,892,455		2.78 - 2.88	
2023	1,227,734	38,338	1,266,072	626,383		2.78 - 2.88	
2024	618,370	8,013	626,383	-		2.78 - 2.88	
Totals	<u>\$ 4,212,189</u>	<u>\$ 212,410</u>	<u>\$ 4,424,599</u>				

- Original Authorization – \$4,000,000 (Series 2012 - Tax-exempt draw down bond)  
– \$2,000,000 (Series 2015 - Tax-exempt draw down bond)
- Issued – \$3,919,225 draws to October 1, 2018 (Series 2012 - Tax-exempt)  
– \$2,000,000 draws to January 29, 2019 (Series 2015 - Tax-exempt)
- Date of Issue – February 10, 2012 (2012 Series)  
– January 29, 2016 (2015 Series)
- Maturity Range – Serially September 1, 2018 through October 1, 2023 (Series 2012 and 2015)
- Principal Payment Date – Series 2012: September 1 and April 1 of each year, commencing the first September 1 or April 1 after final draw  
– Series 2015: September 1 and April 1 of each year, commencing the first September 1 or April 1 after final draw
- Interest Rate – Series 2012: 2.10% on outstanding balance commencing October 1, 2012 and 2.88% on outstanding balance commencing April 1, 2016  
– Series 2015: 2.78% on outstanding balance commencing April 1, 2016
- Pledged Revenue – Tax increment revenues
- Denomination – N/A
- Call Features – No penalty for early payment for taxable debt only
- Paying Agent/Registrar – City National Bank of Florida (Series 2012 and 2015)
- Ratings – Not rated
- Project: – The Series 2012 and 2015 proceeds were issued for the purpose of financing the costs of acquisition and construction of certain redevelopment projects.



# Statistical Section

# STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends.....	135
<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.....	149
<i>These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.</i>	
Debt Capacity.....	152
<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 .....	156
<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.....	158
<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*

	<b>Fiscal Year</b>			
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 78,779,535	\$ 78,326,444	\$ 70,077,233	\$ 69,969,843
Restricted	6,520,365	1,801,017	1,618,934	1,745,885
Unrestricted (deficit)	26,242,684	35,072,705	43,858,427	51,496,227
<b>Total governmental activities net position</b>	<b>\$ 111,542,584</b>	<b>\$ 115,200,166</b>	<b>\$ 115,554,594</b>	<b>\$ 123,211,955</b>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 69,465,739	\$ 76,043,338	\$ 79,245,276	\$ 85,086,776
Restricted	7,116,700	4,620,831	4,428,595	2,222,394
Unrestricted	39,543,220	43,705,842	46,849,014	49,393,057
<b>Total business-type activities net position</b>	<b>\$ 116,125,659</b>	<b>\$ 124,370,011</b>	<b>\$ 130,522,885</b>	<b>\$ 136,702,227</b>
<b>Primary government</b>				
Net investment in capital assets	\$ 148,245,274	\$ 154,369,782	\$ 149,322,509	\$ 155,056,619
Restricted	13,637,065	6,421,848	6,047,529	3,968,279
Unrestricted	65,785,904	78,778,547	90,707,441	100,889,284
<b>Total primary government net position</b>	<b>\$ 227,668,243</b>	<b>\$ 239,570,177</b>	<b>\$ 246,077,479</b>	<b>\$ 259,914,182</b>

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					
2015	2016	2017	2018	2019	2020
\$ 67,883,652	\$ 83,352,304	\$ 94,498,408	\$ 133,947,140	\$ 142,771,519	\$ 151,463,017
2,991,799	3,102,189	5,747,894	9,743,679	10,201,536	7,084,293
(6,748,871)	(10,566,092)	(16,349,766)	(24,386,173)	(24,273,405)	(24,607,721)
<u>\$ 64,126,580</u>	<u>\$ 75,888,401</u>	<u>\$ 83,896,536</u>	<u>\$ 119,304,646</u>	<u>\$ 128,699,650</u>	<u>\$ 133,939,589</u>
\$ 88,760,143	\$ 97,070,159	\$ 100,024,904	\$ 104,384,378	\$ 107,509,243	\$ 107,576,983
3,880,165	3,572,645	3,604,806	3,744,085	3,494,654	3,558,286
50,522,734	53,312,727	57,526,842	57,215,688	59,051,311	62,960,813
<u>\$ 143,163,042</u>	<u>\$ 153,955,531</u>	<u>\$ 161,156,552</u>	<u>\$ 165,344,151</u>	<u>\$ 170,055,208</u>	<u>\$ 174,096,082</u>
\$ 156,643,795	\$ 180,422,463	\$ 194,523,312	\$ 238,331,518	\$ 250,280,762	\$ 259,040,000
6,871,964	6,674,834	9,352,700	13,487,764	13,696,190	10,642,579
43,773,863	42,746,635	41,177,076	32,829,515	34,777,906	38,353,092
<u>\$ 207,289,622</u>	<u>\$ 229,843,932</u>	<u>\$ 245,053,088</u>	<u>\$ 284,648,797</u>	<u>\$ 298,754,858</u>	<u>\$ 308,035,671</u>

**CITY OF DELRAY BEACH, FLORIDA**

Changes in Net Position  
Last Ten Fiscal Years  
Accrual Basis of Accounting

Expenses	Fiscal Year			
	2011	2012	2013	2014
Governmental activities:				
General government	\$ 18,350,964	\$ 19,076,155	\$ 18,456,193	\$ 23,014,006
Public safety	56,586,070	54,742,173	57,249,952	58,417,444
Physical environment	7,559,512	7,638,881	8,110,979	7,984,163
Parks and recreation	15,647,602	15,241,008	24,399,517	15,370,063
Economic development	-	-	-	-
Interest on long-term debt	2,701,776	2,551,029	2,414,349	2,090,947
<b>Total governmental activities expenses</b>	<u>100,845,924</u>	<u>99,249,246</u>	<u>110,630,990</u>	<u>106,876,623</u>
Business-type activities:				
Water and Sewer	29,558,007	25,957,121	24,799,536	24,462,318
Stormwater	1,677,612	1,694,769	1,660,899	1,476,036
Sanitation	4,293,784	4,640,061	4,686,520	4,677,510
Municipal Golf Course	2,976,846	2,932,249	3,060,771	3,073,076
Lakeview Golf Course	676,158	614,895	605,393	575,059
City Marina	136,955	122,499	80,426	93,963
Cemetery	-	-	-	-
<b>Total business-type activities expenses</b>	<u>39,319,362</u>	<u>35,961,594</u>	<u>34,893,545</u>	<u>34,357,962</u>
<b>Total primary government expenses</b>	<u>\$ 140,165,286</u>	<u>\$ 135,210,840</u>	<u>\$ 145,524,535</u>	<u>\$ 141,234,585</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 3,623,718	\$ 5,651,807	\$ 5,566,254	\$ 6,104,202
Public safety	7,022,063	7,842,116	8,046,157	7,971,996
Physical environment	1,419,279	1,605,704	1,753,619	1,985,081
Parks and recreation	1,726,011	2,011,941	1,766,249	1,860,432
Economic development	-	-	-	-
Operating grants and contributions:				
General government	2,529,998	3,432,599	3,035,452	4,031,439
Public safety	1,844,661	2,362,428	2,280,986	2,162,469
Physical environment	-	-	10,000	-
Parks and recreation	466,706	281,651	1,864,383	7,334,572
Economic development	-	-	-	-
Capital grants and contributions:				
General government	414,403	119,652	136,689	435,039
Physical environment	18,424	37,408	3,963,421	120,248
Economic development	-	-	-	-
<b>Total governmental activities program revenues</b>	<u>19,065,263</u>	<u>23,345,306</u>	<u>28,423,210</u>	<u>32,005,478</u>
Business-type activities:				
Charges for services:				
Water and Sewer	31,962,663	30,855,031	30,771,956	31,571,968
Stormwater	2,112,375	2,135,445	2,158,887	2,128,772
Sanitation	4,739,150	5,046,386	5,183,866	4,969,127
Municipal Golf Course	2,820,197	2,807,593	2,998,040	3,005,811
Lakeview Golf Course	666,591	655,175	610,313	635,489
City Marina	209,145	195,627	209,625	243,234
Cemetery	-	-	-	-
Operating grants and contributions:				
Water and Sewer	511,829	351,852	590,080	343,532
Stormwater	12,757	12,859	388	12,334
Sanitation	322,010	305,901	229,518	207,656
Municipal Golf Course	51,769	53,799	57,160	60,962
Lakeview Golf Course	5,855	5,443	5,118	4,612
City Marina	1,628	4,682	1,914	2,570
Cemetery	-	-	-	-
Capital grants and contributions:				
Water and Sewer	713,526	913,308	1,808,752	877,588
Stormwater	72,644	-	60,101	48,442
Municipal Golf Course	2,762	545	-	-
<b>Total business-type activities program revenues</b>	<u>44,204,901</u>	<u>43,343,646</u>	<u>44,685,718</u>	<u>44,112,097</u>
<b>Total primary government program revenues</b>	<u>\$ 63,270,164</u>	<u>\$ 66,688,952</u>	<u>\$ 73,108,928</u>	<u>\$ 76,117,575</u>
<b>Net (expense)/revenue</b>				
Governmental activities	\$ (81,780,661)	\$ (75,903,940)	\$ (82,207,780)	\$ (74,871,145)
Business-type activities	4,885,539	7,382,052	9,792,173	9,754,135
<b>Total primary government net expense</b>	<u>\$ (76,895,122)</u>	<u>\$ (68,521,888)</u>	<u>\$ (72,415,607)</u>	<u>\$ (65,117,010)</u>

		Fiscal Year									
		2015	2016	2017	2018	2019	2020				
\$	18,050,754	\$	22,968,532	\$	26,679,900	\$	31,680,429	\$	35,617,235	\$	34,027,104
	62,013,271		65,918,444		70,348,624		75,694,658		85,620,516		88,253,173
	8,143,146		7,714,515		10,366,782		14,065,033		16,268,827		14,746,699
	13,400,031		13,311,802		14,195,210		15,653,597		16,821,403		18,143,786
	-		-		-		11,244,955		10,920,391		20,293,239
	3,259,673		2,229,468		2,306,897		2,806,144		2,592,730		2,333,202
	<u>104,866,875</u>		<u>112,142,761</u>		<u>123,897,413</u>		<u>151,144,816</u>		<u>167,841,102</u>		<u>177,797,203</u>
	24,335,317		24,467,001		26,741,734		25,899,650		27,638,570		29,678,332
	1,631,007		1,546,867		1,893,877		1,889,375		1,861,488		2,230,218
	6,326,114		3,748,162		5,195,029		6,534,537		4,435,509		4,505,066
	2,934,725		3,098,149		2,909,445		2,952,039		3,072,842		2,533,254
	556,711		566,898		563,587		593,209		626,703		591,710
	94,090		88,509		107,813		158,492		165,383		35,908
	-		-		800		3,339		64,121		367,714
	<u>35,877,964</u>		<u>33,515,586</u>		<u>37,412,285</u>		<u>38,030,641</u>		<u>37,864,616</u>		<u>39,942,202</u>
	<u>\$ 140,744,839</u>		<u>\$ 145,658,347</u>		<u>\$ 161,309,698</u>		<u>\$ 189,175,457</u>		<u>\$ 205,705,718</u>		<u>\$ 217,739,405</u>
\$	7,583,178	\$	7,378,380	\$	10,451,376	\$	10,051,233	\$	10,692,718	\$	8,896,565
	8,912,161		9,031,132		9,481,433		9,362,635		11,157,736		10,086,236
	2,048,277		2,063,648		1,706,116		2,244,409		3,351,124		2,250,915
	2,125,935		1,825,824		1,686,662		1,448,739		1,856,465		1,579,026
	-		-		-		424,354		161,313		125,106
	3,711,327		960,763		3,474,068		5,825,944		6,933,078		10,770,073
	2,717,267		2,604,202		2,123,336		2,310,771		2,405,993		3,587,887
	-		-		-		-		-		-
	102,871		210,948		24,990		81,561		171,519		168,846
	-		-		-		260,589		524,571		89,331
	615,926		944,673		429,737		2,467,808		328,922		199,779
	-		-		-		-		-		-
	-		-		-		-		-		11,044,131
	<u>27,816,942</u>		<u>25,019,570</u>		<u>29,377,718</u>		<u>34,478,043</u>		<u>37,583,439</u>		<u>48,797,895</u>
	32,482,206		32,815,643		34,135,162		33,491,651		33,564,702		33,509,707
	2,108,862		2,111,117		2,160,127		2,181,550		2,151,690		2,133,063
	4,693,015		4,132,645		4,200,945		4,348,694		4,720,889		4,762,445
	3,127,554		3,129,388		3,113,583		2,992,596		3,169,381		2,423,699
	662,453		610,903		646,391		637,666		732,439		665,559
	219,286		223,401		239,205		252,524		139,209		-
	-		-		92,890		84,238		98,323		141,399
	55,970		430,950		986,210		701,424		1,009		511,105
	23,466		22,986		11,239		-		12,404		1,525,589
	206,278		254,232		235,566		427,388		111,603		202,828
	63,652		78,803		58,649		57,985		65,958		57,778
	5,378		8,544		5,649		5,010		5,435		4,616
	2,281		11,743		2,543		1,115		1,160		1,450
	-		-		600		-		-		-
	1,354,457		1,092,373		842,618		1,204,893		767,550		702,276
	13,294		-		65,810		349,371		82,853		140,202
	-		-		-		-		-		-
	<u>45,018,152</u>		<u>44,922,728</u>		<u>46,797,187</u>		<u>46,736,105</u>		<u>45,624,605</u>		<u>46,781,716</u>
	<u>\$ 72,835,094</u>		<u>\$ 69,942,298</u>		<u>\$ 76,174,905</u>		<u>\$ 81,214,148</u>		<u>\$ 83,208,044</u>		<u>\$ 95,579,611</u>
\$	(77,049,933)	\$	(87,123,191)	\$	(94,519,695)	\$	(116,666,773)	\$	(130,257,663)	\$	(128,999,308)
	9,140,188		11,407,142		9,384,902		8,705,464		7,759,989		6,839,514
	<u>(67,909,745)</u>		<u>(75,716,049)</u>		<u>(85,134,793)</u>		<u>(107,961,309)</u>		<u>(122,497,674)</u>		<u>(122,159,794)</u>

**CITY OF DELRAY BEACH, FLORIDA**

*Changes in Net Position (Continued)*

*Last Ten Fiscal Years*

*Accrual Basis of Accounting*

	Fiscal Year			
	2011	2012	2013	2014
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 47,467,480	\$ 46,224,759	\$ 47,036,144	\$ 47,695,425
Franchise fees	4,857,533	4,758,027	4,640,568	5,134,527
Utility service taxes	8,777,975	8,805,643	8,958,647	9,307,370
Sales taxes	1,293,963	1,307,897	1,310,488	1,341,267
Local business tax	702,394	700,100	748,768	737,231
Intergovernmental, unrestricted	5,983,120	5,864,142	6,261,001	6,795,748
Investment earnings	306,887	275,451	363,285	258,802
Gain on disposal of capital assets	-	-	2,240,888	-
Miscellaneous	7,022,162	8,307,853	7,725,615	7,533,386
Transfers	3,711,820	3,317,650	3,685,290	3,724,750
<b>Total governmental activities</b>	<u>80,123,334</u>	<u>79,561,522</u>	<u>82,970,694</u>	<u>82,528,506</u>
Business-type activities				
Investment earnings	29,609	77,359	90,795	132,999
Gain on disposal of capital assets	-	-	-	16,958
Transfers	(3,711,820)	(3,317,650)	(3,685,290)	(3,724,750)
<b>Total business-type activities</b>	<u>(3,682,211)</u>	<u>(3,240,291)</u>	<u>(3,594,495)</u>	<u>(3,574,793)</u>
<b>Total primary government</b>	<u>\$ 76,441,123</u>	<u>\$ 76,321,231</u>	<u>\$ 79,376,199</u>	<u>\$ 78,953,713</u>
<b>Changes in Net Position</b>				
Governmental activities	\$ (1,657,327)	\$ 3,657,582	\$ 762,914	\$ 7,657,361
Business-type activities	1,203,328	4,141,761	6,197,678	6,179,342
<b>Total primary government</b>	<u>\$ (453,999)</u>	<u>\$ 7,799,343</u>	<u>\$ 6,960,592</u>	<u>\$ 13,836,703</u>

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 51,971,057	\$ 56,876,767	\$ 59,282,428	\$ 83,602,342	\$ 90,261,662	\$ 95,139,737
5,269,680	5,132,170	5,209,446	5,240,982	5,317,253	5,114,526
9,462,152	9,383,744	9,468,782	9,842,605	10,032,079	9,926,040
1,397,627	1,426,451	3,654,505	3,561,644	3,633,681	3,542,170
786,579	839,208	911,668	883,112	876,577	850,765
7,143,751	7,174,725	7,381,660	7,543,300	7,797,976	7,561,740
308,589	306,237	873,235	1,852,523	4,205,582	2,552,908
29,100	37,765	28,361	-	48,681	20,330
12,793,025	16,829,794	13,411,235	12,438,792	13,250,807	5,652,219
3,562,620	878,151	2,306,510	3,475,651	4,228,369	3,878,812
<u>92,724,180</u>	<u>98,885,012</u>	<u>102,527,830</u>	<u>128,440,951</u>	<u>139,652,667</u>	<u>134,239,247</u>
270,617	248,146	122,629	75,389	1,179,437	1,080,172
-	15,352	-	-	-	-
<u>(3,562,620)</u>	<u>(878,151)</u>	<u>(2,306,510)</u>	<u>(3,475,651)</u>	<u>(4,228,369)</u>	<u>(3,878,812)</u>
<u>(3,292,003)</u>	<u>(614,653)</u>	<u>(2,183,881)</u>	<u>(3,400,262)</u>	<u>(3,048,932)</u>	<u>(2,798,640)</u>
<u>\$ 89,432,177</u>	<u>\$ 98,270,359</u>	<u>\$ 100,343,949</u>	<u>\$ 125,040,689</u>	<u>\$ 136,603,735</u>	<u>\$ 131,440,607</u>
\$ 15,674,247	\$ 11,761,821	\$ 8,008,135	\$ 11,774,178	\$ 9,395,004	\$ 5,239,939
5,848,185	10,792,489	7,201,021	5,305,202	4,711,057	4,040,874
<u>\$ 21,522,432</u>	<u>\$ 22,554,310</u>	<u>\$ 15,209,156</u>	<u>\$ 17,079,380</u>	<u>\$ 14,106,061</u>	<u>\$ 9,280,813</u>



**CITY OF DELRAY BEACH, FLORIDA**

*Governmental Activities Tax Revenues by Source*

*Last Ten Fiscal Years*

*Accrual Basis of Accounting*

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<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Tax Increment Revenue <sup>(1)</sup></b>	<b>Franchise Fees</b>	<b>Utility Service Taxes</b>	<b>Sales and Use Tax <sup>(2)</sup></b>	<b>Local Business Tax</b>	<b>Total</b>
<b>2011</b>	\$ 47,467,480	\$ -	\$ 4,857,533	\$ 8,777,975	\$ 1,293,963	\$ 702,394	\$ 63,099,345
<b>2012</b>	46,224,759	-	4,758,027	8,805,643	1,307,897	700,100	\$ 61,796,426
<b>2013</b>	47,036,144	-	4,640,568	8,958,647	1,310,488	748,768	62,694,615
<b>2014</b>	47,695,425	-	5,134,527	9,307,370	1,341,267	737,231	64,215,820
<b>2015</b>	51,971,057	-	5,269,680	9,462,152	1,397,627	786,579	68,887,095
<b>2016</b>	56,876,767	-	5,132,170	9,383,744	1,426,451	839,208	73,658,340
<b>2017</b>	59,282,428	-	5,209,446	9,468,782	3,654,505	911,668	78,526,829
<b>2018</b>	63,702,987	19,899,355	5,240,982	9,842,605	3,561,644	883,112	103,130,685
<b>2019</b>	68,084,866	22,176,796	5,317,253	10,032,079	3,633,681	876,577	110,121,252
<b>2020</b>	71,371,233	23,768,504	5,114,526	9,926,040	3,542,170	850,765	114,573,238

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(1) The tax increment revenue is from the Delray Beach Community Redevelopment Agency that became a blended component unit beginning in 2018.

(2) In 2017 the City began receiving the proceeds of a local option sales tax approved by voters for a 10 year period to finance local infrastructure capital projects.

# CITY OF DELRAY BEACH, FLORIDA

*Fund Balances of Governmental Funds*

*Last Ten Fiscal Years*

*Modified Accrual Basis of Accounting*

	2011	2012	2013	2014
<b>General fund</b>				
Nonspendable:				
Inventories	\$ 27,178	\$ 27,688	\$ 31,810	\$ 22,270
Prepaid items	719,973	828,555	796,362	803,979
Long-term notes receivable	3,165,084	3,173,159	3,139,659	3,139,659
Restricted for:				
Capital improvements	5,984	5,984	5,984	5,984
Committed for:				
Economic development	-	1,000,000	1,000,000	1,000,000
Assigned to:				
General government	151,013	151,304	209,672	373,543
Public safety	-	-	-	-
Physical environment	-	-	-	-
Parks and recreation	-	-	-	-
Subsequent year's budget	-	1,600,000	-	-
Unassigned	18,682,823	19,741,367	22,864,687	23,700,352
Total General Fund	<u>\$ 22,752,055</u>	<u>\$ 26,528,057</u>	<u>\$ 28,048,174</u>	<u>\$ 29,045,787</u>
<b>All other governmental funds</b>				
Nonspendable:				
Prepaid items	\$ 289	\$ -	\$ -	\$ -
Long-term notes receivable	1,726,988	-	-	-
Restricted for:				
Debt service	505,430	505,178	520,914	519,593
Law enforcement	1,066,733	1,000,591	815,232	946,004
Capital improvements	-	289,264	276,804	274,304
Community development	322,144	985,816	733,533	556,557
Committed for:				
Economic development	-	-	-	-
Assigned to:				
Public safety	130,456	121,420	126,383	127,523
Parks and recreation	1,230,965	1,385,951	1,328,551	1,404,962
Capital improvements	7,629,593	8,155,302	12,170,799	20,530,505
Subsequent year's budget	-	-	-	-
Unassigned				
Special Revenue Funds (deficit)	(640,364)	-	(11,483)	-
Total all other governmental funds	<u>\$ 11,972,234</u>	<u>\$ 12,443,522</u>	<u>\$ 15,960,733</u>	<u>\$ 24,359,448</u>

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

	2015	2016	2017	2018	2019	2020
\$	20,467	\$ 20,091	\$ 18,465	\$ 52,610	\$ 74,653	\$ 14,064
	912,548	669,738	32,809	60,108	48,530	624,612
	7,282,742	3,500	-	-	-	-
	5,984	5,985	5,984	5,985	5,985	5,985
	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	500,000
	-	-	152,070	1,054,033	57,334	85,347
	-	-	578,755	399,084	267,151	133,608
	-	-	1,110,890	466,039	501,087	276,013
	-	-	36,597	44,076	4,748	145,125
	-	400,000	-	3,148,441	1,034,959	5,235,823
	31,843,644	36,984,767	39,273,110	37,908,768	42,538,044	37,992,606
\$	41,065,385	\$ 39,084,081	\$ 42,208,680	\$ 44,139,144	\$ 45,532,491	\$ 45,013,183

\$	935	\$ 750	\$ -	\$ 29,314	\$ 81,886	\$ -
	-	-	-	-	-	-
	1,514,496	1,512,898	1,555,006	1,549,816	1,530,068	1,564,902
	1,195,724	1,307,711	1,166,924	1,109,178	1,214,333	1,297,619
	275,595	275,595	34,519,980	36,078,700	35,421,150	27,200,787
	1,890,147	1,995,011	1,618,720	1,715,729	1,637,261	1,614,749
	-	-	-	-	3,859,229	3,823,987
	124,615	137,876	178,284	192,590	174,553	192,709
	1,586,977	1,773,431	302,628	281,695	489,693	1,058,823
	22,686,037	17,304,033	17,041,318	24,209,669	19,691,591	27,287,858
	-	-	-	6,977,412	16,404,645	19,260,521
	-	-	-	-	-	-
\$	29,274,526	\$ 24,307,305	\$ 56,382,860	\$ 72,144,103	\$ 80,504,409	\$ 83,301,955

# CITY OF DELRAY BEACH, FLORIDA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

	2011	2012	2013	2014
<b>Revenues</b>				
Taxes	\$ 58,241,812	\$ 57,038,399	\$ 58,054,047	\$ 59,081,293
Licenses and permits	7,957,960	9,534,404	9,281,304	10,431,335
Intergovernmental	10,824,485	11,940,820	13,451,822	20,324,228
Charges for services	9,418,571	11,132,277	11,300,477	11,357,851
Fines and forfeitures	1,272,073	1,202,914	1,191,070	1,267,052
Miscellaneous	7,285,098	8,550,807	8,130,876	7,900,378
<b>Total revenues</b>	<b>94,999,999</b>	<b>99,399,621</b>	<b>101,409,596</b>	<b>110,362,137</b>
<b>Expenditures</b>				
Current				
General government	17,848,375	17,900,248	17,639,897	21,181,580
Public safety	55,095,307	53,017,993	54,885,089	56,479,283
Physical environment	4,849,851	4,950,217	5,427,738	5,474,282
Parks and recreation	12,874,379	12,759,647	21,758,749	12,942,976
Economic development	-	-	-	-
Capital outlay	4,758,088	4,360,188	5,367,587	7,184,219
Debt service				
Principal retirement	3,490,360	3,734,924	6,932,904	5,489,848
Interest and other fiscal charges	2,723,863	2,574,191	2,423,784	2,128,407
Bond issue costs	-	-	18,574	42,030
<b>Total expenditures</b>	<b>101,640,223</b>	<b>99,297,408</b>	<b>114,454,322</b>	<b>110,922,625</b>
Excess of revenues over (under) expenditures	(6,640,224)	102,213	(13,044,726)	(560,488)
<b>Other financing sources (uses)</b>				
Issuance of bonds	-	-	2,629,000	8,810,000
Bond anticipation note issued	-	-	11,799,612	6,190,036
Installment agreement issued	-	825,000	-	-
Proceeds from the sale of capital assets	1,903	1,727	889	-
Redemption of bonds	-	-	-	(8,767,970)
Transfers in	7,983,124	6,723,835	8,049,046	7,096,181
Transfers out	(4,271,304)	(3,405,485)	(4,396,496)	(3,371,431)
<b>Total other financing sources (uses)</b>	<b>3,713,723</b>	<b>4,145,077</b>	<b>18,082,051</b>	<b>9,956,816</b>
Net change in fund balances	\$ (2,926,501)	\$ 4,247,290	\$ 5,037,325	\$ 9,396,328
Debt service as a percentage of non-capital expenditures	6.41%	6.65%	8.58%	7.34%

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$	63,617,415	\$ 68,526,170	\$ 73,317,383	\$ 97,889,703	\$ 104,803,999	\$ 109,458,712
	12,124,145	11,364,551	14,557,921	14,150,027	14,799,891	12,942,583
	13,675,216	10,950,638	13,004,054	15,761,576	17,308,566	17,677,610
	12,148,312	12,468,984	12,461,409	13,147,960	15,689,112	13,718,981
	1,666,774	1,597,619	1,515,703	1,474,365	2,047,606	1,390,810
	14,592,475	17,785,403	15,230,734	14,891,618	17,935,376	23,712,529
	117,824,337	122,693,365	130,087,204	157,315,249	172,584,550	178,901,225
	18,948,238	23,125,406	24,211,901	28,034,121	31,145,975	30,291,065
	61,070,530	65,947,616	67,581,678	69,350,959	78,484,385	81,090,925
	5,828,266	5,557,126	7,371,526	10,359,928	11,010,999	10,027,960
	11,718,153	11,936,500	11,973,800	12,652,879	13,235,662	14,432,115
	-	-	-	11,244,955	10,920,391	20,051,187
	7,950,057	9,839,169	11,806,866	12,658,192	10,261,376	13,042,023
	14,676,629	11,197,870	3,468,713	7,390,732	8,533,634	8,108,299
	2,157,085	2,350,249	2,151,910	2,750,170	2,693,240	2,477,899
	620,925	-	70,560	-	-	-
	122,969,883	129,953,936	128,636,954	154,441,936	166,285,662	179,521,473
	(5,145,546)	(7,260,571)	1,450,250	2,873,313	2,873,313	(620,248)
	42,285,456	-	31,500,000	1,250,000	1,950,000	-
	1,799,244	-	-	-	-	-
	-	-	-	1,004,607	-	-
	934	790	42,309	1,443,597	46,013	2,870
	(25,568,032)	-	-	-	-	-
	6,159,463	10,953,739	13,395,520	12,559,561	9,498,922	9,147,019
	(2,596,843)	(10,644,483)	(11,187,925)	(9,163,070)	(8,040,170)	(6,251,403)
	22,080,222	310,046	33,749,904	7,094,695	3,454,765	2,898,486
\$	16,934,676	\$ (6,950,525)	\$ 35,200,154	\$ 9,968,008	\$ 6,328,078	\$ 2,278,238
	14.64%	11.28%	4.81%	7.15%	7.20%	6.36%

**CITY OF DELRAY BEACH, FLORIDA**

*General Governmental Tax Revenues By Source*

*Last Ten Fiscal Years*

*Modified Accrual Basis of Accounting*

<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Tax Increment Revenue <sup>(1)</sup></b>	<b>Utility Service Taxes</b>	<b>Sales and Use Tax <sup>(2)</sup></b>	<b>Local Business Tax</b>	<b>Total</b>
<b>2011</b>	\$ 47,467,480	\$ -	\$ 8,777,975	\$ 1,293,963	\$ 702,394	\$ 58,241,812
<b>2012</b>	46,224,759	-	8,805,643	1,307,897	700,100	57,038,399
<b>2013</b>	47,036,144	-	8,958,647	1,310,488	748,768	58,054,047
<b>2014</b>	47,695,425	-	9,307,370	1,341,267	737,231	59,081,293
<b>2015</b>	51,971,057	-	9,462,152	1,397,627	786,579	63,617,415
<b>2016</b>	56,876,767	-	9,383,744	1,426,451	839,208	68,526,170
<b>2017</b>	59,282,428	-	9,468,782	3,654,505	911,668	73,317,383
<b>2018</b>	63,702,987	19,899,355	9,842,605	3,561,644	883,112	97,889,703
<b>2019</b>	68,084,866	22,176,796	10,032,079	3,633,681	876,577	104,803,999
<b>2020</b>	71,371,233	23,768,504	9,926,040	3,542,170	850,765	109,458,712

(1) The tax increment revenue is from the Delray Beach Community Redevelopment Agency that became a blended component unit beginning in 2018.

(2) In 2017 the City began receiving the proceeds of a local option sales tax approved by voters for a 10 year period to finance local infrastructure capital projects.

## CITY OF DELRAY BEACH, FLORIDA

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

Fiscal Year Ending September 30,	Tax Roll Year	Just Value			Total
		Real Property	Personal Property	Centrally Assessed Property	
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
2016	2015	10,791,342,859	335,931,328	4,706,897	11,131,981,084
2017	2016	12,083,392,284	352,041,563	5,116,264	12,440,550,111
2018	2017	13,031,532,052	308,798,836	5,280,088	13,345,610,976
2019	2018	13,745,764,634	326,159,163	5,440,000	14,077,363,797
2020	2019	14,520,154,928	331,487,068	7,773,129	14,859,415,125

**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).

<b>Less Tax Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Value</b>	<b>Total Taxable Assessed Value as a % of Estimated Actual Value</b>
\$ 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%
3,156,786,813	7,975,194,271	7.3367	9,266,850,397	86.06%
3,632,397,474	8,808,152,637	7.2107	10,147,517,950	86.80%
3,739,167,107	9,606,443,869	7.0900	11,025,497,279	87.13%
3,661,522,344	10,415,841,453	6.9719	11,877,807,039	87.69%
3,769,536,808	11,089,878,317	6.8645	12,604,762,821	87.98%



**CITY OF DELRAY BEACH, FLORIDA**

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

<b>Fiscal Year Ending September 30,</b>	<b>General Fund</b>	<b>Debt Service</b>	<b>Total City of Delray Beach</b>	<b>School District</b>	<b>Palm Beach County</b>	<b>Special Taxing Districts</b>	<b>Total All</b>
<b>2011</b>	7.1900	0.6002	7.7902	8.1539	4.9960	2.5552	23.4953
<b>2012</b>	7.1900	0.6133	7.8033	8.1800	4.9928	2.3436	23.3197
<b>2013</b>	7.1992	0.6041	7.8033	7.7780	4.9853	2.3154	22.8820
<b>2014</b>	7.1611	0.3453	7.5064	7.5859	4.9853	2.2800	22.3576
<b>2015</b>	7.1611	0.3028	7.4639	7.5940	4.9732	2.1732	22.2043
<b>2016</b>	7.0611	0.2756	7.3367	7.5120	4.9277	2.0974	21.8738
<b>2017</b>	6.9611	0.2496	7.2107	7.0700	4.9142	1.9453	21.1402
<b>2018</b>	6.8611	0.2289	7.0900	6.7690	4.9023	1.7818	20.5431
<b>2019</b>	6.7611	0.2108	6.9719	6.5720	4.8980	1.6920	20.1339
<b>2020</b>	6.6611	0.2034	6.8645	7.1640	4.8580	1.6873	20.5738

- 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
- 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, 2020*

	2020				2011			
	Taxable Assessed Valuation	Taxes Levied	Rank	Percentage of Total Taxes Levied	Taxable Assessed Valuation	Taxes Levied	Rank	Percentage of Total Taxes Levied
Tenet Healthcare Corp	\$ 114,150,885	\$ 783,589	1	1.03%	\$ 38,165,644	\$ 297,318	2	0.63%
Florida Power and Light Co.	104,633,464	718,256	2	0.94%	74,334,805	\$ 579,083	1	-
CO BB Delray Owner LLC	84,731,287	581,638	3	0.76%	-	-	-	-
Citation Club Investors	71,786,860	492,781	4	0.65%	37,479,654	291,974	3	0.61%
Granite Worthing LLC	68,279,839	468,707	5	0.62%	-	-	-	-
Ocean Properties Ltd.	66,057,285	453,450	6	0.60%	34,057,149	265,312	6	0.56%
Congress Avenue Apartments Member LLC	59,252,738	406,740	7	0.53%	-	-	-	-
Linton Delray LLC	54,584,087	374,692	8	0.49%	34,916,048	272,003	5	0.57%
Alta Congress Owner LLC	47,643,359	327,048	9	0.43%	-	-	-	-
Lifespace Communities Inc.	47,187,732	323,920	10	0.43%	28,060,769	218,599	9	-
RREEF	-	-	-	-	37,408,796	291,422	4	0.61%
HHC Seagate Inc.	-	-	-	-	34,057,149	265,312	7	0.56%
Delray Community Hospital	-	-	-	-	29,484,481	229,690	8	0.48%
MS LPC South Congress Holdings, LLC	-	-	-	-	25,763,909	200,706	10	0.42%
								0.00%
								0.00%
<b>Totals</b>	<b>\$ 718,307,536</b>	<b>\$ 4,930,822</b>		<b>6.48%</b>	<b>\$ 373,728,404</b>	<b>\$ 2,911,419</b>		<b>4.44%</b>

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

**Net Tax Levy:**

Fiscal Year 2020	\$ 76,127,852
Fiscal Year 2011	\$ 47,516,830

**City Millage Rate:**

Fiscal Year 2020	6.8645
Fiscal Year 2011	7.7902

**CITY OF DELRAY BEACH, FLORIDA**

*Property Tax Levies and Collections*

*Last Ten Fiscal Years*

<b>Fiscal Year Ending September 30,</b>	<b>Net Tax Levy*</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Property Tax Collections</b>	<b>Collections as a Percent of Current Levy</b>
<b>2011</b>	\$ 47,516,830	\$ 45,708,199	96.19%	\$ 516,560	\$ 46,224,759	97.28%
<b>2012</b>	46,543,434	46,891,671	100.75%	144,473	47,036,144	101.06%
<b>2013</b>	47,610,690	47,230,589	99.20%	464,836	47,695,425	100.18%
<b>2014</b>	54,077,708	51,832,318	95.85%	138,739	51,971,057	96.10%
<b>2015</b>	58,557,569	56,789,971	96.98%	86,796	56,876,767	97.13%
<b>2016</b>	58,512,469	58,688,757	100.30%	593,671	59,282,428	101.32%
<b>2017</b>	63,449,114	63,527,367	100.12%	175,620	63,702,987	100.40%
<b>2018</b>	68,138,009	68,064,438	99.89%	20,428	68,084,866	99.92%
<b>2019</b>	72,618,995	67,980,754	93.61%	104,112	68,084,866	93.76%
<b>2020</b>	76,127,852	73,356,606	96.36%	189,522	71,371,233	93.75%

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

\*Net Tax Levy is for City ad valorem taxes and excludes tax increment revenues received by the CRA.

**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			
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	2.70%	1,304
2015	16,435,000	54,939,822	386,854	13,761,371	-	-	85,523,047	2.78%	1,354
2016	14,845,000	45,259,291	267,429	11,448,036	-	109,439	71,929,195	2.29%	1,124
2017	13,205,000	74,849,925	1,618,610	9,555,316	-	239,215	99,468,066	4.35%	1,512
2018	11,505,000	75,524,364	2,170,939	7,613,016	-	180,420	96,993,739	2.81%	1,401
2019	9,755,000	70,666,611	1,804,068	5,625,000	-	115,066	87,965,745	2.45%	1,257
2020	7,935,000	64,326,172	1,460,380	3,805,000	-	48,168	77,574,720	2.16%	1,096

**CITY OF DELRAY BEACH, FLORIDA**

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Assessed Value of Taxable Property</b>	<b>Debt as a Percentage of Assessed Value of Taxable Property</b>	<b>Population</b>	<b>General Bonded Debt Per Capita</b>
2011	\$ 27,090,000	\$ -	\$ 27,090,000	\$ 6,249,668,019	0.43%	60,831	\$ 445.33
2012	24,605,000	-	24,605,000	6,149,055,201	0.40%	61,495	400.11
2013	22,081,834	-	22,081,834	6,207,019,373	0.36%	61,801	357.31
2014	17,970,000	-	17,970,000	6,594,864,216	0.27%	62,700	286.60
2015	16,435,000	-	16,435,000	7,239,395,652	0.23%	63,175	260.15
2016	14,845,000	-	14,845,000	7,975,194,271	0.19%	63,972	232.05
2017	13,205,000	43,762	13,161,238	8,808,152,637	0.15%	65,804	200.01
2018	11,505,000	40,372	11,464,628	9,606,443,869	0.12%	69,228	165.61
2019	9,755,000	22,424	9,732,576	10,415,841,453	0.09%	69,957	139.12
2020	7,935,000	59,058	7,875,942	11,089,878,317	0.07%	70,767	111.29

**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, 2020*

	<b>Total Outstanding</b>	<b>Percentage Applicable to City of Delray Beach<sup>(1)</sup></b>	<b>Amount Applicable to City of Delray Beach</b>
Direct:			
City of Delray Beach	\$ 73,721,552	100.00%	\$ 73,721,552
Overlapping:			
Palm Beach County	44,740,000	5.64%	2,523,336
Palm Beach County School District Certificates of Participation	1,305,860	5.26%	68,662
Total overlapping debt	46,045,860		2,591,998
<b>Total direct and overlapping debt</b>	<b>\$ 119,767,412</b>		<b>\$ 76,313,550</b>
Population			70,767
Total direct and overlapping debt per capita			\$ 1,078.38

<sup>(1)</sup> Estimates based on 2019 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*

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<b>Fiscal Year</b>	<b>Gross Revenue<sup>(1)</sup></b>	<b>Operating Expenses<sup>(2)</sup></b>	<b>Revenue Available for Debt Coverage</b>	<b>Current Debt Expenses<sup>(3)</sup></b>	<b>Current Coverage<sup>(4)</sup></b>
<b>2011</b>	\$ 32,495,880	\$ 19,213,153	\$ 13,282,727	\$ 5,950,563	2.23
<b>2012</b>	31,259,498	19,706,178	\$ 11,553,320	5,351,049	2.16
<b>2013</b>	31,418,727	18,806,440	12,612,287	5,882,394	2.14
<b>2014</b>	32,002,573	18,831,725	13,170,848	11,480,122	1.15
<b>2015</b>	32,717,661	19,392,578	13,325,083	434,399	30.67
<b>2016</b>	33,402,805	19,693,777	13,709,028	2,057,854	6.66
<b>2017</b>	35,198,510	21,903,576	13,294,934	2,058,376	6.46
<b>2018</b>	34,240,093	21,342,061	12,898,032	2,058,364	6.27
<b>2019</b>	34,302,655	22,759,259	11,543,396	2,056,789	5.61
<b>2020</b>	34,695,476	24,598,927	10,096,549	1,937,403	5.21

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(1) Includes investment earnings, intergovernmental and rent (excludes capital contributions).

(2) Excludes depreciation expense, interest expense, investment expense, amortization expense, loss on disposal of equipment and loss on joint venture.

(3) Increase in debt service for 2014 and reduction of debt service for 2015 and thereafter due to final payment on September 30, 2014 for the Series 1993 Capital Appreciation Bonds.

(4) Minimum debt service coverage requirement is 1.1.

**CITY OF DELRAY BEACH, FLORIDA**

*Principal Employers*

*Current Year and Nine Years Ago*

<u>Employer</u>	<u>2020</u>			<u>2011</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Delray Medical Center	1,280	1	3.44%	1,520	1	N/A
Palm Beach County School District	1,111	2	2.99%	-	-	-
City of Delray Beach	834	3	2.24%	818	2	N/A
Seo Every Where	500	4	1.35%	-	-	-
Ancco Services	400	5	1.08%	400	5	N/A
Meisner Electric Inc of FL	370	6	1.00%	-	-	-
Ed Morse Delray Toyota & Scion	350	7	0.94%	350	6	N/A
Shullman Technology Group	350	8	0.94%	-	-	-
Pinecrest Rehabilitation Hospital	300	9	0.81%	-	-	-
Schumacher Automotive Group	250	10	0.67%	-	-	-
Mitsubishi of Delray	-	-	-	496	3	N/A
Delray Lincoln Mercury	-	-	-	425	4	N/A
Delray Motors	-	-	-	350	7	N/A
Home Depot	-	-	-	300	8	N/A
Publix Supermarkets	-	-	-	280	9	N/A
Jetflite Inc	-	-	-	275	10	N/A
Totals	<u>5,745</u>		<u>15.46%</u>	<u>5,214</u>		<u>N/A</u>
Total Employment for Delray Beach:	<u>37,167</u>			<u>N/A</u>		

**Source:** Business Development Board of Palm Beach County.  
Finance Department, City of Delray Beach, Florida.

N/A Data is not available for 2011



## CITY OF DELRAY BEACH, FLORIDA

### Demographic and Economic Statistics

#### Last Ten Fiscal Years

Fiscal Year	City Population <sup>(1)</sup>	County Population <sup>(1)</sup>	Per Capita Personal Income <sup>(2)</sup>	Estimated Total Personal Income <sup>(3)</sup>	Median Age <sup>(1)</sup>	School Enrollment <sup>(4)</sup>	Unemployment Rate <sup>(1)</sup>
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	1,345,652	46,434	2,869,667,634	45.5	7,745	7.0%
2014	62,700	1,360,238	48,224	3,023,644,800	45.7	8,059	6.4%
2015	63,175	1,378,417	48,706	3,077,001,550	45.1	7,760	6.4%
2016	63,972	1,391,741	49,193	3,146,974,596	44.9	7,473	4.4%
2017	65,804	1,414,144	34,728	2,285,241,312	44.8	7,139	3.2%
2018	69,228	1,471,150	49,940	3,457,246,320	45.1	7,259	3.1%
2019	69,957	1,498,187	50,181	3,510,512,217	45.4	7,121	2.8%
2020	70,767	1,541,961	50,683	3,586,683,861	45.0	7,139	7.4%

#### Data Sources:

- (1) Business Development Board of Palm Beach County.  
Median Age for 2011 to current is for the City of Delray Beach, Florida. 2010 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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government	68	67	67	59	62.5	72.5	80.5	74	81	103
Public Safety										
Community Improvement	5	5	5	5	7.5	6	12	14	14	15
Planning & Zoning	16	16	16	12.5	14	15	16	16.5	14	16
Building Inspection	20	20	20	16	14	19	20	20	22	20
Code Compliance	17	17	17	15	18.5	18	18	16.5	18	16
Law Enforcement	242	239	229	225	212.5	216.5	222	230.5	229	227
Fire Control	156	155	160	157	173	182.5	186	196	196	192
Community Development										
Block Grant	7	7	7	6	5	9.5	6	6	3	2
Insurance	4	4	4	4	3	4	2	2	2	3
City Garage	12	12	12	12	10	13	14.5	13	11	13
Physical Environment										
Public Works	25.5	25.5	25.5	27	21.5	20.5	22	36	39	32
Engineering	7	7	7	7	6	6	7	9	9	8
Sanitation	4	4	4	4	4	4	4	3	3	3
Stormwater Utility	6	6.5	6.5	6	5	7	6.5	5	6	6
Parks and Recreation	112	110	105	136	110.5	105	107	112.5	89	75
Water & Sewer Utility	<u>116.5</u>	<u>118</u>	<u>118</u>	<u>117</u>	<u>111</u>	<u>114</u>	<u>111</u>	<u>92</u>	<u>102</u>	<u>103</u>
<b>Total</b>	<b><u>818.0</u></b>	<b><u>813.0</u></b>	<b><u>803.0</u></b>	<b><u>808.5</u></b>	<b><u>778.0</u></b>	<b><u>812.5</u></b>	<b><u>834.5</u></b>	<b><u>846.0</u></b>	<b><u>838.0</u></b>	<b><u>834.0</u></b>

Source: Finance Department, City of Delray Beach, Florida.

**CITY OF DELRAY BEACH, FLORIDA**

*Capital Asset Statistics by Function  
Last Ten Fiscal Years*

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Public Safety</b>										
<b>Police</b>										
Stations	3	3	3	3	3	3	2	2	1	1
Patrol units	217	208	181	201	209	212	206	214	223	228
<b>Fire</b>										
Fire stations <sup>(1)</sup>	6	6	6	6	6	6	6	6	6	6
Fire trucks	16	12	10	10	9	9	12	12	12	12
ALS rescue vehicles	9	9	9	9	9	9	12	12	12	12
<b>Leisure Services</b>										
Ballfields - lighted	16	16	15	15	15	15	15	15	15	15
Basketball courts	5	5	5	5	5	5	5	5	7	7
Football/Soccer fields <sup>(2)</sup>	7	7	7	7	7	7	7	7	7	7
Tennis courts	48	48	48	48	48	48	48	48	48	48
Parks <sup>(3)</sup>	22	22	22	22	23	24	24	59	59	59
<b>Roads and Streets</b>										
Lane miles <sup>(4)</sup>	314	314	321	321	308	308	309	310	310	310

**Source:** 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) Parks includes active parks only in 2017 and prior years. Beginning in 2018, Parks includes both active and passive parks.
- (4) The number of lane miles are based on the City's GIS system.

# CITY OF DELRAY BEACH, FLORIDA

Operating Indicators by Function  
Last Ten Fiscal Years

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Public Safety</b>										
<b>Police</b>										
Physical arrests	2,620	2,342	2,068	2,012	2,014	1,793	2,262	2,097	2,361	2,146
Traffic violations	11,314	12,393	10,135	10,913	19,702	19,703	17,815	18,472	22,396	17,801
<b>Fire</b>										
Number of calls	12,008	12,282	13,171	13,406	13,255	12,136	16,404	15,877	16,383	16,397
<b>Parks and Recreation</b>										
<b>Library</b>										
Circulation	252,179	237,755	234,029	226,938	191,759	187,400	180,989	170,969	200,348	138,977
Programs offered	1,145	1,194	975	808	791	756	1,506	1,982	2,612	2,276
Program attendance	24,021	25,905	25,052	23,055	24,488	22,232	19,663	26,894	34,891	19,205
<b>Leisure Services (1)</b>										
Youth athletic participants	17,837	24,389	20,238	38,220	35,638	29,573	24,000	36,000	2,405	2,136
Camp program participants	352	384	525	382	2,021	1,845	953	900	364	58
Class participants	28,328	36,556	54,839	59,342	50,747	49,786	36,605	25,000	21,096	20,320
<b>Water/Sewer Utility</b>										
Water customers	21,407	21,596	21,795	22,010	22,132	22,212	20,392	22,556	20,985	21,761
Water main breaks	408	442	401	374	477	373	305	268	11	13
Sewer customers	21,093	20,935	20,950	20,505	20,784	20,329	20,475	19,413	19,686	20,625
Sewer main breaks	-	3	-	-	-	1	1	5	2	2
Avg daily water consumption (thousands of gallons)	11,356	10,953	11,029	10,925	11,000	11,759	12,008	14,960	15,800	11,285

**Source:** City departments and the 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

(1) The methodology for determining Leisure Services participants changed in 2019 from a participant to enrollment basis.

# Compliance Section



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COHEN, PORTER & VEIL, P.A.

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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 financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2020, 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 April 26, 2021.

**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, as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the City. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain additional matters that we reported to those charged with governance in a separate management letter dated April 26, 2021.

## **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.

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

West Palm Beach, Florida  
April 26, 2021

CITY OF DELRAY BEACH, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Fiscal Year Ended September 30, 2020

Grantor / Program Title	CFDA Number	Grant Number/ Pass-through Entity Identifying Number	2020 Program Expenditures	Transfers to Subrecipients
<b>Federal Awards</b>				
<b>U.S. Department of Housing and Urban Development</b>				
Direct Awards				
Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-12-0033	\$ 11,012	\$ -
Community Development Block Grants/Entitlement Grants	14.218	B-15-MC-12-0033	47,010	-
Community Development Block Grants/Entitlement Grants	14.218	B-16-MC-12-0033	33,427	-
Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-12-0033	49,680	68,915
Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-12-0033	284,918	-
<b>Total U.S. Department of Housing and Urban Development</b>			<b>426,047</b>	<b>68,915</b>
<b>U.S. Department of Justice</b>				
Bureau of Justice Assistance				
Direct Awards				
Bulletproof Vest Partnership Program	16.607	2019-BUBX-19097579	24,590	-
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	2017-DJ-BX-0761	11,368	-
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	2019-DJ-BX-0614	29,379	-
<b>Total U.S. Department of Justice</b>			<b>65,337</b>	<b>-</b>
<b>U.S. Department of Transportation</b>				
Pass-through Awards from the State of Florida,				
Florida Department of Transportation				
Highway Planning and Construction	20.205	ARS-57	92,268	-
Highway Planning and Construction	20.205	G1556	617,168	-
Highway Planning and Construction	20.205	G1G01	3,652	-
Highway Planning and Construction	20.205	G1K33	89	-
Highway Safety Cluster				
State and Community Highway Safety Program	20.600	G1D54	50,000	-
State and Community Highway Safety Program	20.600	G1E26	20,000	-
National Priority Safety Programs	20.616	G1D93	25,000	-
Total Highway Safety Cluster			95,000	-
<b>Total U.S. Department of Transportation</b>			<b>808,177</b>	<b>-</b>
<b>U.S. Department of Treasury</b>				
Pass-through Award from the State of Florida,				
Florida Housing Finance Corporation				
Coronavirus Relief Fund	21.019	113-2020	79,586	-
<b>Total U.S. Department of Treasury</b>			<b>79,586</b>	<b>-</b>
<b>U.S. Department of Homeland Security</b>				
Pass-through Awards from the State of Florida,				
Florida Division of Emergency Management				
Disaster Grants - Public Assistance (Presidentially Declared)				
Disasters - Hurricane Irma)	97.036	Z1118	629,874	-
Homeland Security Grant Program	97.067	19-DS-01-10-60-23-278	8,675	-
Homeland Security Grant Program	97.067	R0089	12,950	-
Staffing for Adequate Fire and Emergency Response (SAFER)	97.133	EMW-2018-FH-00601	333,886	-
<b>Total U.S. Department of Homeland Security</b>			<b>985,385</b>	<b>-</b>
<b>Total Federal Awards</b>			<b>\$ 2,364,532</b>	<b>\$ 68,915</b>

(Continued)



CITY OF DELRAY BEACH, FLORIDA

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

For the Fiscal Year Ended September 30, 2020

Grantor / Program Title	CSFA Number	Grant Number/ Pass-through Entity Identifying Number	2020 Program Expenditures
<b>State Financial Assistance</b>			
<b>Florida Department of Environmental Protection</b>			
Direct Awards			
Beach Management Funding Assistance Program	37.003	19PB4	\$ 138,642
Beach Management Funding Assistance Program	37.003	20PB10	7,802
Grants and Aids to Local Governments and Nonstate Entities	37.085	L1802	147,010
Pass-through Awards from South Florida Water Management District			
Alternative Water Supply	37.100	4600004144	217,700
Water Protection and Sustainability Program	37.100	4600004187	<u>40,000</u>
<b>Total Florida Department of Environmental Protection</b>			<b>551,154</b>
<b>Florida Housing Finance Corporation</b>			
Direct Award			
State Housing Initiatives Partnership Program	40.901	19.10	<u>200,861</u>
<b>Total Florida Housing Finance Corporation</b>			<b>200,861</b>
<b>Florida Department of State, Division of Historical Resources</b>			
Direct Awards			
Florida Department of State Historic Presevation Grants	45.031	20.h.sm.200.091	48,000
Florida Department of State Historic Presevation Grants	45.031	20.h.sm.300.093	<u>36,340</u>
<b>Total Florida Department of State</b>			<b>84,340</b>
<b>Total State Financial Assistance</b>			<b><u>\$ 836,355</u></b>

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

## City of Delray Beach, Florida

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

September 30, 2020

#### **1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the “Schedule”) includes the Federal and State grant activity of the City of Delray Beach, Florida (the “City”), under programs of the Federal government for the year ended September 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or changes in net position, or cash flows of the City.

#### **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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures relating to U.S. Department of Homeland Security, CFDA 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters - Hurricane Irma) are reported when 1) FEMA has approved the project worksheet, and 2) eligible expenditures have been incurred in accordance with FEMA regulations (See Note 5).
- (b) The City made subrecipient payments totaling \$68,915 from Federal awards to various local non-profit organizations for the year ended September 30, 2020.

#### **3. Indirect Cost Rate**

The City did not elect to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

#### **4. 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 statutes and regulations.

#### **5. Expenditures Incurred in Prior Years**

Amounts reported in the Schedule of Expenditures of Federal Awards for U.S. Department of Homeland Security, CFDA 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters - Hurricane Irma) include expenditures of \$629,874 incurred in a prior year.



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Independent Auditor's Report on Compliance for Each Major Federal Program  
and State Project and on Internal Control Over Compliance Required by the  
Uniform Guidance and Chapter 10.550, Rules of the Auditor General

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

**Report on Compliance for Each Major Federal Program and State Project**

We have audited the compliance of the City of Delray Beach, Florida (the "City"), with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the City's major Federal programs and State projects for the year ended September 30, 2020. The City's major Federal programs and State projects 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 Federal and State statutes, regulations, and the terms and conditions of its Federal awards and State projects applicable to its Federal programs and State projects.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major Federal programs and State projects 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General. Those standards, the Uniform Guidance, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program or State project occurred. An audit includes examining, on a test basis, evidence about 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 and State project. However, our audit does not provide a legal determination of the City's compliance.

### ***Opinion on Each Major Federal Program and State Project***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs and State projects for the year ended September 30, 2020.

### **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 or State Project 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 or State project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.550, Rules of the Auditor General, 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 or State project 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 or State project 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 or State project 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 the Uniform Guidance and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

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

West Palm Beach, Florida  
April 26, 2021

CITY OF DELRAY BEACH, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
FEDERAL AWARDS AND STATE PROJECTS

For the Fiscal Year Ended September 30, 2020

**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  No

Significant deficiencies identified?  Yes  No

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards and State Projects**

Internal control over major Federal Programs and State Projects:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified?  Yes  No

Type of auditor's report issued on compliance for major Federal Programs and major State Projects: *Unmodified Opinion*

Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a) or Chapter 10.557, Rules of the Auditor General?  Yes  No

**Identification of Major Federal Programs and State Projects:**

**Major Federal Award Program**

**Federal  
CFDA No.**

**U.S. Department of Homeland Security**

Pass-through Award from the State of Florida,  
Florida Division of Emergency Management  
Disaster Grants – Public Assistance (Presidentially Declared  
Disasters – Hurricane Irma)

97.036

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

\$ 750,000

Auditee qualified as low-risk auditee?  Yes  No

CITY OF DELRAY BEACH, FLORIDA

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

For the Fiscal Year Ended September 30, 2020

**SECTION I - SUMMARY OF AUDITOR'S RESULTS (Continued)**

<u>Major State Projects</u>	<u>State CFSA No.</u>
<b>Florida Department of Environmental Protection</b>	
Direct Awards	
Beach Management Funding Assistance Program	37.003
Grants and Aids to Local Governments and Nonstate Entities	37.085
Pass-through Award from South Florida Water Management District	
Alternative Water Supply and Water Protection and Sustainability Program	37.100
Dollar threshold used to distinguish between Type A and Type B State projects:	<u>\$ 300,000</u>

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None

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

None

**SECTION IV - OTHER MATTERS**

1. A Corrective Action Plan is not required because there were no audit findings reported.
2. A Summary Schedule of Prior Audit Findings is not required because there were no prior audit findings.

# Management Letter



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

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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, 2020, and have issued our report thereon dated April 26, 2021.

### **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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Florida Auditor General.

### **Other Reporting Requirements**

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 State Project and on Internal Control over Compliance Required by the Uniform Guidance and Chapter 10.550, Rules of the Auditor General; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on Investment Compliance on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 26, 2021, should be considered in conjunction with this management letter. The Delray Beach Community Redevelopment Agency, a blended component unit and major governmental fund of the City, the Delray Beach Downtown Development Authority, a discretely presented component unit, and the City of Delray Beach Firefighters' Retirement System and the City of Delray Beach Police Officers' Retirement System, which are fiduciary funds of the City, issue separate stand-alone audit reports. This management letter does not include the results of the testing of internal control over financial reporting or compliance and other matters that are reported on separately in the stand-alone audit reports for those entities.

### **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The uncorrected audit finding and recommendation reported in the preceding annual financial audit report is summarized in the table below:



Tabulation of Uncorrected Audit Findings

Current Year Finding No.	2018-19 FY Finding No.	2017-18 FY Finding No.
2019-001	2019-001	None

The uncorrected audit finding and recommendation reported in the prior year management letter requires further attention by management as follows:

**2019-001 Payroll Processing**

*Criteria:* Complete and accurate timesheets should be submitted for all employees.

*Conditions:* We randomly selected 40 employees and pay periods for testing payroll expenditures during the current year. We noted that the hours reported on one timesheet did not agree to the hours paid as recorded in the payroll register. The timesheet reported six hours of overtime, which were not recorded on the payroll register and were not paid. In addition, two employee timesheets were not signed by supervisors to document their review and approval as required by City policy, and two additional employee timesheets were missing and could not be provided for our review.

*Recommendations:* We recommend that City management review the current payroll processes and consider actions to ensure that employee timesheets are complete, accurate and timely when submitted to Finance for processing. The City could implement the same timesheet template for all employees to facilitate the processing of payroll (ex: some departments use TeleStaff, others use Call-Out forms but the hours marked on these forms are not shown on the timesheets, etc.). In addition, Department Heads should make an effort to approve timesheets within established deadlines, so that the payroll can be processed in a timely manner without the need for adjustments in subsequent payrolls.

**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 and Management**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes, as of and for the year ended September 30, 2020.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City as of September 30, 2020. 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 the City. The results of our procedures disclosed no matters that are required to be reported.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### **Special District Component Units**

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

### **Additional Matters**

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

### **City's Response to Finding**

The response by City management to the finding identified in this management letter is described in the accompanying City Response to Management Letter. The response by the City was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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.

West Palm Beach, Florida  
April 26, 2021

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



April 30, 2021

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

**Subject: City Response to Audit Finding**  
Comprehensive Annual Financial Report – September 30, 2020

Our response to the current year audit finding and recommendation is listed below:

**2019-001 Payroll Processing**

Management agrees with the recommendation and will review the time reporting and payroll processing procedures currently in place.

Respectfully submitted,

A handwritten signature in blue ink that reads "John Lege". The signature is written in a cursive, flowing style.

John Lege, CGFO, CPFO  
Finance Director



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

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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, 2020. Management of the City of Delray Beach (the "City") is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

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

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

In our opinion, the City of Delray Beach complied, in all material respects, with Section 218.415, Florida Statutes, as of and for the year ended September 30, 2020.

This report is intended to describe our testing of compliance with Section 218.415, Florida Statutes, and is not suitable for any other purpose.

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

West Palm Beach, Florida  
April 26, 2021