






# ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2022

CITY OF DELRAY BEACH
FLORIDA

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**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

# CITY OF DELRAY BEACH, FLORIDA

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

**Prepared by the**

**Finance Department**

# CITY OF DELRAY BEACH, FLORIDA

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# INTRODUCTORY SECTION

June 30, 2023

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

Ladies and Gentlemen:

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Delray Beach, Florida (the City), for the fiscal year ended September 30, 2022. 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.

Marcum LLP, Certified Public Accountants, have issued an unmodified opinion on the financial statements of the City of Delray Beach for the year ended September 30, 2022. 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 population is that of 67,744 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. The City recently was designated one of the first two Blue Flag designations in the continental United States. The Blue Flag international jury awarded the Delray Beach Municipal Beach between Casuarina Road and Lang Street the coveted international designation for meeting a series of stringent environmental, educational, safety and accessibility standards. The international award program has existed for 36 years and is headquartered in Copenhagen, Denmark. 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 services, 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 services, 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** The City of Delray Beach continues to be in healthy financial condition with a diverse and growing population, increasing property values, positive trends in economic activity post-pandemic, sound fiscal controls and appropriate balances maintained in the City's reserve fund. For fiscal year 2022, taxable values increased to $12.5 billion, representing a 5.2% increase over the 2021 taxable values of $11.9 billion. The City's total property tax rate for fiscal year 2022 decreased from 6.8497 to 6.8403. The City's credit rating from Standard & Poor's for its General Obligation bonds remained at "AAA" as of September 30, 2022.

## MAJOR INITIATIVES

The City has undertaken or has substantially completed the following major capital improvement projects in fiscal year 2021-22:

- Design Services for Pompey Park Community Center and Campus
- Design Services for North Swinton Avenue Roadway Underground Utility Improvements
- Design Services for Tropic Isles Roadway Improvements
- Design Services for NW Neighborhood Improvements
- Atlantic Dunes Park Seawalls
- Island Drive Bridge Rehabilitation
- Osceola Park Neighborhood Improvements – Phase II
- Reclaimed Water Main for Area 10
- SE 8th Court Drainage Improvements
- Lowson Blvd. from Dover Road to US-1/Federal Highway
- Public Right-of-Way Accessibility Improvements
- Implementation of Electronic Plan Review Software

Economic Development During fiscal year 2022, the City continued its robust pace of office, hotel and commercial redevelopment. Some of the dynamic projects taking shape in the downtown area, include: Sundy Village, a mixed-use development totaling approximately 129,000 gross square feet of lifestyle, retail, amenitized office and 267 subterranean parking spaces; Atlantic Crossing, a 9.22 acre mixed-use project that contains 37,642 square feet of retail space, 39,434 square feet of dining, 83,462 square feet of office space and 343 dwelling units; Hampton Inn, consisting of 143 rooms with 960 square feet of meeting space. On Linton Boulevard, The Linton, a redevelopment of an existing commercial/retail plaza to incorporate residential component to create a mixed-use development; and to the west, Aura Delray currently being constructed will be adding 276 apartments to an area that has been under-utilized. Additionally, along South Congress Avenue, the Parks at Delray, a residential community consisting of 693 apartments in garden-style four-and five-story buildings and 54 townhomes for a total of 747 multifamily units is under construction.

## LONG-TERM STRATEGIC PLANNING

The City Commission and the City's Executive Leadership Team recently convened in a goal-setting session and the following key focus areas were identified as integral to the City's continued vitality:

- Mobility
- Public Spaces
- Economic Affordability
- Downtown
- The SET ("West Settlers' District")
- Community Engagement and Civility
- Staff Development and Retention
- Sustainability and Resiliency
- Education
- City Facilities
- Arts & Culture

## 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, 2022 disclosed no instances of material weaknesses in the internal control structure and disclosed no significant violation of applicable laws and regulations.

## AWARDS AND ACKNOWLEDGMENTS

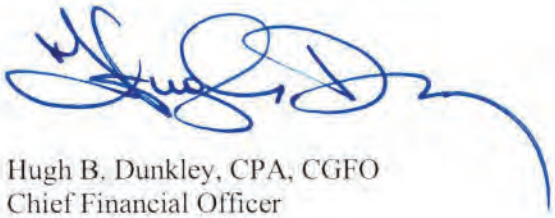
**Financial Statement Award** The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Delray Beach, Florida, for its ACFR for the fiscal year ended September 30, 2021. This was the 39th 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 40th certificate.

**Budget Award** The Government Finance Officers Association of the United States and Canada (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, 2022. 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 27th time that the City has received this honor recognizing excellence in governmental budgeting practices.

**Acknowledgments** An Annual Comprehensive 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" is extended to Ms. Laura Thezine, Assistant Finance Director; Ms. Carmen Aleman, Chief Accounting Officer; and Mr. John Mainville, Accounting Manager, as well as the entire Finance Team. This team's technical expertise and commitment to a 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 a strong financial position and is poised for continued growth and prosperity. We wish to thank the Mayor, City Commission, City Manager, Department Heads, and the citizens for their continued support and unwavering commitment to fiscal responsibility.

Respectfully submitted,



Hugh B. Dunkley, CPA, CGFO
Chief Financial Officer

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Delray Beach**
**Florida**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morrill

Executive Director/CEO

GOVERNMENT FINANCE OFFICERS ASSOCIATION

# *Distinguished Budget Presentation Award*

PRESENTED TO

**City of Delray Beach**
**Florida**

For the Fiscal Year Beginning

**October 01, 2021**

Christopher P. Morrill

**Executive Director**

**LIST OF PRINCIPAL OFFICIALS**

**September 30, 2022**

**CITY COMMISSION**

**Mayor** ..... **Shelly Petrolia**

**Vice-Mayor** ..... **Adam Frankel**

**Deputy Vice-Mayor** ..... **Juli Casale**

**Commissioner** ..... **Shirley Ervin Johnson**

**Commissioner** ..... **Ryan Boylston**

**CITY STAFF**

**City Manager** ..... **Terrence R. Moore**

**Assistant City Manager** ..... **Jeff Oris**

**City Attorney** ..... **Lynn Gelin**

**City Clerk** ..... **Katerri Johnson**

**Communications Director** ..... **Gina Carter**

**Neighborhood & Community Services Director** ..... **Anthea Gianniotes**

**Economic Development Director** ..... **Sara Maxfield**

**Finance Director** ..... **Hugh Dunkley**

**Fire Chief** ..... **Keith Tomey**

**Human Resources Director** ..... **Duane D'Andrea**

**Information Technology Director** ..... **Jay Stacy**

**Neighborhood and Community Services Director** ..... **Sammie Walthour**

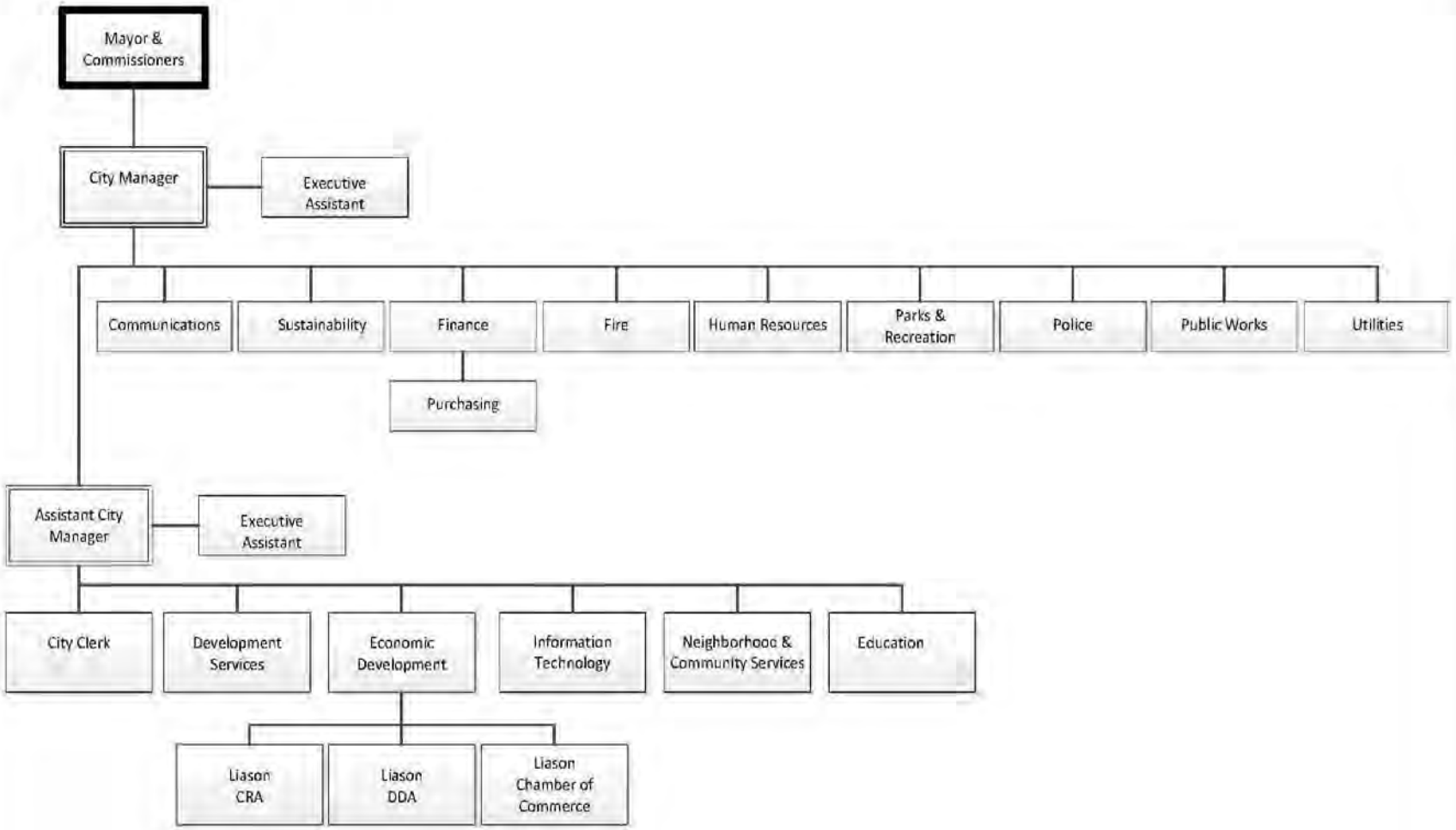
**Parks and Recreation Director** ..... **Sam Metott**

**Police Chief** ..... **Russ Mager**

**Public Works Director** ..... **Missie Barletto**

**Utilities Director** ..... **Hassan Hadjimiry**

# City Organizational Chart



# INDEPENDENT AUDITORS' REPORT

MARCUM
ACCOUNTANTS ▲ ADVISORS

# INDEPENDENT AUDITORS' REPORT

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

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited 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 fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 to 18, the budgetary comparison information on pages 116 to 121, the pension information on pages 122 to 131 and the other postemployment

benefits information on pages 132 to 134 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 auditing standards generally accepted in the United States of America, 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.

***Supplementary 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 combining and individual fund financial statements and schedules, the other supplementary information, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, the other supplementary information, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2023 on our consideration of the City's internal control over financial reporting 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 City's internal control over financial reporting and compliance.

Marcum LLP

West Palm Beach, Florida
June 30, 2023

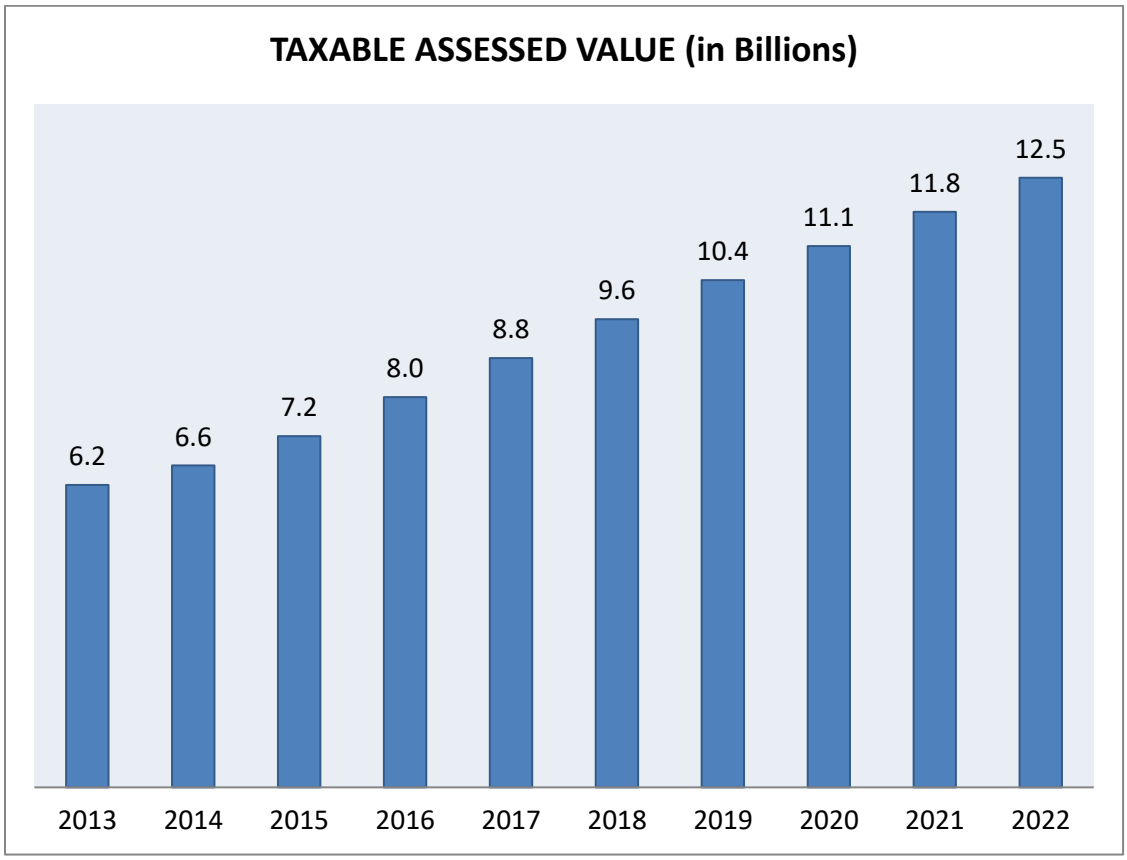
# MANAGEMENT'S DISCUSSION AND ANALYSIS

# Management's Discussion and Analysis

This section of the annual comprehensive 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, 2022. 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. Taxable assessed value increased from $11.8 billion for 2021 to $12.5 billion for 2022, or 6%.
- The assets and deferred outflows of the City (Primary Government) exceeded its liabilities and deferred inflows (Total Net Position) at September 30, 2022, by $364.1 million. Of this amount, $61.4 million (Unrestricted Net Position) may be used to meet the City's ongoing obligations to citizens and creditors.

- In 2022, the net position of governmental activities increased by $23.5 million. The increase in the governmental activities is approximately $9.5 million or 28.8% less than the prior year increase in net position attributable to operations.
- In 2022, the net position of the business-type activities decreased by $2.3 million. The decrease in the business-type activities is approximately $4.2 million or 221.1% less than the prior year increase in net position attributable to operations.
- The unrestricted net position of the governmental activities reflects a deficit of $2.9 million at September 30, 2022 as compared to a deficit of $27.3 million for the prior year.
- At September 30, 2022, the City's governmental funds reported combined ending fund balances of $147.4 million, which increased $10.2 million from the prior year. The increase is primarily attributable to an increase in tax increment revenues in the CRA Fund. A total of $111.5 million (Unassigned Fund Balance and Assigned Fund Balance) or 76% of the combined ending fund balance is available for spending. Of this amount, $51.3 million is in the General Fund, $35.2 million is in the CRA fund, $11.0 million is in Special Revenue and Debt Service Funds and $14.0 million is in Capital Projects Funds.
- At September 30, 2022, Unassigned Fund Balance for the General Fund was $47.7 million or 32.5% of total General Fund expenditures of $146.8 million. This is an increase of $3.4 million or 7.7% from the prior year. General Fund revenues increased by 3.8% and expenditures increased by 7.5% 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 19 and 20 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 15 individual governmental funds during 2022. 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 21 through 24 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 25 to 27 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 28 to 29 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 30 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 116 through 134 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 135 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The net position of the City is presented in detail on page 19 and summarized in Table A-1 below.

**Table A-1**
**Condensed Statements of Net Position ($ in millions)**

| | Governmental Activities | | Business-type Activities | | Totals | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Assets** | | | | | | |
| Current and other | $ 188.9 | $ 176.2 | $ 73.2 | $ 74.2 | $ 262.1 | $ 250.4 |
| Capital assets | 223.6 | 211.1 | 109.5 | 110.6 | 333.1 | 321.7 |
| Net pension asset | - | 19.0 | - | 5.3 | - | 24.3 |
| **Total Assets** | 412.5 | 406.3 | 182.7 | 190.1 | 595.2 | 596.4 |
| **Deferred Outflows** | 59.5 | 27.6 | 4.0 | 1.7 | 63.5 | 29.3 |
| **Liabilities** | | | | | | |
| Current liabilities | 25.9 | 27.2 | 3.3 | 4.3 | 29.2 | 31.5 |
| Noncurrent liabilities | 240.8 | 185.3 | 5.3 | 6.0 | 246.1 | 191.3 |
| **Total Liabilities** | 266.7 | 212.5 | 8.6 | 10.3 | 275.3 | 222.8 |
| **Deferred Inflows** | 14.9 | 54.5 | 4.4 | 5.5 | 19.3 | 60.0 |
| **Net Position** | | | | | | |
| Net investment in capital assets | 184.7 | 166.8 | 109.3 | 108.7 | 294.0 | 275.5 |
| Restricted | 8.6 | 27.4 | - | 8.9 | 8.6 | 36.3 |
| Unrestricted (deficit) | (2.9) | (27.3) | 64.4 | 58.4 | 61.5 | 31.1 |
| **Total Net Position** | $ 190.4 | $ 166.9 | $ 173.70 | $ 176.0 | $ 364.1 | $ 342.9 |

Net position over time may serve as a useful indicator of the City's financial position. During the current year, the total net position of the City increased by $21.2 million or approximately 6.2% from $342.9 million to $364.1 million. The increase in net position was a result of an increase from operations in the governmental activities ($23.5 million) and a decrease in the business-type activities ($2.3 million).

A significant portion of the City's net position at September 30, 2022 ($294.0 million or 81% 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 (2.4%) represents resources that are subject to restrictions on how they may be used. The balance in restricted net position reflects a decrease of $27.7 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 2022 governmental activities unrestricted net position deficit balance increased approximately $24.4 million. This is primarily due to increases in property tax revenues attributable to increasing property values.

The changes in net position of the City are reported in the Statement of Activities on page 20 and are summarized in Table A-2 below.

**Table A-2**

**Changes in Net Position**

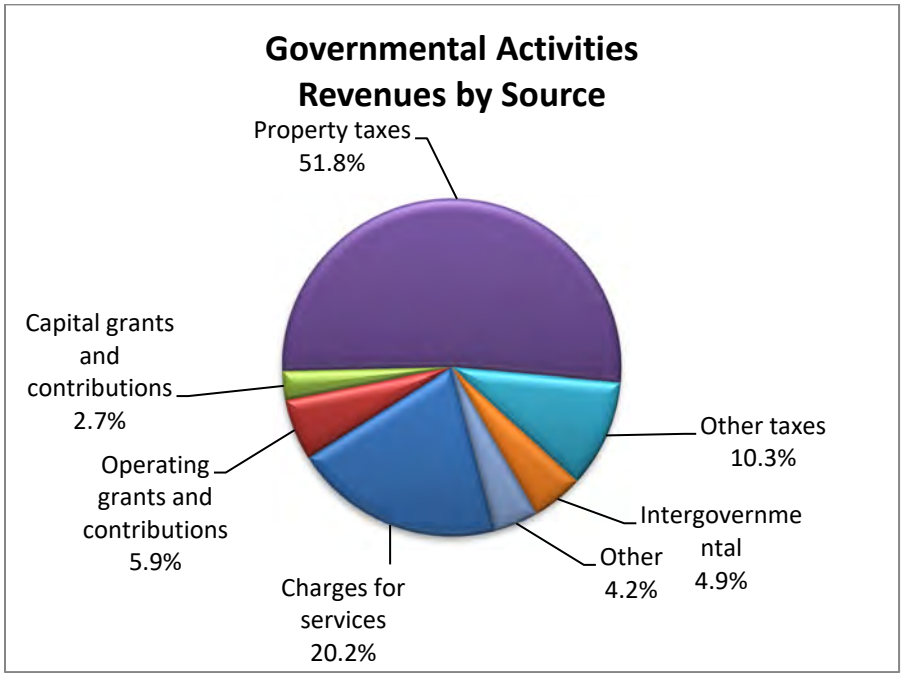
**Condensed Statement of Activities ($ in millions)**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Revenues** | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | $ 42.1 | $ 28.4 | $ 47.2 | $ 45.2 | $ 89.3 | $ 73.6 |
| Operating grants, contributions | 11.8 | 17.4 | 0.3 | 1.2 | 12.1 | 18.6 |
| Capital grants, contributions | 5.7 | 9.4 | 1.4 | 0.6 | 7.1 | 10.0 |
| General revenues: | | | | | | |
| Property taxes | 108.0 | 103.0 | - | - | 108.0 | 103.0 |
| Other taxes | 21.3 | 20.5 | - | - | 21.3 | 20.5 |
| Intergovernmental | 10.2 | 8.5 | - | - | 10.2 | 8.5 |
| Other | 8.7 | 8.1 | 0.3 | - | 9.0 | 8.1 |
| **Total Revenues** | 207.8 | 195.3 | 49.2 | 47.0 | 257.0 | 242.3 |
| **Expenses** | | | | | | |
| General government | 45.2 | 34.4 | - | - | 45.2 | 34.4 |
| Public safety | 93.8 | 82.4 | - | - | 93.8 | 82.4 |
| Physical environment | 15.5 | 12.3 | - | - | 15.5 | 12.3 |
| Parks and recreation | 19.8 | 15.4 | - | - | 19.8 | 15.4 |
| Economic development | 11.9 | 20.0 | - | - | 11.9 | 20.0 |
| Interest on long-term debt | 1.8 | 2.1 | - | - | 1.8 | 2.1 |
| Water and sewer | - | - | 36.4 | 30.8 | 36.4 | 30.8 |
| Stormwater | - | - | 2.6 | 1.9 | 2.6 | 1.9 |
| Sanitation | - | - | 5.0 | 4.6 | 5.0 | 4.6 |
| Municipal golf course | - | - | 2.9 | 2.4 | 2.9 | 2.4 |
| Lakeview golf course | - | - | 0.7 | 0.7 | 0.7 | 0.7 |
| City marina | - | - | 0.1 | - | 0.1 | - |
| Cemetery | - | - | 0.1 | 0.4 | 0.1 | 0.4 |
| **Total Expenses** | 188.0 | 166.6 | 47.8 | 40.8 | 235.8 | 207.4 |
| Change in net position before transfers | 19.8 | 28.7 | 1.4 | 6.2 | 21.2 | 34.9 |
| Transfers | 3.7 | 4.3 | (3.7) | (4.3) | - | - |
| **Change in Net Position** | 23.5 | 33.0 | (2.3) | 1.9 | 21.2 | 34.9 |
| **Net Position** - Beginning | 166.9 | 133.9 | 176.0 | 174.1 | 342.9 | 308.0 |
| **Net Position** - Ending | $ 190.4 | $ 166.9 | $ 173.70 | $ 176.0 | $ 364.1 | $ 342.9 |

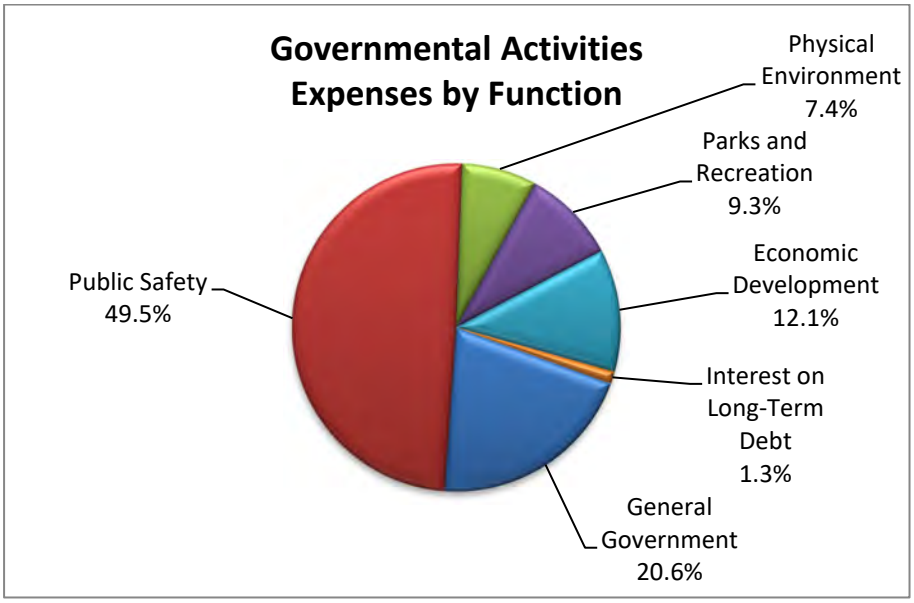
Governmental activities increased the City's net position by $23.5 million, which was primarily due to an increase in property taxes attributable to higher property values. Expenses increased by $21.4 million, primarily due to increases in Public Safety, Physical Environment and Parks and Recreation.

Business-type activities net position decreased $2.3 million, which was primarily attributable to water and sewer and sanitation operations. Charges for Services increased approximately $2.0 million attributable to the reopening of many of the businesses that had been close during the pandemic, while Operating grants and contributions decreased approximately $0.9 and capital grants and contributions increased $0.8 million.

Governmental Activities revenues by source for 2022 are summarized as follows:




Expenditures by function for 2022 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 21-24. 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 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenues | $ 152.4 | $ 146.9 | $ 1.6 | $ 0.8 | $ 28.2 | $ 26.9 | $ 6.3 | $ 6.0 | $ 3.1 | $ 10.1 |
| Expenditures | (146.8) | (136.5) | (1.3) | (1.7) | (18.6) | (23.2) | (8.7) | (9.6) | (12.6) | (11.8) |
| Other financing sources (uses) | (3.2) | (5.5) | 4.0 | 0.2 | 0.6 | 2.0 | - | - | (0.1) | 4.4 |
| **Change in Fund Balance** | $ 2.4 | $ 4.9 | $ 4.3 | $ (0.7) | $ 10.2 | $ 5.7 | $ (2.4) | $ (3.6) | $ (9.6) | $ 2.7 |

#### *General Fund*

The General Fund, which is the primary operating fund of the City and is not supported by user fees, recognized $152.4 million in total revenues offset with $146.8 million in expenditures and $3.2 million in net other financing uses. This resulted in an increase in fund balance of $2.4 million. Total Fund Balance increased from $49.9 million in 2021 to $52.3 million in 2022. Of that amount, $47.7 million is Unassigned Fund Balance which represents 32% of the 2022 expenditure levels as compared to 32% of the 2021 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 $1.6 million in total revenues, $1.3 million in total expenses and $4.0 million in other financing sources. This resulted in an increase of $4.3 million change in fund balance. Total Fund Balance increased from $0.9 million in 2021 to $5.3 million in 2022, 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 2022. 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 $28.2 million in total revenues offset by $18.6 million in expenditures. This resulted in an increase in fund balance of $10.2 million. Total Fund Balance increased from $29.0 million in 2021 to $39.3 million in 2022 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 $6.3 million in total revenues offset by $8.8 million in expenditures. This resulted in a decrease in the fund balance of $2.4 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 $21.0 million is restricted for capital improvement projects at September 30, 2022.

### *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 $3.1 million in total revenues and $0.1 million in other financing uses offset by $12.6 million in expenditures. This resulted in a decrease in the fund balance of $9.6 million, primarily attributable to neighborhood improvement projects contracted by the City. The entire fund balance of $14 million is assigned to capital improvement projects at September 30, 2022.

## Proprietary Funds

| | ($ in Millions) | | | |
|---|---|---|---|---|
| | Operating Income (Loss) | | Change in Net Position | |
| | 2022 | 2021 | 2022 | 2021 |
| **Enterprise Funds** | | | | |
| Water and Sewer | $ 0.5 | $ 5.3 | $ (1.6) | $ 1.9 |
| Stormwater | (0.6) | 0.1 | (0.7) | (0.4) |
| Sanitation | 0.0 | 0.2 | 0.1 | 1.1 |
| Municipal Golf Course | 0.1 | 0.1 | 0.1 | 0.1 |
| Lakeview Golf Course | 0.3 | 0.2 | 0.3 | 0.2 |
| City Marina | 0.1 | - | 0.0 | - |
| Cemetery | 0.1 | (0.2) | 0.1 | (0.3) |
| **Internal Service Funds** | | | | |
| Insurance | (0.9) | (1.2) | (0.8) | 0.4 |
| Central Garage | (1.9) | (1.6) | (1.5) | (1.2) |

***Water and Sewer Fund***

Operating revenues were approximately $1.1 million higher than 2021 and operating expenses were approximately $6.0 million higher than 2021. Lower nonoperating expenses of $0.4 million, higher capital contribution of $0.9 million, and lower net transfers out of approximately $0.01 million resulted in a decrease of approximately $1.6 million in net position in 2022.

***Stormwater Fund***

The Stormwater Fund had an operating loss this year of approximately $582,000 compared to operating income of $119,000 last year.

***Sanitation Fund***

The Sanitation Fund had an operating income this year of approximately $38,000 compared to operating income of $219,000 last year.

***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 income this year of approximately $53,000 compared to $86,000 last year.

The **Lakeview Golf Course** had operating income of approximately $285,000 versus $203,000 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 income this year of approximately $89,000 compared to $18,000 last year.

The **City Cemetery Fund** had an operating income this year of approximately $122,000 compared to an operating loss of $231,000 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 $8.3 million for 2022, an increase of approximately $0.7 million from the prior year. All required reserves are determined by outside actuaries. The Insurance Fund has $828,000 in Unrestricted Net Position.

The **Central Garage Fund** had operating loss of approximately $1.9 million for 2022 compared to an operating loss of $1.6 million for 2021. This was primarily due to an increase in other operating revenues of approximately $0.4 million and an increase in charges for services of approximately $0.4 million, and an increase in operating expenses of approximately $1.2 million.

## BUDGETARY HIGHLIGHTS

**General Fund:** The difference between the original and final amended budget for 2022 was an increase of approximately $2.2 million. There was a positive variance between the final amended budget and actual results of operations of approximately $1.6 million (excluding budgeted prior year surplus of approximately $4,590,000). Actual revenues (excluding prior year budgeted surplus) exceeded the final budget by approximately $5.4 million and actual expenditures and other financing uses were less than final budget by approximately $1.6 million. The excess of current year revenues over budget was primarily attributable to favorable variances of approximately $0.4 million in taxes, $2.3 million in charges for services, $1.8 million in fees and permits and special assessments; The largest portion of the favorable budget variances for expenditures related to City Manager Dept. ($0.3 millions), Police Dept. ($0.1 millions), Information Technology ($0.4 million); Neighborhood and Community Services Dept ($0.5 million) ; and (Public Works Dept. which includes Parking and Engineering ($0.4 million).

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As of September 30, 2022, the City had $333.2 million invested in a variety of capital assets, as reflected in Table A-3 below, which represents a net increase of $11.0 million from the previous fiscal year. Additional information can be found in Note 8 Capital Assets beginning on page 65.

Capital asset activity for 2022 is summarized below:

**Table A-3**
**Capital Assets ($ in Millions)**

| | Beginning Balance 10/1/2021 | Increases | Decreases | Ending Balance 9/30/2022 |
|---|---|---|---|---|
| **Governmental Activities** | | | | |
| Land | $ 68.7 | $ 4.0 | $ (1.8) | $ 70.9 |
| Construction in progress | 27.3 | 11.9 | - | 39.2 |
| **Non-Depreciable Assets** | 96.0 | 15.9 | (1.8) | 110.1 |
| Buildings | 52.8 | - | - | 52.8 |
| Improvements other | 161.3 | 7.3 | - | 168.6 |
| Equipment | 61.9 | 2.8 | (1.9) | 62.8 |
| Leases (right to use assets) | 0.3 | - | - | 0.3 |
| Less: accumulated depreciation and amortization | (160.9) | (11.7) | 1.7 | (170.9) |
| **Depreciable Assets, Net** | 115.4 | (1.6) | (0.2) | 113.6 |
| **Governmental Capital Assets** | $ 211.4 | $ 14.3 | $ (2.0) | $ 223.7 |

**Table A-3**
**Capital Assets ($ in Millions)**
(Continued)

| | Beginning Balance 10/1/2021 | Increases | Decreases | Ending Balance 9/30/2022 |
|---|---|---|---|---|
| **Business-type Activities** | | | | |
| Land | $ 5.7 | $ - | $ - | $ 5.7 |
| Construction in progress | 6.0 | 3.3 | (2.6) | 6.7 |
| **Non-Depreciable Assets** | 11.7 | 3.3 | (2.6) | 12.4 |
| Buildings | 13.8 | - | - | 13.8 |
| Improvements other | 192.4 | 3.2 | - | 195.6 |
| Equipment | 22.4 | 0.2 | - | 22.6 |
| Leases (right to use assets) | 0.2 | - | - | 0.2 |
| Less: accumulated depreciation | (129.7) | (5.3) | (0.1) | (135.1) |
| **Depreciable Assets, Net** | 99.1 | (1.9) | (0.1) | 97.1 |
| **Business-type Capital Assets** | $ 110.8 | $ 1.4 | $ (2.7) | $ 109.5 |

Infrastructure assets have been included in the category “Improvements Other”.

Major capital asset changes during the fiscal year 2022 were primarily in the Capital improvement Fund and One-Cent Sales Tax Fund for the improvements to roads, neighborhood improvements, as well as other beautification projects. In addition, there were Improvements in the Water and Sewer Fund primarily for the reclaimed water system project and force main replacement.

## Debt Administration

As of September 30, 2022, the City had total debt outstanding of $75.4 million compared to $85.4 million as of September 30, 2021. Of this $84.9 million amount, and gross of any related unamortized premium or discounts:

- $49.3 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,
- $4.1 million is general obligation bond debt which is debt backed by the full faith and credit of the City,
- $10.5 million is for compensated absences,
- $8.3 million is for insurance claims liabilities,
- $1.0 million is for installment agreements that are secured by the promise to budget and appropriate sufficient revenues to pay the debt, and
- $0.4 million is for capital leases.

Noncurrent liabilities activity for 2022 is summarized as follows:

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

| | Beginning Balance 10/1/2021 | Increases | Decreases | Ending Balance 9/30/2022 |
|---|---|---|---|---|
| **Governmental Activities** | | | | |
| Revenue bonds | $ 55.8 | $ - | $ (6.5) | $ 49.3 |
| General Obligation bonds | 6.1 | - | (2.0) | 4.1 |
| Unamortized Premium | 2.0 | - | (0.2) | 1.8 |
| **Total Bonds Payable** | 63.9 | - | (8.7) | 55.2 |
| Installment Agreements | 1.5 | - | (0.5) | 1.0 |
| Capital lease for equipment | 0.3 | - | (0.1) | 0.2 |
| Compensated absences | 9.1 | 1.1 | (0.6) | 9.6 |
| Insurance claims payable | 7.6 | 4.9 | (4.2) | 8.3 |
| **Governmental Activities** | 82.4 | 6.0 | (14.0) | 74.3 |
| **Business-type Activities** | | | | |
| Revenue bonds | 1.9 | - | (1.9) | - |
| Installment agreements | - | - | - | - |
| Capital lease for equipment | 0.2 | - | - | 0.2 |
| Compensated absences | 0.9 | 0.3 | (0.3) | 0.9 |
| **Business-type Activities** | 3.0 | 0.3 | (2.2) | 1.1 |
| **Total Debt Outstanding** | $ 85.4 | $ 6.3 | $ (16.2) | $ 75.4 |

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 71.

## ECONOMIC FACTORS AND FY 2022-2023 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 2022-2023 totals $166,625,098 as compared to the prior year's final amended budget of $154,590,729.

- While the City's budget has increased, the current total millage rate decreased 2.5% from 6.8403 mills for 2022 to 6.6665 mills for 2023. The operations portion decreased from 6.6611 mills in 2022 to 6.5111 mills in 2023 and the debt service portion decreased from 0.1792 mills to 0.1554 mills.

## REQUESTS FOR INFORMATION

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

Finance Department
100 N. W. 1st Avenue
Delray Beach, FL 33444

# BASIC FINANCIAL STATEMENTS

# CITY OF DELRAY BEACH, FLORIDA
## STATEMENT OF NET POSITION
## SEPTEMBER 30, 2022

| | Primary Government | | | Component Unit |
|---|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total | Downtown Development Authority |
| **Assets** | | | | |
| Cash and cash equivalents | $ 93,305,215 | $ 15,338,194 | $ 108,643,409 | $ 330,122 |
| Investments | 63,310,575 | 44,441,836 | 107,752,411 | -- |
| Receivables: | | | | |
| Accounts, net | 4,057,119 | 4,032,101 | 8,089,220 | -- |
| Unbilled accounts | -- | 1,266,750 | 1,266,750 | -- |
| Notes receivable | 10,061,745 | -- | 10,061,745 | -- |
| Leases receivable | 3,535,301 | 2,608,680 | 6,143,981 | -- |
| Interest receivable | 156,358 | 155,270 | 311,628 | -- |
| Due from other governments | 2,257,093 | -- | 2,257,093 | -- |
| Internal balances | 10,652,357 | (10,652,357) | -- | -- |
| Inventories | 138,473 | 191,623 | 330,096 | -- |
| Prepaid expenses | 1,466,880 | 163,558 | 1,630,438 | 27,888 |
| Other assets | 4,041 | -- | 4,041 | -- |
| Deposits | -- | -- | -- | 11,665 |
| Investment in regional plant (joint venture) | -- | 15,649,126 | 15,649,126 | -- |
| Capital assets: | | | | |
| Non-depreciable capital assets | 110,064,879 | 12,401,545 | 122,466,424 | -- |
| Depreciable capital assets, net | 113,580,122 | 97,101,951 | 210,682,073 | 201,522 |
| **Total Assets** | 412,590,158 | 182,698,277 | 595,288,435 | 571,197 |
| **Deferred Outflows of Resources** | | | | |
| Deferred charges on refundings | 960,065 | -- | 960,065 | -- |
| Deferred amount related to OPEB | 5,979,949 | 780,221 | 6,760,170 | -- |
| Deferred amount related to pensions | 52,508,250 | 3,205,276 | 55,713,526 | -- |
| **Total Deferred Outflows of Resources** | 59,448,264 | 3,985,497 | 63,433,761 | -- |
| **Liabilities** | | | | |
| Accounts payable and accrued expenses | 7,649,309 | 2,119,981 | 9,769,290 | 61,517 |
| Contracts payable and retainages | -- | 48,242 | 48,242 | -- |
| Deposits payable | 1,862,604 | 1,099,584 | 2,962,188 | -- |
| Unearned revenue | 15,824,907 | 12,012 | 15,836,919 | -- |
| Accrued interest on long-term debt | 613,685 | -- | 613,685 | -- |
| Noncurrent liabilities: | | | | |
| Due within one year | | | | |
| Bonds and notes payable | 8,742,733 | -- | 8,742,733 | -- |
| Installment agreements | 544,721 | -- | 544,721 | -- |
| Lease liability | 90,842 | 42,769 | 133,611 | 72,106 |
| Compensated absences | 734,590 | 142,152 | 876,742 | 4,226 |
| Insurance claims payable | 3,011,199 | -- | 3,011,199 | -- |
| Due in more than one year | | | | |
| Bonds and notes payable | 46,454,825 | -- | 46,454,825 | -- |
| Installment agreements | 378,830 | -- | 378,830 | -- |
| Lease liability | 86,221 | 126,954 | 213,175 | 127,936 |
| Compensated absences | 8,961,240 | 809,210 | 9,770,450 | -- |
| Insurance claims payable | 5,304,000 | -- | 5,304,000 | -- |
| Net OPEB liability | 20,331,663 | 2,104,508 | 22,436,171 | -- |
| Net pension liability | 146,131,239 | 2,118,119 | 148,249,358 | -- |
| **Total Liabilities** | 266,722,608 | 8,623,531 | 275,346,139 | 265,785 |
| **Deferred Inflows of Resources** | | | | |
| Deferred amount related to OPEB | 10,239,001 | 1,614,632 | 11,853,633 | -- |
| Deferred amount related to pensions | 1,146,593 | 162,281 | 1,308,874 | -- |
| Deferred amount related to leases | 3,520,022 | 2,624,065 | 6,144,087 | -- |
| **Total Deferred Inflows of Resources** | 14,905,616 | 4,400,978 | 19,306,594 | -- |
| **Net Position** | | | | |
| Net investment in capital assets | 184,694,457 | 109,285,531 | 293,979,988 | 1,480 |
| Restricted for: | | | | |
| Debt service | 1,622,104 | -- | 1,622,104 | -- |
| Law enforcement | 1,193,549 | -- | 1,193,549 | -- |
| Capital improvements | 5,842,552 | -- | 5,842,552 | -- |
| Unrestricted (deficit) | (2,942,464) | 64,373,734 | 61,431,270 | 303,932 |
| **Total Net Position** | $ 190,410,198 | $ 173,659,265 | $ 364,069,463 | $ 305,412 |

***The accompanying notes are an integral part of these financial statements.***

## CITY OF DELRAY BEACH, FLORIDA

### STATEMENT OF ACTIVITIES

### FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

| Primary Government | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities | Primary Government: Business-type Activities | Primary Government: Total | Component Unit: Downtown Development Authority (DDA) |
|---|---|---|---|---|---|---|---|---|
| **Governmental Activities** | | | | | | | | |
| General Government | $ 45,145,274 | $ 18,441,201 | $ 8,916,021 | $ 3,335,517 | $ (14,452,535) | $ -- | $ (14,452,535) | $ -- |
| Public Safety | 93,794,719 | 11,824,570 | 2,218,288 | -- | (79,751,861) | -- | (79,751,861) | -- |
| Physical Environment | 15,527,974 | 9,485,076 | 528,692 | -- | (5,514,206) | -- | (5,514,206) | -- |
| Parks and Recreation | 19,818,336 | 2,182,600 | 110,500 | -- | (17,525,236) | -- | (17,525,236) | -- |
| Economic Development | 11,885,823 | 177,097 | -- | 2,337,835 | (9,370,891) | -- | (9,370,891) | -- |
| Interest on Long-term Debt | 1,794,690 | -- | -- | -- | (1,794,690) | -- | (1,794,690) | -- |
| **Total Governmental Activities** | 187,966,816 | 42,110,544 | 11,773,501 | 5,673,352 | (128,409,419) | -- | (128,409,419) | -- |
| **Business-type Activities** | | | | | | | | |
| Water and Sewer | 36,432,302 | 35,980,441 | 2,278 | 1,372,568 | -- | 922,985 | 922,985 | -- |
| Stormwater | 2,623,745 | 1,997,739 | 10,473 | 39,394 | -- | (576,139) | (576,139) | -- |
| Sanitation | 5,011,087 | 4,985,459 | 230,576 | -- | -- | 204,948 | 204,948 | -- |
| Municipal Golf Course | 2,847,100 | 2,832,596 | 62,850 | -- | -- | 48,346 | 48,346 | -- |
| Lakeview Golf Course | 718,357 | 987,121 | 5,869 | -- | -- | 274,633 | 274,633 | -- |
| City Marina | 176,332 | 260,071 | 3,060 | -- | -- | 86,799 | 86,799 | -- |
| Cemetery | 77,337 | 198,750 | 10 | -- | -- | 121,423 | 121,423 | -- |
| **Total Business-type Activities** | 47,886,260 | 47,242,177 | 315,116 | 1,411,962 | -- | 1,082,995 | 1,082,995 | -- |
| **Total Primary Government** | $ 235,853,076 | $ 89,352,721 | $ 12,088,617 | $ 7,085,314 | (128,409,419) | 1,082,995 | (127,326,424) | -- |
| **Component Unit** | | | | | | | | |
| Downtown Development Authority (DDA) | $ 1,378,912 | $ 10,450 | $ 111,793 | $ -- | -- | -- | -- | (1,256,669) |
| **General Revenues** | | | | | | | | |
| Taxes: | | | | | | | | |
| Property Taxes | | | | | 107,942,352 | -- | 107,942,352 | 1,254,992 |
| Franchise Fees | | | | | 6,218,454 | -- | 6,218,454 | -- |
| Utility Service Taxes | | | | | 10,580,371 | -- | 10,580,371 | -- |
| Sales Taxes | | | | | 3,627,718 | -- | 3,627,718 | -- |
| Local Business Tax | | | | | 875,656 | -- | 875,656 | -- |
| Intergovernmental Not Restricted to Specific Programs | | | | | 10,170,930 | -- | 10,170,930 | -- |
| Investment Earnings | | | | | 976,616 | 425,060 | 1,401,676 | 1,033 |
| Loss on Disposal of Capital Assets | | | | | (1,152,186) | (118,059) | (1,270,245) | -- |
| Miscellaneous | | | | | 8,977,858 | -- | 8,977,858 | -- |
| Transfers | | | | | 3,676,750 | (3,676,750) | -- | -- |
| Total General Revenues and Transfers | | | | | 151,894,519 | (3,369,749) | 148,524,770 | 1,256,025 |
| Change in Net Position | | | | | 23,485,100 | (2,286,754) | 21,198,346 | (644) |
| Net Position - October 1, 2021 | | | | | 166,925,098 | 175,946,019 | 342,871,117 | 306,056 |
| Net Position - September 30, 2022 | | | | | $ 190,410,198 | $ 173,659,265 | $ 364,069,463 | $ 305,412 |

***The accompanying notes are an integral part of these financial statements.***

## CITY OF DELRAY BEACH, FLORIDA

### BALANCE SHEET
### GOVERNMENTAL FUNDS

### SEPTEMBER 30, 2022

| | Major Funds | | | | | | |
|---|---|---|---|---|---|---|---|
| | General Fund | Neighborhood Services Fund | Community Redevelopment Agency Fund | One-Cent Sales Tax Fund | Capital Improvement Fund | Non-Major Governmental Funds | Total Governmental Funds |
| **Assets** | | | | | | | |
| Cash and cash equivalents | $ 2,689,713 | $ 4,878,548 | $ 38,996,945 | $ 23,598,697 | $ 11,125,601 | $ 11,831,656 | $ 93,121,160 |
| Investments | 35,103,623 | -- | 7,304 | -- | 6,409,415 | 5,342,451 | 46,862,793 |
| Accounts receivable, net | 3,813,763 | 77 | 37,038 | -- | 8,000 | 181,802 | 4,040,680 |
| Notes receivable | -- | 5,469,699 | 4,592,046 | -- | -- | -- | 10,061,745 |
| Leases receivable | 844,355 | -- | 2,690,946 | -- | -- | -- | 3,535,301 |
| Interest receivable | 80,796 | -- | -- | -- | 17,144 | 14,291 | 112,231 |
| Due from other governments | 1,092,678 | 432,908 | -- | 731,507 | -- | -- | 2,257,093 |
| Due from other funds | 2,377,976 | 95,257 | -- | 3,370,117 | 445,783 | 8,655 | 6,297,788 |
| Due from component unit | 22,182,776 | -- | -- | -- | -- | -- | 22,182,776 |
| Inventories | 14,499 | -- | -- | -- | -- | -- | 14,499 |
| Prepaid items | 572,416 | -- | 5,431 | -- | -- | -- | 577,847 |
| Other assets | -- | -- | 4,041 | -- | -- | -- | 4,041 |
| **Total Assets** | $ 68,772,595 | $ 10,876,489 | $ 46,333,751 | $ 27,700,321 | $ 18,005,943 | $ 17,378,855 | $ 189,067,954 |
| **Liabilities, Deferred Inflows of Resources and Fund Balances** | | | | | | | |
| **Liabilities** | | | | | | | |
| Accounts payable and accrued items | $ 2,453,860 | $ 80,371 | $ 1,421,980 | $ 263,717 | $ 2,410,694 | $ 281,601 | $ 6,912,223 |
| Deposits payable | 1,827,435 | -- | 17,999 | -- | -- | 17,170 | 1,862,604 |
| Due to other funds | 3,370,117 | -- | 2,939,271 | 6,398,862 | -- | -- | 12,708,250 |
| **Total Liabilities** | 7,651,412 | 80,371 | 4,379,250 | 6,662,579 | 2,410,694 | 298,771 | 21,483,077 |
| **Deferred Inflows of Resources** | | | | | | | |
| Unavailable revenue | 7,926,243 | 5,534,041 | -- | -- | 1,648,637 | 1,519,098 | 16,628,019 |
| Leases | 829,076 | -- | 2,690,946 | -- | -- | -- | 3,520,022 |
| **Total Deferred Inflows of Resources** | 8,755,319 | 5,534,041 | 2,690,946 | -- | 1,648,637 | 1,519,098 | 20,148,041 |
| **Fund Balances** | | | | | | | |
| Nonspendable: | | | | | | | |
| Inventories | 14,499 | -- | -- | -- | -- | -- | 14,499 |
| Prepaid items | 572,416 | -- | 5,431 | -- | -- | -- | 577,847 |
| Long-term notes receivable | -- | -- | 4,038,931 | -- | -- | -- | 4,038,931 |
| Restricted for: | | | | | | | |
| Debt service | -- | -- | -- | -- | -- | 1,622,104 | 1,622,104 |
| Law enforcement | -- | -- | -- | -- | -- | 1,193,549 | 1,193,549 |
| Capital improvements | 5,985 | -- | -- | 21,037,742 | -- | 1,533,825 | 22,577,552 |
| Community development | -- | 5,262,077 | -- | -- | -- | 195,923 | 5,458,000 |
| Committed for: | | | | | | | |
| Economic development | 500,000 | -- | -- | -- | -- | -- | 500,000 |
| Assigned to: | | | | | | | |
| General government | 327,647 | -- | -- | -- | -- | -- | 327,647 |
| Public safety | 357,772 | -- | -- | -- | -- | 206,665 | 564,437 |
| Physical environment | 280,343 | -- | -- | -- | | -- | 280,343 |
| Parks and recreation | 135,136 | -- | -- | -- | -- | 1,283,709 | 1,418,845 |
| Capital improvements | -- | -- | 5,217,545 | -- | 13,946,612 | 9,525,211 | 28,689,368 |
| Subsequent year's budget | 2,500,000 | -- | 30,001,648 | -- | -- | -- | 32,501,648 |
| Unassigned | 47,672,066 | -- | -- | -- | -- | -- | 47,672,066 |
| **Total Fund Balances** | 52,365,864 | 5,262,077 | 39,263,555 | 21,037,742 | 13,946,612 | 15,560,986 | 147,436,836 |
| **Total Liabilities, Deferred Inflows of Resources and Fund Balances** | $ 68,772,595 | $ 10,876,489 | $ 46,333,751 | $ 27,700,321 | $ 18,005,943 | $ 17,378,855 | $ 189,067,954 |

***The accompanying notes are an integral part of these financial statements.***

# CITY OF DELRAY BEACH, FLORIDA

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

**SEPTEMBER 30, 2022**

| | | |
|---|---|---|
| **Total Fund Balances - Governmental Funds** | | $ 147,436,836 |
| 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 | $ 360,009,247 | |
| Less accumulated depreciation | (146,538,315) | |
| | | 213,470,932 |
| 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 | 80,274 | 80,274 |
| 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 | 5,889,964 | |
| Deferred outflows related to pensions | 52,000,287 | |
| Deferred inflows related to other postemployment benefits | (10,052,781) | |
| Deferred inflows related to pensions | (1,120,875) | |
| | | 46,716,595 |
| 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 | 960,065 | |
| Bond premium | (1,824,811) | |
| | | (864,746) |
| 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. | | 722,838 |
| 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 | (613,685) | |
| Bonds, notes, leases and installment agreements payable | (54,030,110) | |
| Compensated absences | (9,534,316) | |
| Other postemployment benefits liability | (20,088,945) | |
| Net pension liability | (145,795,566) | |
| | | (230,062,622) |
| 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 | 11,651,330 | |
| Less amount allocated to business-type activities | 1,258,761 | |
| | | 12,910,091 |
| **Total Net Position - Governmental Activities** | | $ 190,410,198 |

***The accompanying notes are an integral part of these financial statements.***

## CITY OF DELRAY BEACH, FLORIDA

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
### GOVERNMENTAL FUNDS

### FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

| | Major Funds | | | | | | |
|---|---|---|---|---|---|---|---|
| | General Fund | Neighborhood Services Fund | Community Redevelopment Agency Fund | One-Cent Sales Tax Fund | Capital Improvement Fund | Non-Major Governmental Funds | Total Governmental Funds |
| **Revenues** | | | | | | | |
| Taxes | $ 91,813,938 | $ -- | $ 27,584,441 | $ -- | $ -- | $ 3,627,718 | $ 123,026,097 |
| Licenses and permits | 10,486,582 | -- | -- | -- | -- | -- | 10,486,582 |
| Intergovernmental | 19,143,294 | 1,434,031 | -- | 6,175,798 | 305,182 | -- | 27,058,305 |
| Charges for services | 18,046,651 | -- | 177,097 | -- | -- | 9,696,600 | 27,920,348 |
| Fines and forfeitures | 1,369,405 | -- | -- | -- | -- | 263,931 | 1,633,336 |
| Miscellaneous | 11,621,981 | 157,917 | 428,513 | 140,221 | 2,791,534 | 375,452 | 15,515,618 |
| **Total Revenues** | 152,481,851 | 1,591,948 | 28,190,051 | 6,316,019 | 3,096,716 | 13,963,701 | 205,640,286 |
| **Expenditures** | | | | | | | |
| Current: | | | | | | | |
| General government | 32,719,377 | 1,339,126 | 1,777,787 | 5,664 | 1,187,596 | 4,056,572 | 41,086,122 |
| Public safety | 88,006,483 | -- | -- | -- | -- | 68,900 | 88,075,383 |
| Physical environment | 9,640,939 | -- | -- | -- | -- | 861,327 | 10,502,266 |
| Parks and recreation | 15,497,999 | -- | -- | -- | -- | 529,184 | 16,027,183 |
| Economic development | -- | -- | 11,885,823 | -- | -- | -- | 11,885,823 |
| Capital outlay | 689,286 | -- | 3,605,943 | 5,236,192 | 11,193,438 | 861,860 | 21,586,719 |
| Debt service: | | | | | | | |
| Principal retirement | 249,321 | -- | 1,196,984 | 3,155,000 | 168,938 | 4,120,000 | 8,890,243 |
| Interest and fiscal charges | 11,631 | -- | 127,819 | 358,925 | 14,634 | 1,446,227 | 1,959,236 |
| **Total Expenditures** | 146,815,036 | 1,339,126 | 18,594,356 | 8,755,781 | 12,564,606 | 11,944,070 | 200,012,975 |
| **Excess of Revenues Over (Under) Expenditures** | 5,666,815 | 252,822 | 9,595,695 | (2,439,762) | (9,467,890) | 2,019,631 | 5,627,311 |
| **Other Financing Sources (Uses)** | | | | | | | |
| Proceeds from the sale of capital assets | -- | -- | 652,979 | -- | -- | -- | 652,979 |
| Lease (right of use assets) acquired | 279,549 | -- | -- | -- | -- | -- | 279,549 |
| Transfers in | 5,090,690 | 4,049,809 | -- | -- | -- | 4,714,288 | 13,854,787 |
| Transfers out | (8,613,124) | -- | -- | -- | (145,783) | (1,449,208) | (10,208,115) |
| **Total Other Financing Sources (Uses)** | (3,242,885) | 4,049,809 | 652,979 | -- | (145,783) | 3,265,080 | 4,579,200 |
| **Net Change in Fund Balances** | 2,423,930 | 4,302,631 | 10,248,674 | (2,439,762) | (9,613,673) | 5,284,711 | 10,206,511 |
| **Fund Balances** - October 1, 2021 | 49,941,934 | 959,446 | 29,014,881 | 23,477,504 | 23,560,285 | 10,276,275 | 137,230,325 |
| **Fund Balances** - September 30, 2022 | $ 52,365,864 | $ 5,262,077 | $ 39,263,555 | $ 21,037,742 | $ 13,946,612 | $ 15,560,986 | $ 147,436,836 |

***The accompanying notes are an integral part of these financial statements.***

# 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, 2022

| | | |
|---|---|---|
| **Net Change in Fund Balances - Total Governmental Funds** | | $ 10,206,511 |
| 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 | $ 21,586,719 | |
| Depreciation expense | (8,730,076) | |
| | | 12,856,643 |
| 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. | | (1,961,015) |
| 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 | 3,335,517 | |
| Change in note receivable from component unit | (361,419) | |
| Change in long-term receivables | (1,271) | |
| | | 2,972,827 |
| 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 | 97,598 | |
| Compensated absences expense | (541,756) | |
| Pension expense | (6,587,616) | |
| Change in other postemployment benefits | (537,634) | |
| | | (7,569,408) |
| 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. | | |
| Leases | (279,549) | |
| Debt Retirement | | |
| Principal paid | 8,890,243 | |
| Amortization of debt premiums and deferred charges on refundings | 78,595 | |
| | | 8,689,289 |
| Internal service funds are used by management to charge the costs of fleet maintenance and insurance to individual funds. The net revenue of internal service funds is reported with governmental activities. | | |
| Fund statement net income | (2,313,734) | |
| Allocation to business type activities | 603,987 | |
| | | (1,709,747) |
| **Change in Net Position of Governmental Activities** | | $ 23,485,100 |

***The accompanying notes are an integral part of these financial statements.***

## CITY OF DELRAY BEACH, FLORIDA

### STATEMENT OF NET POSITION
### PROPRIETARY FUNDS
### SEPTEMBER 30, 2022

| | Business-Type Activities | | | | | Governmental Activities |
|---|---|---|---|---|---|---|
| | Major Funds | | | Non-Major | Total | Internal |
| **Assets** | Water and Sewer Fund | Santitation Fund | Stormwater Fund | Enterprise Funds | Enterprise Funds | Service Funds |
| **Current Assets** | | | | | | |
| Cash and cash equivalents | $ 12,975,413 | $ -- | $ 46,162 | $ 2,316,619 | $ 15,338,194 | $ 184,055 |
| Investments | 27,768,453 | 4,276,017 | 9,187,789 | 3,209,577 | 44,441,836 | 16,447,782 |
| Accounts receivable, net | 3,361,753 | 653,529 | 4,287 | 12,532 | 4,032,101 | 16,439 |
| Unbilled accounts receivable | 1,266,750 | -- | -- | -- | 1,266,750 | -- |
| Leases receivable | -- | 2,430,238 | -- | 178,442 | 2,608,680 | -- |
| Interest receivable | 74,283 | 47,650 | 24,578 | 8,759 | 155,270 | 44,127 |
| Due from other funds | -- | -- | -- | -- | -- | 11,600 |
| Inventories | 98,388 | -- | -- | 93,235 | 191,623 | 123,974 |
| Prepaid expenses | 1,188 | -- | | 162,370 | 163,558 | 889,033 |
| **Total Current Assets** | 45,546,228 | 7,407,434 | 9,262,816 | 5,981,534 | 68,198,012 | 17,717,010 |
| **Noncurrent Assets** | | | | | | |
| 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 | 173,684,388 | 11,958 | 18,546,624 | 3,318,758 | 195,561,728 | -- |
| Equipment | 19,530,076 | 16,371 | 1,303,310 | 1,947,331 | 22,797,088 | 34,432,896 |
| Construction in progress | 5,793,112 | -- | 939,609 | -- | 6,732,721 | -- |
| Accumulated depreciation | (118,330,479) | (28,329) | (10,473,038) | (6,199,367) | (135,031,213) | (24,347,012) |
| Other assets: | | | | | | |
| Investment in regional plant joint venture | 15,649,126 | -- | -- | -- | 15,649,126 | -- |
| Total Noncurrent Assets | 106,720,342 | -- | 13,493,080 | 4,939,200 | 125,152,622 | 10,174,069 |
| **Total Assets** | 152,266,570 | 7,407,434 | 22,755,896 | 10,920,734 | 193,350,634 | 27,891,079 |
| **Deferred Outflows of Resources** | | | | | | |
| Deferred amount related to OPEB | 709,292 | 25,937 | 44,992 | -- | 780,221 | 89,985 |
| Deferred amount related to pensions | 2,983,929 | 72,363 | 148,984 | -- | 3,205,276 | 507,963 |
| **Total Deferred Outflows of Resources** | 3,693,221 | 98,300 | 193,976 | -- | 3,985,497 | 597,948 |
| **Liabilities** | | | | | | |
| **Current Liabilities** | | | | | | |
| Accounts payable and accrued expenses | 1,096,510 | $ 646,412 | $ 131,841 | 245,218 | 2,119,981 | 737,086 |
| Contracts payable and retainages | 48,242 | -- | -- | -- | 48,242 | -- |
| Unearned revenue | 9,435 | -- | -- | 2,577 | 12,012 | -- |
| Current maturity of installment agreements | -- | -- | -- | -- | -- | 218,972 |
| Current lease liability | -- | -- | -- | 42,769 | 42,769 | -- |
| Current portion of compensated absences | 141,384 | 134 | 634 | -- | 142,152 | 20,155 |
| Current portion of insurance claims payable | -- | -- | -- | -- | -- | 3,011,199 |
| Due to other funds | -- | 487,742 | 8,438,999 | 466,855 | 9,393,596 | 6,390,318 |
| Refundable deposits payable | 1,003,247 | -- | - | 96,337 | 1,099,584 | -- |
| **Total Current Liabilities** | 2,298,818 | 1,134,288 | 8,571,474 | 853,756 | 12,858,336 | 10,377,730 |
| **Noncurrent Liabilities** | | | | | | |
| Installment agreements | -- | -- | -- | -- | -- | 224,279 |
| Lease liability | -- | -- | -- | 126,954 | 126,954 | -- |
| Compensated absences payable | 725,822 | 65,870 | 17,518 | -- | 809,210 | 141,359 |
| Insurance claims payable | -- | | | -- | -- | 5,304,000 |
| Net OPEB liability | 1,913,189 | 69,960 | 121,359 | -- | 2,104,508 | 242,718 |
| Net pension liability | 1,971,848 | 47,819 | 98,452 | -- | 2,118,119 | 335,673 |
| **Total Noncurrent Liabilities** | 4,610,859 | 183,649 | 237,329 | 126,954 | 5,158,791 | 6,248,029 |
| **Total Liabilities** | 6,909,677 | 1,317,937 | 8,808,803 | 980,710 | 18,017,127 | 16,625,759 |
| **Deferred Inflows of Resources** | | | | | | |
| Deferred amount related to OPEB | 1,467,847 | 53,675 | 93,110 | -- | 1,614,632 | 186,220 |
| Deferred amount related to pensions | 151,074 | 3,664 | 7,543 | -- | 162,281 | 25,718 |
| Deferred amount related to leases | -- | 2,449,101 | -- | 174,964 | 2,624,065 | -- |
| **Total Deferred Inflows of Resources** | 1,618,921 | 2,506,440 | 100,653 | 174,964 | 4,400,978 | 211,938 |
| **Net Position** | | | | | | |
| Net investment in capital assets | 91,022,974 | -- | 13,493,080 | 4,769,477 | 109,285,531 | 9,730,818 |
| Unrestricted | 56,408,219 | 3,681,357 | 547,336 | 4,995,583 | 65,632,495 | 1,920,512 |
| **Total Net Position** | $ 147,431,193 | $ 3,681,357 | $ 14,040,416 | $ 9,765,060 | 174,918,026 | $ 11,651,330 |
| Adjustment for the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds. | | | | | | |
| Cumulative prior year adjustments | | | | | (654,774) | |
| Current year adjustment | | | | | (603,987) | |
| **Net Position of Business-Type Activities, Statement of Net Position** | | | | | $ 173,659,265 | |

***The accompanying notes are an integral part of these financial statements.***

## CITY OF DELRAY BEACH, FLORIDA

### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
### PROPRIETARY FUNDS

### FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

| | Business-Type Activities | | | | | Governmental Activities |
|---|---|---|---|---|---|---|
| | Major Funds | | | Non-Major | Total | Internal |
| | Water and Sewer Fund | Sanitation Fund | Stormwater Fund | Enterprise Funds | Enterprise Funds | Service Funds |
| **Operating Revenues** | | | | | | |
| Charges for services | | | | | | |
| Water sales | $ 16,719,612 | $ -- | $ 1,997,739 | $ -- | $ 18,717,351 | $ -- |
| Sewer and stormwater fees | 19,260,829 | -- | -- | -- | 19,260,829 | -- |
| Golf fees | -- | -- | -- | 3,819,717 | 3,819,717 | -- |
| Marina fees | -- | -- | -- | 260,071 | 260,071 | -- |
| Sanitation fees | -- | 4,985,459 | -- | -- | 4,985,459 | -- |
| Cemetery fees | -- | -- | -- | 198,750 | 198,750 | -- |
| Risk management | -- | -- | -- | -- | -- | 20,185,003 |
| Fleet management | -- | -- | -- | -- | -- | 2,894,605 |
| Other operating revenue | 2,278 | -- | 10,473 | 38,326 | 51,077 | 2,505,574 |
| **Total Operating Revenues** | 35,982,719 | 4,985,459 | 2,008,212 | 4,316,864 | 47,293,254 | 25,585,182 |
| **Operating Expenses** | | | | | | |
| Personal services | 10,357,298 | 292,107 | 515,084 | -- | 11,164,489 | 1,859,782 |
| Other operating expenses | 20,698,224 | 4,655,775 | 1,478,876 | 3,532,503 | 30,365,378 | 23,415,963 |
| Depreciation and amortization | 4,451,645 | -- | 596,692 | 234,562 | 5,282,899 | 3,111,691 |
| **Total Operating Expenses** | 35,507,167 | 4,947,882 | 2,590,652 | 3,767,065 | 46,812,766 | 28,387,436 |
| **Operating Income (Loss)** | 475,552 | 37,577 | (582,440) | 549,799 | 480,488 | (2,802,254) |
| **Nonoperating Revenues (Expenses)** | | | | | | |
| Investment earnings | 241,532 | 73,404 | 80,044 | 30,080 | 425,060 | 143,064 |
| Intergovernmental | -- | 88,239 | -- | -- | 88,239 | -- |
| Rent revenue | -- | 142,337 | -- | 33,463 | 175,800 | -- |
| Share of regional plant joint venture net loss | (446,769) | -- | -- | -- | (446,769) | -- |
| Interest expense | -- | -- | -- | (3,891) | (3,891) | (11,647) |
| Gain (loss) on disposal of equipment | (118,059) | -- | -- | -- | (118,059) | 155,367 |
| Investment expense | (18,847) | -- | -- | -- | (18,847) | -- |
| **Total Nonoperating Revenues (Expenses)** | (342,143) | 303,980 | 80,044 | 59,652 | 101,533 | 286,784 |
| **Income (Loss) Before Capital Contributions and Transfers** | 133,409 | 341,557 | (502,396) | 609,451 | 582,021 | (2,515,470) |
| Capital contributions | 1,372,568 | -- | 39,394 | -- | 1,411,962 | 171,658 |
| Transfers in | 123,068 | -- | -- | -- | 123,068 | 30,078 |
| Transfers out | (3,209,413) | (214,838) | (247,347) | (128,220) | (3,799,818) | -- |
| **Change In Net Position** | (1,580,368) | 126,719 | (710,349) | 481,231 | (1,682,767) | (2,313,734) |
| **Net Position** - Beginning of Year | 149,011,561 | 3,554,638 | 14,750,765 | 9,283,829 | -- | 13,965,064 |
| **Net Position** - End of Year | $ 147,431,193 | $ 3,681,357 | $ 14,040,416 | $ 9,765,060 | -- | $ 11,651,330 |
| Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds | | | | | (603,987) | |
| Change In Net Position as reported on the Statement of Activities for Business-type Activities | | | | | $ (2,286,754) | |

***The accompanying notes are an integral part of these financial statements.***

## CITY OF DELRAY BEACH, FLORIDA

### STATEMENT OF CASH FLOWS
### PROPRIETARY FUNDS

### FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

| | Business-Type Activities | | | | | Governmental Activities |
|---|---|---|---|---|---|---|
| | Major Funds | | | Non-Major | Total | Internal |
| | Water and Sewer Fund | Sanitation Fund | Stormwater Fund | Enterprise Funds | Enterprise Funds | Service Funds |
| **Cash Flows from Operating Activities** | | | | | | |
| Receipts from customers and users | $ 45,646,174 | $ 5,028,742 | $ 2,008,212 | $ 4,309,170 | $ 56,992,298 | $ 26,546,382 |
| Receipts from others | -- | 161,200 | 221,029 | 29,985 | 412,214 | -- |
| Payments to suppliers | (21,636,800) | (5,017,747) | (1,449,906) | (3,862,786) | (31,967,239) | (24,298,316) |
| Payments to employees | (10,021,244) | (284,846) | (504,123) | -- | (10,810,213) | (1,871,798) |
| **Net Cash Provided by (Used in) Operating Activities** | 13,988,130 | (112,651) | 275,212 | 476,369 | 14,627,060 | 376,268 |
| **Cash Flows from Noncapital Financing Activities** | | | | | | |
| Grants | -- | 88,239 | -- | -- | 88,239 | -- |
| Transfers from other funds | 123,068 | -- | -- | -- | 123,068 | 30,078 |
| Transfers to other funds | (3,209,413) | (214,838) | (247,347) | (128,220) | (3,799,818) | -- |
| **Net Cash Provided by (Used in) Noncapital Financing Activities** | (3,086,345) | (126,599) | (247,347) | (128,220) | (3,588,511) | 30,078 |
| **Cash Flows from Capital and Related Financing Activities** | | | | | | |
| Acquisition and construction of capital assets | (2,148,514) | -- | (542,065) | (264,216) | (2,954,795) | (1,231,772) |
| Proceeds from the sale of capital assets | -- | -- | -- | -- | -- | 235,362 |
| Principal paid on capital debt | (1,925,000) | -- | -- | 159,951 | (1,765,049) | (213,773) |
| Interest paid on capital debt | (31,299) | -- | -- | (3,891) | (35,190) | (11,647) |
| **Net Cash Used in Capital and Related Financing Activities** | (4,104,813) | -- | (542,065) | (108,156) | (4,755,034) | (1,221,830) |
| **Cash Flows from Investing Activities** | | | | | | |
| Sale (purchases) of investments | (605,484) | 208,412 | 447,811 | 156,433 | 207,172 | 801,661 |
| Interest on investments | 181,416 | 30,838 | 66,389 | 25,138 | 303,781 | 118,619 |
| **Net Cash Provided by (Used in) Investing Activities** | (424,068) | 239,250 | 514,200 | 181,571 | 510,953 | 920,280 |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | 6,372,904 | -- | -- | 421,564 | 6,794,468 | 104,796 |
| **Cash and Cash Equivalents -** Beginning | 6,602,509 | -- | 46,162 | 1,895,055 | 8,543,726 | 79,259 |
| **Cash and Cash Equivalents** - Ending | $ 12,975,413 | $ -- | $ 46,162 | $ 2,316,619 | $ 15,338,194 | $ 184,055 |
| **Reconciliation of Cash and Cash Equivalents to Statement of Net Position:** | | | | | | |
| Unrestricted cash and cash equivalents | $ 12,975,413 | $ -- | $ 46,162 | $ 2,316,619 | $ 15,338,194 | $ 184,055 |
| **Cash and Cash Equivalents** - End of Year | $ 12,975,413 | $ -- | $ 46,162 | $ 2,316,619 | $ 15,338,194 | $ 184,055 |
| **Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:** | | | | | | |
| Operating income (loss) | $ 475,552 | $ 37,577 | $ (582,440) | $ 549,799 | $ 480,488 | $ (2,802,254) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | | | |
| Depreciation and amortization expense | 4,451,645 | -- | 596,692 | 234,562 | 5,282,899 | 3,111,691 |
| Provision for doubtful accounts | 70,823 | -- | -- | -- | 70,823 | -- |
| Rent revenue | -- | 142,337 | -- | 33,463 | 175,800 | -- |
| Change in assets, deferred outflows/inflows and liabilities: | | | | | | |
| Accounts receivable | (245,553) | 43,283 | -- | 5,625 | (196,645) | 1,244 |
| Lease receivable | -- | (2,430,238) | -- | (178,442) | (2,608,680) | -- |
| Due from other funds | 9,826,920 | -- | -- | -- | 9,826,920 | (11,600) |
| Inventories | -- | -- | -- | (1,362) | (1,362) | -- |
| Prepaid expenses | 4,561 | -- | -- | (21,755) | (17,194) | -- |
| Deferred amount related to OPEB | 1,069,385 | 39,423 | 66,815 | -- | 1,175,623 | 145,313 |
| Deferred amount related to pensions | (6,729,175) | (147,161) | (332,812) | -- | (7,209,148) | (1,232,421) |
| Deferred amount related to leases | -- | 2,449,101 | -- | 174,964 | 2,624,065 | |
| Accounts payable and accrued expenses | (943,137) | 24,636 | 28,970 | (40,783) | (930,314) | (1,567,788) |
| Due to other funds | -- | (386,608) | 221,029 | (267,745) | (433,324) | 972,013 |
| Refundable deposits payable | 11,265 | -- | -- | (11,957) | (692) | (457) |
| Compensated absences payable | 78,819 | 7,014 | (10,599) | -- | 75,234 | 4,840 |
| Insurance claims payable | -- | -- | -- | -- | -- | 685,435 |
| Total OPEB liability | (991,957) | (39,256) | (53,387) | -- | (1,084,600) | (215,989) |
| Net pension liability | 6,908,982 | 147,241 | 340,944 | -- | 7,397,167 | 1,286,241 |
| Total adjustments | 13,512,578 | (150,228) | 857,652 | (73,430) | 14,146,572 | 3,178,522 |
| **Net Cash Provided by (Used by) Operating Activities** | $ 13,988,130 | $ (112,651) | $ 275,212 | $ 476,369 | $ 14,627,060 | $ 376,268 |
| **Non-Cash Capital and Related Financing and Investing Activities** | | | | | | |
| Contributions of capital assets | $ 1,372,568 | $ -- | $ 39,394 | $ -- | $ 1,411,962 | $ 171,658 |

***The accompanying notes are an integral part of these financial statements.***

# CITY OF DELRAY BEACH, FLORIDA

## STATEMENT OF FIDUCIARY NET POSITION
## FIDUCIARY FUNDS

## SEPTEMBER 30, 2022

| | Pension Trust Funds |
|---|---|
| **Assets** | |
| Cash | $ 175,190 |
| Investments: | |
| Money market mutual funds | 15,959,370 |
| U.S. Government securities | 11,356,187 |
| Collateralized mortgage obligations | 1,673,521 |
| Domestic corporate bonds | 3,010,187 |
| Fixed income mutual fund | 43,705,938 |
| Global asset allocation investment fund | 13,444,879 |
| Domestic equity securities | 93,445,371 |
| Domestic equity mutual funds | 39,566,758 |
| Domestic equity index funds | 24,370,577 |
| Pooled domestic equity index funds | 67,710,105 |
| International equity mutual funds | 29,278,719 |
| Foreign stocks | 9,222,610 |
| Timber investment funds | 281,565 |
| Real estate investment funds | 20,234,146 |
| Fixed income alternative investment fund | 7,694,200 |
| Interest and dividends receivable | 196,033 |
| Pending trades receivable | 495,197 |
| Employee contributions receivable | 22,247 |
| Miscellaneous receivable | 6,995 |
| **Total Assets** | 381,849,795 |
| **Liabilities** | |
| Accounts payable | 394,180 |
| Pending trades payable | 670,532 |
| Refunds due to members | 11,742 |
| **Total Liabilities** | 1,076,454 |
| **Net Position** | |
| Restricted for pension benefits | $ 380,773,341 |

***The accompanying notes are an integral part of these financial statements.***

# CITY OF DELRAY BEACH, FLORIDA

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
## FIDUCIARY FUNDS

## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

| | Pension Trust Funds |
|---|---|
| **Additions** | |
| Contributions | |
| Employer | $ 19,171,191 |
| State | 2,218,288 |
| Plan members | 3,954,306 |
| Total contributions | 25,343,785 |
| | |
| Investment earnings | |
| Net appreciation (depreciation) in fair value of investments | (78,154,598) |
| Interest, dividends and investment fund income | 9,911,609 |
| Other investment income | 5,333 |
| | (68,237,656) |
| Less investment expenses | (1,562,253) |
| Net investment earnings | (69,799,909) |
| | |
| **Total Additions** | (44,456,124) |
| | |
| **Deductions** | |
| Benefits | 27,225,974 |
| Refunds of contributions | 401,392 |
| Administrative expenses | 436,307 |
| **Total Deductions** | 28,063,673 |
| | |
| **Change In Plan Net Position** | (72,519,797) |
| | |
| **Net Position Restricted for Pension Benefits** - Beginning of Year | 453,293,138 |
| | |
| **Net Position Restricted for Pension Benefits** - End of Year | $ 380,773,341 |

***The accompanying notes are an integral part of these financial statements.***

# NOTES TO FINANCIAL STATEMENTS

## NOTE 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 in 1927 pursuant to Section 12677, Laws of Florida, and is governed by an elected Mayor and four City Commissioners who appoint a City Manager to administer the operations of the City. The City provides a full range of community services including police, fire, emergency medical rescue, parks and recreation facilities, water, wastewater, garbage and trash collection, building and code inspections/enforcement, and general administration functions. 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.

## NOTE 1 – FINANCIAL REPORTING ENTITY (CONTINUED)

### *COMPONENT UNITS (CONTINUED)*

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 in 1971 by Section 3, Chapter 71-604 Laws of Florida. 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.

## NOTE 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 ("GASB").

### *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.

## NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)*

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.

## NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)*

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 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.

## NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)*

*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.

*Sanitation Fund* - This fund is used to account for solid waste removal services provided by City to residents and others.

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

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.

## NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *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 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.

### *LEASES RECEIVABLE*

The City has ground leases and leases on real property. The City recognizes leases receivable and a deferred inflow of resources under these lease agreements. At the commencement of the lease, the City initially measured the lease receivables and the deferred inflow of resources at the present value of payments expected to be received during the lease term under these lease agreements. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. Key estimates related to the lease include the discount rate used to discount the expected lease payments to present value, lease term and renewals and lease payments. The City estimated the incremental borrowing rate as the discount rate. The City monitors changes in circumstances that would require a remeasurement of the leases and will remeasure the lease receivables and deferred inflows if certain changes occur that are expected to significantly affect the amount of the lease receivables.

## NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *UNBILLED SERVICE RECEIVABLES*

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

### *INVENTORIES*

Inventories consist of materials, supplies and goods held for sale 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. There were no interfund balances between the City and the DDA at September 30, 2022. 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.

## NOTE 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.

The City reviews the carrying value of its long-lived assets to ensure that any impairment issues are identified and appropriately reflected in the financial statements. Should the expected cash flows be less than carrying value, an impairment loss would be recognized to reduce the carrying value. There was no impairment loss recorded during the current fiscal year.

## NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *CAPITAL ASSETS (CONTINUED)*

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.

### *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:

## NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *COMPENSATED ABSENCES (CONTINUED)*

*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:

| Years of Continuous Service | Percent Vested |
|---|---|
| 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.

## NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *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.

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, pensions and lease receivables. 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 reports a deferred inflows of resources in the governmental fund balance sheet and the government-wide Statement of Net Position related to the unamortized portion of lease receivables. The City also has 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.

## NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *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.

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 balance of at least 25% of General Fund expenditures.

## NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *FUND BALANCE/NET POSITION (CONTINUED)*

***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. This amount is offset by any unspent debt proceeds that are outstanding at fiscal year-end.

*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 $1,622,104 restricted for debt service, $1,193,549 restricted for law enforcement and $5,842,552 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).

## NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *PROPERTY TAXES (CONTINUED)*

During 2007, the Florida Legislature passed property tax reform legislation limiting the property tax levies of local governments in the State of Florida. Local governments that adopt a property tax levy in excess of the limit under State law will lose their Half-Cent Sales Tax distribution from the State for the succeeding twelve months. 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 (2020/2021) 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. 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, 2022, the City adopted an operating millage rate of 6.6611 and a debt service millage of 0.1792, resulting in a net tax levy of $66,400,829 for 2022. 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 $2,218,288 for the fiscal year ended September 30, 2022.

## NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### *IMPLEMENTATION OF GASB STATEMENTS*

The following GASB Statements were effective for the City for the fiscal year ended September 30, 2022.

During the year ended September 30, 2022, the City implemented GASB Statement No. 87, *Leases*, GASB Statement No. 92, *Omnibus 2020,* GASB Statement No. 93, *Replacement of Interbank Offered Rates* and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.*

The City adopted GASB Statement No. 87, *Leases*, (GASB 87) effective October 1, 2021, which provides a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. No restatement of fund balances or net position was necessary for the City, as the new standard was applied prospectively. In accordance with the guidance provided in GASB 87, all lease assets, receivables, liabilities, and deferred inflows were measured and recorded using the facts and circumstances as of the date of implementation.

The implementation of GASB Statements No. 92, 93, and 97 had no significant impact on the City financial statements for the fiscal year ended 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.

## NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments of the City and its pension trust funds at September 30, 2022, including unrestricted and restricted assets, are summarized as follows:

| | City Primary Government | Fiduciary Funds Pension Trust | Total |
|---|---|---|---|
| Deposits with financial institutions and cash on hand | $ 35,219,274 | $ 175,190 | $ 35,394,464 |
| Cash equivalents and investments | 181,176,546 | 380,954,133 | 562,130,679 |
| **Total Cash, Cash Equivalents and Investment** | $ 216,395,820 | $ 381,129,323 | $ 597,525,143 |
| **Reported in the Financial Statements** | | | |
| Cash and cash equivalents | $ 68,151,540 | $ 175,190 | $ 68,326,730 |
| Investments | 148,244,280 | 380,954,133 | 529,198,413 |
| **Total Cash, Cash Equivalents and Investments** | $ 216,395,820 | $ 381,129,323 | $ 597,525,143 |

### *DEPOSITS WITH FINANCIAL INSTITUTIONS*

At September 30, 2022, the City's cash and cash equivalents included deposits with financial institutions of $35,192,726 and petty cash of $26,548 and the pension trust funds had deposits in brokerage accounts of $175,190. 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.

## NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

### *DEPOSITS WITH FINANCIAL INSTITUTIONS (CONTINUED)*

Discretely Presented Component Unit: The DDA's cash balance at September 30, 2022, includes deposits with financial institutions with a bank balance of $336,770 and a book balance of $330,122. 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.

## NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

### *INVESTMENTS (CONTINUED)*

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, 2022:

| | City Primary Government | Fiduciary Funds Pension Trust | Total |
|---|---|---|---|
| **Cash Equivalents** | | | |
| Florida governmental investment pools | $ 51,328,530 | $ -- | $ 51,328,530 |
| **Investments** | | | |
| Money market mutual funds | -- | 15,959,370 | 15,959,370 |
| U.S. Government securities | 53,861,322 | 11,356,187 | 65,217,509 |
| Collateralized mortgage obligations | -- | 1,673,521 | 1,673,521 |
| Domestic and international corporate bonds & notes | 48,291,664 | 3,010,187 | 51,301,851 |
| Fixed income mutual funds | -- | 43,705,938 | 43,705,938 |
| Global asset allocation investment funds | -- | 13,444,879 | 13,444,879 |
| Domestic and foreign equity securities | -- | 102,667,981 | 102,667,981 |
| Domestic and international equity mutual funds | -- | 68,845,477 | 68,845,477 |
| Domestic equity index funds | -- | 24,370,577 | 24,370,577 |
| Pooled domestic equity index funds | 27,695,030 | 67,710,105 | 95,405,135 |
| Timber investment funds | -- | 281,565 | 281,565 |
| Real estate investment funds | -- | 20,234,146 | 20,234,146 |
| International emerging market funds | -- | 3,114,100 | 3,114,100 |
| Fixed income investment fund | -- | 4,580,100 | 4,580,100 |
| **Total Investments** | 129,848,016 | 380,954,133 | 510,802,149 |
| **Total Cash Equivalents and Investments** | $ 181,176,546 | $ 380,954,133 | $ 562,130,679 |

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

## NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

### *INVESTMENTS (CONTINUED)*

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 and Pension Plans follow 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:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the City and Pension Plans have 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.

## NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

### *INVESTMENTS (CONTINUED)*

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 entity's perceived risk of that investment.

*Valuation Methodologies*: The following valuation methods and assumptions were used by the City and Pension Plans 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, 2022, 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

## NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

### *INVESTMENTS (CONTINUED)*

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 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 and Pension Plans believe 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 fiscal year ended September 30, 2022.

*Fair Value of Investments*: The financial assets measured at fair value on a recurring basis include the City's and Pension Plans' investments. There were no liabilities measured at fair value on a recurring basis at September 30, 2022. 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, 2022 is summarized as follows:

## NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

### *INVESTMENTS (CONTINUED)*

| | Fair Value at September 30, 2022 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Fixed Income Securities** | | | | |
| U.S. Government securities | $ 7,881,493 | $ 57,366,016 | $ -- | $ 65,247,509 |
| Collateralized mortgage obligations | -- | 1,673,521 | -- | 1,673,521 |
| Domestic and international corporate bonds & notes | -- | 51,301,851 | -- | 51,301,851 |
| Fixed income mutual funds | 43,705,938 | -- | -- | 43,705,938 |
| Global fixed income investment fund | 13,444,879 | -- | -- | 13,444,879 |
| **Total Fixed Income Securities** | 65,032,310 | 110,341,388 | -- | 175,373,698 |
| **Equity Investments** | | | | |
| Domestic and foreign equity securities | 102,055,414 | 612,567 | -- | 102,667,981 |
| Domestic and international equity mutual funds | 51,502,890 | -- | | 51,502,890 |
| Domestic equity index funds | 41,713,164 | -- | -- | 41,713,164 |
| **Total Equity Securities** | 195,271,468 | 612,567 | -- | 195,884,035 |
| **Total Investments at Fair Value** | $ 260,303,778 | $ 110,953,955 | $ -- | 371,257,733 |
| **Investment Measured at NAV** | | | | |
| Alternative investment funds: | | | | |
| Pooled equity index funds | | | | 95,405,135 |
| Timber investment funds | | | | 281,565 |
| Real estate investment funds | | | | 20,234,146 |
| International emerging market portfolio | | | | 3,114,100 |
| Fixed income investment fund | | | | 4,580,100 |
| **Total Investments at NAV** | | | | 123,615,046 |
| **Total Investments at Fair Value** | | | | $ 494,872,779 |

## NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

### *INVESTMENTS (CONTINUED)*

At September 30, 2022, certain alternative investment funds had future funding commitments of approximately $1,023,000. No withdrawals are permitted during the term of certain alternative investment funds which range from 2022 to 2026.

Custodial Credit Risk: Custodial credit risk is defined as the risk that the City and Pension Plans 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, 2022 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, 2022, 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, 2022.

| | NRSRO Rating | Fair Value |
|---|---|---|
| **Primary Government** | | |
| Florida governmental investment pools | AAAm | $51,328,322 |
| U.S. Government securities | AAA | 53,861,322 |
| Corporate obligations | A-BBB+ | 48,291,664 |

## NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

### *INVESTMENTS (CONTINUED)*

| | NRSRO Rating | Fair Value |
|---|---|---|
| **Primary Government (continued)** | | |
| Supranational Agency notes | AAA | $ 5,238,261 |
| Mortgage and asset backed securities | AAA | 6,352,830 |
| Mortgage and asset backed securities | Unrated | 5,120,174 |
| Collateralized mortgage obligations | AA | 6,390,183 |
| Domestic and international corporate bonds and notes | A-BBB | 10,612,839 |
| **Pension Trust Funds** | | |
| Money market mutual funds | AAAm | 15,959,370 |
| U.S. Government securities | AAA | 11,356,187 |
| Collateralized mortgage obligations | AAA | 1,673,521 |
| Domestic and international corporate bonds & notes | A-BBB+ | 3,010,187 |
| International allocation investment fund | Unrated | 13,444,879 |
| Global fixed income investment funds | Unrated | 24,005,288 |
| Global asset allocation investment funds | Unrated | 3,772,417 |
| Fixed income investment fund | Unrated | 3,151,919 |

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 |
|---|---|---|
| **Primary Government** | | |
| U.S. Government securities | 1.1 | $41,394,370 |
| U.S. Government Agency securities | 0.3 | 12,598,727 |
| Supranational Agency notes | 0.5 | 4,555,274 |
| Mortgage and asset backed securities | 1.7 | 17,806,125 |
| Collateralized mortgage obligations | 3.1 | 1,673,521 |
| Corporate obligations | 2.0 | 19,190,619 |

## NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

### *INVESTMENTS (CONTINUED)*

| | Average Duration (in years) | Fair Value |
|---|---|---|
| **Pension Trust Funds** | | |
| U.S. Government securities | 2.4 | 11,356,187 |
| Domestic and international corporate obligations | 3.5 | 3,010,187 |
| Fixed income mutual funds and Global fixed income investment funds | 6.4 | 43,705,879 |
| Global asset allocation investment funds | 3.0 | 13,444,879 |
| Fixed income alternative investment fund | Not available | 4,580,100 |

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, 2022.

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.

## NOTE 4 – ACCOUNTS RECEIVABLE

Current accounts receivable and the related allowance for doubtful accounts were as follows at September 30, 2022:

| | Governmental Activities | Business-type Activities |
|---|---|---|
| **Accounts Receivable** | | |
| General Fund - Intergovernmental | $ 6,920,831 | $ -- |
| Neighborhood Services Fund | 77 | -- |
| Community Redevelopment Agency Fund | 37,038 | -- |
| Capital Improvement Fund | 8,000 | -- |
| Water and Sewer Fund | -- | 6,045,309 |
| Stormwater Fund | -- | 19,603 |
| Sanitation Fund | -- | 653,529 |
| Non-Major Funds | 181,802 | 12,532 |
| Internal Services Funds | 16,439 | -- |
| Allowance for doubtful accounts | (3,107,068) | (1,432,122) |
| **Total Accounts Receivable** | $ 4,057,119 | $ 5,298,851 |

## NOTE 5 – LEASE RECEIVABLE

Effective October 1, 2021, the City adopted the provisions of GASB No. 87, *Leases*, which required the City to recognize a lease receivable and deferred inflow of resources for the present value of the expected lease payments under these agreements. The City was engaged in five (5) GASB 87 leases as the lessor within its governmental activities and two (2) leases within its business-type activities. The City leases include land and all access and utility easements (the "Premises") for communication towers (cell phone towers), parks and property. The lease terms under these agreements ranged from 49 months to 39 years. In addition, certain leases have extension and/or termination options, for which the City has made determinations as to if those options are reasonably certain to be exercised, and those determinations are reflected in the calculations presented, in accordance with GASB No. 87.

The following is a summary of the leases:

Cell Phone Tower – The City entered into a 49-month lease agreement as lessor for the use of cell phone Tower. An initial lease receivable was recorded in the amount of $124,886. As of September 30, 2022, the value of the lease receivable is $96,459. The lessee is required to make monthly fixed payments of $2,625. The lease has an interest rate of 0.4350%. The value of the deferred inflow of resources as of September 30, 2022 was $94,323.

**NOTE 5 – LEASE RECEIVABLE (CONTINUED)**

PCS Site – The City entered into a 57-month lease as Lessor for the use of PCS Site Delray Police. An initial lease receivable was recorded in the amount of $216,844. As of September 30, 2022, the value of the lease receivable is $174,108. The lessee is required to make monthly fixed payments of $3,612. The lease has an interest rate of 0.5820%. The value of the deferred inflow of resources as of September 30, 2022 was $171,193.

Barwick Park – The City entered into a 86-month lease as Lessor for the use of Barwick Park. An initial lease receivable was recorded in the amount of $242,789. As of September 30, 2022, the value of the lease receivable is $213,146. The lessee is required to make monthly fixed payments of $2,566. The lease has an interest rate of 0.8720%. The value of the deferred inflow of resources as of September 30, 2022 was $209,288. The lessee has one (1) extension option for an additional 60-month term.

Old School Square 2nd Avenue - The City entered into a 472-month lease as Lessor for the use of Old School Square 2nd Avenue property. An initial lease receivable was recorded in the amount of $27,876. As of September 30, 2022, the value of the lease receivable is $27,139. The lessee is required to make annual variable principal and interest payments of $979.06 based on a CPI index. The lease has an interest rate of 1.7220%. The value of the deferred inflow of resources as of September 30, 2022 was $27,168,

300 West Atlantic Avenue – The City entered into a 120-month lease as Lessor for the use of 300 West Atlantic Avenue property. An initial lease receivable was recorded in the amount of $363,450. As of September 30, 2022, the value of the lease receivable is $333,504. The lessee is required to make monthly fixed payments of $2,798. The lease has an interest rate of 1.1640%. The value of the deferred inflow of resources as of September 30, 2022 was $327,105. The lessee has one (1) extension option for an additional 60-month term.

During the fiscal year ended September 30, 2022, the City recognized the following related to these lease agreements:

| | | |
|---|---|---|
| Lease revenue | $ | 146,770 |
| Interest Income | | 8,104 |
| **Total** | $ | 154,874 |

**NOTE 5 – LEASE RECEIVABLE (CONTINUED)**

Future principal and interest payment requirements related to the City's lease receivables at September 30, 2022 are as follows:

| Fiscal Year Ending September 30, | Principal Receipt | Interest Revenue | Future Minimum Rent |
|---|---|---|---|
| 2023 | $ 137,504 | $ 7,176 | $ 144,680 |
| 2024 | 141,917 | 6,129 | 148,046 |
| 2025 | 146,468 | 5,045 | 151,513 |
| 2026 | 109,667 | 3,980 | 113,647 |
| 2027 | 73,356 | 3,154 | 76,510 |
| 2028 - 2032 | 213,839 | 6,290 | 220,129 |
| 2033 - 2037 | 3,141 | 1,754 | 4,895 |
| 2038 - 2042 | 3,421 | 1,474 | 4,895 |
| 2043 - 2047 | 3,726 | 1,169 | 4,895 |
| 2048 - 2052 | 4,058 | 837 | 4,895 |
| 2053 - 2057 | 4,420 | 475 | 4,895 |
| 2058 - 2061 | 2,838 | 98 | 2,936 |
| **Total** | $ 844,355 | $ 37,581 | $ 881,936 |

The following are leases in the business type activities.

Florida East Coast Railroad – The City entered into a 228-month lease as Lessor for the use of land for Florida East Coast Railroad property. An initial lease receivable was recorded in the amount of $2,585,162. As of September 30, 2022, the value of the lease receivable is $2,430,238. The lessee is required to make annual variable principal and interest payments of $154,924 based on a CPI index. The lease has an interest rate of 1.4900%. The value of the deferred inflow of resources as of September 30, 2022 was $2,449,101.

2200 Highland Avenue – The City entered into a 118-month lease as Lessor for the use of 2200 Highland Avenue property. An initial lease receivable was recorded in the amount of $194,648. As of September 30, 2022, the value of the lease receivable is $178,442. The lessee is required to make monthly fixed payments of $1,512. The lease has an interest rate of 1.1640%. The value of the deferred inflow of resources as of September 30, 2022 was $174,965. The lessee has 1 extension option an additional 60-month term.

**NOTE 5 – LEASE RECEIVABLE (CONTINUED)**

During the fiscal year ended September 30, 2022, the City recognized the following related to these lease agreements:

| | |
|---|---|
| Lease revenue | $ 155,745 |
| Interest Income | 38,373 |
| **Total** | $ 194,118 |

Future principal and interest payment requirements related to the City's lease receivables at September 30, 2022 are as follows:

| Fiscal Year Ending September 30, | Principal Receipt | Interest Revenue | Future Minimum Rent |
|---|---|---|---|
| 2023 | $ 135,468 | $ 38,199 | $ 173,667 |
| 2024 | 137,998 | 36,231 | 174,229 |
| 2025 | 140,581 | 34,228 | 174,809 |
| 2026 | 143,216 | 32,188 | 175,404 |
| 2027 | 145,907 | 30,112 | 176,019 |
| 2028 - 2032 | 745,253 | 118,235 | 863,488 |
| 2033 - 2037 | 708,998 | 65,623 | 774,621 |
| 2038 - 2042 | 451,259 | 13,514 | 464,773 |
| **Total** | $ 2,608,680 | $ 368,330 | $ 2,977,010 |

***BLENDED COMPONENT UNIT – DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY***

The CRA, as a lessor, leases a real property and land pursuant to two ground leases and two property leases. The lease agreements commenced at various dates beginning February 2012 and ending September 30, 2061. The CRA had the following lease commitments as lessor at September 30, 2022 that meet the criteria of a lease receivable pursuant to GASB 87.

**NOTE 5 – LEASE RECEIVABLE (CONTINUED)**

***BLENDED COMPONENT UNIT – DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY (CONTINUED)***

***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 developed, constructed and operates 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. The lease expires on April 1, 2052. 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, 2022 was approximately $2,418,000. The lease receivable is $1,411,899 at September 30, 2022.

***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 lease is currently operating as a month-to-month agreement under the same terms while a new lease is being negotiated. The ground lease was recorded pursuant to GASB 87. The carrying value of the property at September 30, 2022 was approximately $365,000. The lease receivable is $1,162,810 at September 30, 2022.

## NOTE 5 – LEASE RECEIVABLE (CONTINUED)

### *BLENDED COMPONENT UNIT – DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY (CONTINUED)*

***Upper Cutz Barbershop and Salon, Inc.***

On August 24, 2017, the CRA entered into an agreement to lease the property located at 135 NW 5th Avenue, Unit C5, to Upper Cutz Barbershop and Salon, Inc. The lease term is for a three-year period, commencing on October 1, 2017 with a monthly base rent amount of $1,000 with an increase of 6% to the monthly base rent on each anniversary. The lease was amended to extend the lease period until September 30, 2025. The carrying value of the leased property at September 30, 2022 was approximately $100,000. The lease receivable is $43,412 at September 30, 2022.

***Jerk & Lime at Nicole's House, LLC***

On December 9, 2021, the CRA entered into an agreement to lease the property located at 182 NW 5th Avenue, to Jerk & Lime at Nicole's House, LLC. The lease term is for a four-year period, commencing on December 1, 2021 with a monthly base rent amount of $1,933 with an increase of 6.25% to the monthly base rent on third year anniversary of the lease term through expiration on December 1, 2025. The carrying value of the leased property at September 30, 2022 was approximately $382,000. The lease receivable is $72,825 at September 30, 2022.

During the fiscal year ended September 30, 2022, the CRA recognized the following related to these lease agreements:

| | |
|---|---|
| Lease revenue | $ 59,641 |
| Interest income | 49,265 |
| **Total** | $ 108,906 |

## NOTE 5 – LEASE RECEIVABLE (CONTINUED)

### *BLENDED COMPONENT UNIT – DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY (CONTINUED)*

Future principal and interest payment requirements related to the CRA's lease receivable at September 30, 2022 are as follows:

| Fiscal Year Ending September 30 | Principal Receipt | Interest Revenue | Future Minimum Rent |
|---|---|---|---|
| 2023 | $ 60,254 | $ 47,939 | $ 108,193 |
| 2024 | 64,118 | 46,189 | 110,307 |
| 2025 | 67,395 | 44,229 | 111,624 |
| 2026 | 32,606 | 42,383 | 74,989 |
| 2027 | 23,169 | 73,827 | 96,996 |
| 2028-2032 | 142,997 | 357,602 | 500,599 |
| 2033-2037 | 253,936 | 328,056 | 581,992 |
| 2038-2042 | 362,329 | 281,813 | 644,142 |
| 2043-2047 | 460,491 | 220,463 | 680,954 |
| 2048-2052 | 555,986 | 142,889 | 698,875 |
| 2053-2057 | 328,864 | 76,862 | 405,726 |
| 2058-2061 | 338,801 | 21,343 | 360,144 |
| **Total** | $ 2,690,946 | $ 1,683,595 | $ 4,374,541 |

## NOTE 6 – NOTES RECEIVABLE

Notes receivable consist of the following at September 30, 2022:

**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. | $ 5,469,699 |
| CRA notes receivable | 4,592,046 |
| **Total Governmental Activities** | $ 10,061,745 |

### *BLENDED COMPONENT UNIT – DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY*

The CRA's outstanding notes receivable at September 30, 2022 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, 2022, the total advances receivable from the CLT were $352,249 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 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

## NOTE 6 – NOTES RECEIVABLE (CONTINUED)

### *BLENDED COMPONENT UNIT – DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY (CONTINUED)*

***Note Receivable from Delray Beach Chamber of Commerce (continued)***

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, 2022, the balance of the note receivable from the Chamber was $153,048.

***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, 2022 was $2,625,000.

***Note Receivable from Hatcher Construction & Development, Inc.***

On February 9, 2022, the CRA entered into a promissory note with Hatcher Construction & Development, Inc. ("borrower") for $1,400,000. Disbursements of the loan shall be made once the borrower has expended 20% of the total cost of the project. One May 24, 2022, an amended and restated promissory note was executed. Commencing May 1, 2022 and each consecutive month thereafter, the borrower shall make interest only payments of 3.0% on the total draw amounts received by the borrower until such time as the borrower

## NOTE 6 – NOTES RECEIVABLE (CONTINUED)

### *BLENDED COMPONENT UNIT – DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY (CONTINUED)*

***Note Receivable from Hatcher Construction & Development, Inc. (continued)***

receives a Certificate of Occupancy and provides a Final Release of Lien and Contractors Affidavit to the CRA. Commencing on the first day of each month subsequent to the borrower's receipt of the Certificate of Occupancy, and each consecutive month thereafter, the borrower shall make consecutive monthly for 83 months until the 84$^{th}$ month at which all outstanding principal and interest shall be due. Principal and interest is due the first day of each month. The note is collateralized by first leasehold mortgage and security agreement on the property. The outstanding draws on the note and the outstanding balance of the note receivable at September 30, 2022 was $553,115.

***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, 2022, the amount of the individual second mortgages originated in 2008 through 2022, ranged from $15,000 to $85,000 and all borrowers were in compliance with the terms of the second mortgage. The loans receivable totaled $935,634 as of September 30, 2022.

### *City Note Receivable from CRA*

The City has an outstanding note receivable from the Delray Beach Community Redevelopment Agency (CRA) at September 30, 2022, 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:

## NOTE 6 – NOTES RECEIVABLE (CONTINUED)

### *BLENDED COMPONENT UNIT – DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY (CONTINUED)*

### *City Note Receivable from 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 period of twelve years. Principal on the loan is payable by the CRA semi-annually on June 1st and December 1st in the amount of $180,709. Interest is payable semi-annually on June 1st and December 1st at 3.25% on the outstanding principal balance. The note payable from the CRA was $722,838, and is included in due from other funds in the General Fund at September 30, 2022.

## NOTE 7 – DUE FROM OTHER GOVERNMENTS

The total amount due from other governments of $2,257,093 at September 30, 2022, 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.

## NOTE 8 – CAPITAL ASSETS

The major components of capital assets for the City are summarized as follows at September 30, 2022:

| | Beginning Balances * | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| **Governmental Activities** | | | | |
| Capital Assets Not Being Depreciated | | | | |
| Land | $ 68,683,221 | $ 3,987,989 | $ (1,803,903) | $ 70,867,307 |
| Construction in progress | 27,278,328 | 11,919,244 | -- | 39,197,572 |
| Total Capital Assets Not Being Depreciated | 95,961,549 | 15,907,233 | (1,803,903) | 110,064,879 |
| Capital Assets Being Depreciated/Amortized | | | | |
| Buildings | 52,842,485 | 14,280 | -- | 52,856,765 |
| Improvements Other Than Buildings | 161,264,595 | 7,309,356 | -- | 168,573,951 |
| Equipment | 61,905,849 | 2,815,249 | (1,965,914) | 62,755,184 |
| Leases (Right-to-use assets) | 279,549 | -- | -- | 279,549 |
| Total Capital Assets Being Depreciated/Amortized | 276,292,478 | 10,138,885 | (1,965,914) | 284,465,449 |
| Less: Accumulated Depreciation for | | | | |
| Buildings | (29,030,516) | (1,371,141) | -- | (30,401,657) |
| Improvements Other Than Buildings | (92,622,196) | (5,048,070) | -- | (97,670,266) |
| Equipment | (39,120,138) | (5,320,185) | 1,729,290 | (42,711,033) |
| Less: Accumulated Amortization | | | | |
| Leases (Right-to-use assets) | -- | (102,371) | -- | (102,371) |
| Total Accumulated Depreciation and Amortization | (160,772,850) | (11,841,767) | 1,729,290 | (170,885,327) |
| Capital assets, net of accumulated depreciation and amortization | 115,519,628 | (1,702,882) | (236,624) | 113,580,122 |
| **Total Capital Assets, Net** | $ 211,481,177 | $ 14,204,351 | $ (2,040,527) | $ 223,645,001 |

## NOTE 8 – CAPITAL ASSETS (CONTINUED)

| | Beginning Balances * | Additions | Deletions | Ending Balances |
|---|---|---|---|---|
| **Business-Type Activities** | | | | |
| Capital Assets Not Being Depreciated | | | | |
| Land | $ 5,668,824 | $ -- | $ -- | $ 5,668,824 |
| Construction in progress | 5,985,927 | 3,345,969 | (2,599,175) | 6,732,721 |
| Total Capital Assets Not Being Depreciated | 11,654,751 | 3,345,969 | (2,599,175) | 12,401,545 |
| Capital Assets Being Depreciated | | | | |
| Building | 13,774,348 | -- | -- | 13,774,348 |
| Improvements Other Than Buildings | 192,433,040 | 3,128,688 | -- | 195,561,728 |
| Machinery and equipment | 22,414,738 | 226,379 | (23,915) | 22,617,202 |
| Leases (Right-to-use assets) | 179,886 | -- | -- | 179,886 |
| Total Capital Assets Being Depreciated | 228,802,012 | 3,355,067 | (23,915) | 232,133,164 |
| Less: Accumulated Depreciation for | | | | |
| Buildings | (10,844,121) | (261,170) | -- | (11,105,291) |
| Improvements Other Than Buildings | (107,265,761) | (3,602,509) | (118,014) | (110,986,284) |
| Equipment | (11,544,290) | (1,404,839) | 23,872 | (12,925,257) |
| Less: Accumulated Amortization | | | | |
| Leases (Right-to-use assets) | -- | (14,381) | -- | (14,381) |
| Total Accumulated Depreciation and amortization | (129,654,172) | (5,282,899) | (94,142) | (135,031,213) |
| Capital assets, net of accumulated depreciation and amortization | 99,147,840 | (1,927,832) | (118,057) | 97,101,951 |
| **Total Capital Assets, Net** | $ 110,802,591 | $ 1,418,137 | $ (2,717,232) | $ 109,503,496 |

* Beginning balance was adjusted to consider proper amounts related to the implementation of GASB 87.

## NOTE 8 – CAPITAL ASSETS (CONTINUED)

Depreciation expense for the fiscal year ended September 30, 2022, was charged to functions/programs of the primary government as follows:

| | |
|---|---|
| **Governmental Activities** | |
| General Government | $ 1,542,002 |
| Public Safety | 1,191,586 |
| Physical Environment | 3,800,895 |
| Parks and Recreation | 2,195,593 |
| Internal Services Funds | 3,111,691 |
| **Total Depreciation Expense - Governmental Activities** | $ 11,841,767 |
| **Business-type Activities** | |
| Water and Sewer | $ 4,451,645 |
| Stormwater | 596,692 |
| Municipal Golf Course | 185,909 |
| Lakeview Golf Course | 44,934 |
| City Marina | 3,719 |
| **Total Depreciation Expense - Business-type Activities** | $ 5,282,899 |

## NOTE 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.

**NOTE 9 – INVESTMENT IN REGIONAL PLANT JOINT VENTURE (CONTINUED)**

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, 2022, accounts payable of the Water and Sewer Fund and business-type activities included $266,855 due to the Board. For the fiscal year ended September 30, 2022, the City paid $3,206,671 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, 2022, the City's 50% equity interest in the net position of the Board totaled $15,649,128 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 (rounded) of the Board as of and for the fiscal year ended September 30, 2022, is as follows:

| Net Position | |
|---|---|
| Current and other assets | $ 10,842,000 |
| Capital assets, net | 35,817,000 |
| **Total Assets** | 46,659,000 |
| Current liabilities | 3,204,000 |
| Noncurrent liabilities | 10,617,000 |
| **Total Liabilities** | 13,821,000 |
| Deferred inflows of resources | 1,540,000 |
| **Net Position** | $ 31,298,000 |

| Change in Net Position | |
|---|---|
| Charges for services | $ 7,487,000 |
| Capital grants and contributions | 1,375,000 |
| **Total Program Revenues** | 8,862,000 |
| Program expenses | 11,036,000 |
| **Net Program Expenses** | (2,174,000) |
| Investment income | 5,000 |
| Miscellaneous | 76,000 |
| **Change in Net Position** | $ (2,093,000) |

## NOTE 10 – INTERFUND TRANSACTIONS AND BALANCES

Total interfund receivables/payables and transfers were as follows as of and for the fiscal year ended September 30, 2022:

| | Due From Other Funds | Due To Other Funds | Transfers In | Transfers Out |
|---|---|---|---|---|
| **Major Governmental Funds** | | | | |
| General Fund | $ 24,560,752 | $ 3,370,117 | $ 5,090,690 | $ 8,613,124 |
| Neighborhood Services | 95,257 | -- | 4,049,809 | -- |
| Community Redevelopment Agency | -- | 2,939,271 | -- | -- |
| One-Cent Sales Tax | 3,370,117 | 6,398,862 | -- | -- |
| Capital Improvement | 445,783 | -- | -- | 145,783 |
| **Non-major Governmental Funds** | | | | |
| Special Revenue Fund: | | | | |
| Beautification | 8,655 | -- | 1,017,690 | -- |
| Local Option Gas Tax | -- | -- | -- | 1,004,601 |
| Building Permit | -- | -- | -- | 442,807 |
| Utilities tax | -- | -- | -- | 1,800 |
| Debt Service Fund: | | | | |
| Utilities tax | -- | -- | 3,432,650 | -- |
| Capital Projects Fund: | | | | |
| Beach Restoration | -- | -- | 263,948 | -- |
| **Total Governmental Funds** | $ 28,480,564 | $ 12,708,250 | $ 13,854,787 | $ 10,208,115 |
| **Major Proprietary Funds** | | | | |
| Water and Sewer | $ -- | $ -- | $ 123,068 | $ 3,209,413 |
| **Non-major Proprietary Funds** | | | | |
| Stormwater | -- | 8,438,999 | -- | 247,347 |
| Sanitation | -- | 487,742 | -- | 214,838 |
| Municipal Golf Course | -- | -- | -- | 34,004 |
| Lakeview Golf Course | -- | -- | -- | 20,578 |
| City Marina | -- | 428,037 | -- | 73,638 |
| Cemetery | -- | 38,818 | -- | -- |
| Internal Service Fund: | | | | |
| Insurance | 11,600 | 978,605 | -- | -- |
| Central Garage | -- | 5,411,713 | 30,078 | -- |
| **Total Proprietary Funds** | 11,600 | 15,783,914 | 153,146 | 3,799,818 |
| **Total Primary Government** | $ 28,492,164 | $ 28,492,164 | $ 14,007,933 | $ 14,007,933 |

## NOTE 10 – INTERFUND TRANSACTIONS AND BALANCES (CONTINUED)

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.

## NOTE 11 – NONCURRENT LIABILITIES

The changes in noncurrent liabilities of the City for the fiscal year ended September 30, 2022 were as follows:

| | Beginning Balances * | Additions | Reductions | Ending Balances | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental Activities** | | | | | |
| Revenue bonds | $ 55,789,731 | $ -- | $ (6,526,984) | $ 49,262,747 | $ 6,727,733 |
| General obligation bonds | 6,055,000 | -- | (1,945,000) | 4,110,000 | 2,015,000 |
| Unamortized bond premium | 2,016,897 | -- | (192,086) | 1,824,811 | -- |
| **Total Bonds Payable, Net** | 63,861,628 | -- | (8,664,070) | 55,197,558 | 8,742,733 |
| Installment agreements | 1,452,612 | -- | (529,061) | 923,551 | 544,721 |
| Capital Lease for Equipment | 279,549 | -- | (102,486) | 177,063 | 90,842 |
| Compensated absences | 9,149,234 | 1,152,566 | (605,970) | 9,695,830 | 734,590 |
| Insurance claims payable | 7,629,764 | 4,866,641 | (4,181,206) | 8,315,199 | 3,011,199 |
| **Total Governmental Activities** | $ 82,372,787 | $ 6,019,207 | $ (14,082,793) | $ 74,309,201 | $ 13,124,085 |

## NOTE 11 – NONCURRENT LIABILITIES (CONTINUED)

| | Beginning Balances * | Additions | Reductions | Ending Balances | Due Within One Year |
|---|---|---|---|---|---|
| **Business-type Activities** | | | | | |
| Revenue bonds | $ 1,925,000 | $ -- | $ (1,925,000) | $ -- | $ -- |
| Installment agreements | 9,772 | -- | (9,772) | -- | -- |
| Capital Lease for Equipment | 179,886 | -- | (10,453) | 169,433 | 42,769 |
| Compensated absences | 876,128 | 300,419 | (225,185) | 951,362 | 142,152 |
| **Total Business-type Activities** | $ 2,990,786 | $ 300,419 | $ (2,170,410) | $ 1,120,795 | $ 184,921 |

* Beginning balance was adjusted to consider proper amounts related to the implementation of GASB 87.

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.

## NOTE 11 – NONCURRENT LIABILITIES (CONTINUED)

Noncurrent liabilities, including current maturities, consisted of the following at September 30, 2022:

| **Revenue Bonds** | Governmental Activities | Business-Type Activities |
|---|---|---|
| $2,350,000 Water and Sewer Revenue Bonds issued November 17, 2006 (Series 2006B), with principal amount of $205,000 due 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. The bonds were fully paid off during fiscal year 2022. | $ -- | $ -- |
| $5,430,000 Water and Sewer Refunding Revenue Bonds issued September 29, 2011 (Series 2011A), with principal amount of $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. The bonds were full paid off during fiscal year 2022. | -- | -- |
| **Subtotal (Forward)** | $ -- | $ -- |

**NOTE 11 – NONCURRENT LIABILITIES (CONTINUED)**

| Revenue Bonds (continued) | Governmental Activities | Business-Type Activities |
|---|---|---|
| **Subtotal (Forward)** | $ -- | $ -- |
| $8,160,000 Water and Sewer Revenue Refunding Bonds issued October 18, 2011 (Series 2011B), with principal amount of $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. The bonds were fully paid off in fiscal year 2022. | -- | -- |
| $4,000,000 Delray Beach Community Redevelopment Agency Tax Increment Redevelopment Revenue Improvement Bonds (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. | 1,228,361 | -- |
| $2,000,000 Delray Beach Community Redevelopment Agency Tax Increment Redevelopment Revenue Bonds (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. | 619,386 | -- |
| **Subtotal (Forward)** | $ 1,847,747 | $ -- |

## NOTE 11 – NONCURRENT LIABILITIES (CONTINUED)

| Revenue Bonds (continued) | Governmental Activities | Business-Type Activities |
|---|---|---|
| **Subtotal (Forward)** | $ 1,847,747 | $ -- |
| $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. | 30,680,000 | -- |
| $31,500,000 Capital Improvement Revenue Bonds, issued June 23, 2017 (Series 2017), due in principal amounts of $3,155,000 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%. | 16,735,000 | -- |
| **Total Revenue Bonds** | 49,262,747 | -- |
| **Unamortized Bond Premium** | 1,824,811 | -- |
| **Total Revenue Bonds, Net** | $ 47,437,936 | $ -- |

## NOTE 11 – NONCURRENT LIABILITIES (CONTINUED)

| General Obligation Bonds | Governmental Activities | Business-Type Activities |
|---|---|---|
| $10,000,000 General Obligation Bonds issued August 26, 2005 (Series 2005), due in annual principal installments of $1,030,000 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. | $ 2,215,000 | $ -- |
| $8,810,000 General Obligation Bonds issued November 21, 2013 (Series 2013), due in annual principal installments of $915,000 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. | 1,895,000 | -- |
| **Total General Obligation Bonds** | 4,110,000 | -- |
| Installment agreements for equipment, 2.43% to 2.85% interest, maturing in 2024 | 923,551 | -- |
| Capital lease | 177,063 | 169,433 |
| Compensated absences payable | 9,695,830 | 951,362 |
| Insurance claims payable (see Note 14) | 8,315,199 | -- |
| **Total Noncurrent Liabilities, including Current Portion** | $ 74,309,201 | $ 1,120,795 |

**NOTE 11 – NONCURRENT LIABILITIES (CONTINUED)**

***GOVERNMENTAL ACTIVITIES***

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

1. Establishment and maintenance of certain cash reserves for the revenue bonds. The maximum deposit requirement is usually set at the highest future annual principal and interest payment. In lieu of 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.
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 Refunding 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 $37,393,550 at September 30, 2022. Principal and interest paid during the current year was $2,175,000 and $1,257,650, respectively.

The City has also pledged the future non ad-valorem revenues of the City to repay the outstanding Capital Improvement Revenue Bonds, Series 2017 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 $17,567,755 at September 30, 2022. Non-ad valorem revenues received for the current year were approximately $96.3 million. Principal and interest paid for the current year was $3,155,000 and $358,925, respectively.

**NOTE 11 – NONCURRENT LIABILITIES (CONTINUED)**

***GOVERNMENTAL ACTIVITIES (CONTINUED)***

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, 2022, was $1,894,098, payable through October 1, 2023. For the current year, principal and interest paid and the total tax increment revenues were $1,266,072 and $27,584,441, 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 fiscal year ended September 30, 2022 were $1,958,581 and $2,056,189, respectively, all of which was expensed.

## NOTE 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, 2022:

| Fiscal Year Ending September 30, | Revenue Bonds | | General Obligation Bonds | | |
|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Total |
| 2023 | $ 6,727,733 | $ 1,483,689 | $ 2,015,000 | $ 115,461 | $ 10,341,883 |
| 2024 | 6,300,014 | 1,275,661 | 2,095,000 | 39,041 | 9,709,716 |
| 2025 | 5,865,000 | 1,082,725 | -- | -- | 6,947,725 |
| 2026 | 6,050,000 | 890,526 | -- | -- | 6,940,526 |
| 2027 | 6,260,000 | 691,004 | -- | -- | 6,951,004 |
| 2028-2032 | 15,180,000 | 1,968,912 | -- | -- | 17,148,912 |
| 2033-2035 | 2,880,000 | 200,138 | -- | -- | 3,080,138 |
| **Total** | $ 49,262,747 | $ 7,592,655 | $ 4,110,000 | $ 154,502 | $ 61,119,904 |

### *INSTALLMENT AGREEMENTS*

The installment agreements financed the purchase of equipment. At September 30, 2022, the cost of the equipment held under these agreements was approximately $3,778,400 and the accumulated amortization was approximately $2,157,997. 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, 2022, are as follows:

| Fiscal Year Ending September 30 | Amount |
|---|---|
| 2023 | $ 571,137 |
| 2024 | 387,545 |
| Total minimum payments | 958,682 |
| Less amount representing interest | (35,131) |
| **Outstanding Balance at September 30, 2022** | $ 923,551 |

## NOTE 11 – NONCURRENT LIABILITIES (CONTINUED)

### *CAPITAL LEASES*

The City adopted GASB Statement No. 87, Lease and recorded various leases agreements for copiers. Prior to October 1, 2021, the City entered into various lease agreements with lease terms from 14 months to 48 months with various monthly payments from $61 to $4,056. An initial lease liability was recorded in the amount of $279,549. As of September 30, 2022, the lease liability is $177,064. The leases have interest rate of 0.19% to 3.94%. The value of the right to use asset as of September 30, 2022 of $279,549 with accumulated amortization of $179,886.

| Fiscal Year Ending September 30 | Principal | Interest | Total |
|---|---|---|---|
| 2023 | $ 90,842 | $ 392 | $ 91,234 |
| 2024 | 74,251 | $ 154 | 74,405 |
| 2025 | 11,970 | 4 | 11,974 |
| **Total** | $ 177,063 | $ 550 | $ 177,613 |

### *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.

## NOTE 11 – NONCURRENT LIABILITIES (CONTINUED)

### *BUSINESS-TYPE ACTIVITIES (CONTINUED)*

*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 $0. Principal and interest paid and utility net revenues available for debt service for the current year were $1,925,000 and $5,174,416, respectively.

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

*Interest Expense*: Total interest costs incurred and paid on business-type activities debt for the fiscal year ended September 30, 2022, were $48,802 and $72,203, respectively, all of which was expensed.

### *INSTALLMENT AGREEMENTS*

The installment agreements financed the purchase of equipment. The remaining balance of $9,772 was paid during fiscal year ended September 30, 2022.

## NOTE 11 – NONCURRENT LIABILITIES (CONTINUED)

### *CAPITAL LEASES*

The City adopted GASB Statement No. 87, Lease and recorded various leases agreements for golf carts. Prior to October 1, 2021, the City entered into a lease agreement with lease term of 60 months ending June 2026. The lease requires monthly payments of $4,056. An initial lease liability was recorded in the amount of $179,886. As of September 30, 2022, the lease liability is $169,434. The leases have interest rate of 3%. The value of the right to use asset as of September 30, 2022 of $179,886 with accumulated amortization of $14,382.

| Fiscal Year Ending September 30 | Principal | Interest | Total |
|---|---|---|---|
| 2023 | $ 42,769 | $ 5,906 | $ 48,675 |
| 2024 | 44,484 | 4,191 | 48,675 |
| 2025 | 46,267 | 2,407 | 48,674 |
| 2026 | 35,913 | 592 | 36,505 |
| **Total** | $ 169,433 | $ 13,096 | $ 182,529 |

### *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, 2022 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).

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

| Year Ending September 30 | Principal | Interest | Total |
|---|---|---|---|
| 2023 | $ 361,419 | $ 58,730 | $ 420,149 |
| 2024 | 361,419 | 58,730 | 420,149 |
| **Total** | $ 722,838 | $ 117,460 | $ 840,298 |

## NOTE 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.

**NOTE 12 – EMPLOYEE RETIREMENT PLANS (CONTINUED)**

***DESCRIPTION OF THE PLANS (CONTINUED)***

*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.

*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 $4,544,513 at September 30, 2022.

*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

**NOTE 12 – EMPLOYEE RETIREMENT PLANS (CONTINUED)**

***DESCRIPTION OF THE PLANS (CONTINUED)***

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.

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.

## NOTE 12 – EMPLOYEE RETIREMENT PLANS (CONTINUED)

### *DESCRIPTION OF THE PLANS (CONTINUED)*

*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.

**NOTE 12 – EMPLOYEE RETIREMENT PLANS (CONTINUED)**

***DESCRIPTION OF THE PLANS (CONTINUED)***

*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 $10,228,805 at September 30, 2022.

*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:

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.

**NOTE 12 – EMPLOYEE RETIREMENT PLANS (CONTINUED)**

***DESCRIPTION OF THE PLANS (CONTINUED)***

*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.

## NOTE 12 – EMPLOYEE RETIREMENT PLANS (CONTINUED)

### *DESCRIPTION OF THE PLANS (CONTINUED)*

*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 $13,579,519 at September 30, 2022.

*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, 2022:

| | General Employees' Pension Plan | Police Officers' Retirement System | Firefighters' Retirement System | Total |
|---|---|---|---|---|
| Net pension liability | $ 9,376,359 | $ 70,184,581 | $ 68,688,418 | $ 148,249,358 |
| Deferred outflows of resources | $ 14,188,917 | $ 19,090,155 | $ 22,434,454 | $ 55,713,526 |
| Deferred inflows of resources | $ 718,372 | $ -- | $ 590,502 | $ 1,308,874 |
| Pension expense (income) | $ 3,900,574 | $ 12,557,330 | $ 11,761,030 | $ 28,218,934 |

## NOTE 12 – EMPLOYEE RETIREMENT PLANS (CONTINUED)

### *MEMBERSHIP*

Membership data of the City's pension plans as of October 1, 2021, the date of the most recent actuarial valuations, is summarized as follows:

| | General Employees' Pension Plan | Police Officers' Retirement System |
|---|---|---|
| Inactive plan members and beneficiaries receiving benefits | 351 | 161 |
| Terminated employees entitled to benefits but not receiving them | 87 | 9 |
| Active members | 415 | 136 |
| **Total** | 853 | 306 |

### *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

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

## NOTE 12 – EMPLOYEE RETIREMENT PLANS (CONTINUED)

### *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, 2022 was as follows:

| | General Employees' Pension Plan | Police Officers' Retirement System | Firefighters' Retirement System |
|---|---|---|---|
| **Asset Class** | | | |
| Domestic equity | 61.5% | 49.0% | 52.5% |
| International equity | 10.0% | 16.0% | 15.0% |
| Fixed income | 21.0% | 20.0% | 17.5% |
| Real estate | -- | 10.0% | 10.0% |
| Alternative | 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 25.68%, 21.71% and 23.40%, respectively, for the fiscal year ended September 30, 2022. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

## NOTE 12 – EMPLOYEE RETIREMENT PLANS (CONTINUED)

### *NET PENSION LIABILITY (ASSET)*

The components of the net pension liability (asset) for the City's pension plans as of September 30, 2022, the measurement date, were as follows:

| | General Employees' Pension Plan | Police Officers' Retirement System | | Firefighters' Retirement System |
|---|---|---|---|---|
| Total pension liability | $153,228,056 | $179,581,211 | | $196,225,173 |
| Less Plan fiduciary net position | 143,851,697 | 109,396,630 | (1) | 127,536,755 |
| Net pension liability (asset) | $ 9,376,359 | $ 70,184,581 | | $ 68,688,418 |
| Plan fiduciary net position as a percentage of the total pension liability | 93.9% | 60.9% | | 65.0% |

(1) For the Police Officers' Retirement System, the Plan fiduciary net position above does not agree to the Plan fiduciary net position presented in the statement of fiduciary net position as of September 30, 2022. The difference of $11,741 was caused by an adjustment that was made after the actuary finalized the Plan's GASB Statement No. 67 report.

Actuarial Assumptions: The total pension liability for the City's pension plans was determined by actuarial valuations as of October 1, 2021, based on the following actuarial assumptions:

| | General Employees Pension Plan | Police Officers' Retirement System | Firefighters' Retirement System |
|---|---|---|---|
| Measurement date | September 30, 2022 | September 30, 2022 | September 30, 2022 |
| 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 | 5 year Smoothed Market | 4 year Smoothed Market | 5 year Smoothed Market |
| Actuarial assumptions: | | | |
| Investment rate of return | 6.75% | 6.75% | 6.625% |
| 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 Below Median Employee Male Table and Female Table using Scale MP-2018 | PUB-2010 Headcount Weighted Below Median Employee Male Table and Female Table using Scale MP-2018 |
| * Includes inflation rate | 2.50% | 2.50% | 2.50% |

**NOTE 12 – EMPLOYEE RETIREMENT PLANS (CONTINUED)**

***NET PENSION LIABILITY (ASSET) (CONTINUED)***

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, 2022 (see the discussion of each pension plan's investment policy) are summarized in the following table:

| | Long-term Expected Rate of Return | | |
|---|---|---|---|
| | General Employees' Pension Plan | Police Officers' Retirement System | Firefighters' Retirement System |
| **Asset Class** | | | |
| 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 | 4.5 |
| Alternatives | 6.2 | 6.2 | 6.2 |

Discount Rate: The discount rates used to measure the total pension liability was 6.75%, 6.75% and 6.625%, respectively, 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.

## NOTE 12 – EMPLOYEE RETIREMENT PLANS (CONTINUED)

### *CHANGES IN THE NET PENSION LIABILITY (ASSET)*

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 fiscal year ended September 30, 2022:

| | Increase (Decrease) | | |
|---|---|---|---|
| General Employees' Pension Plan | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability (Asset) |
| **Balances at October 1, 2021** | $ 148,453,386 | $ 172,702,571 | $ (24,249,185) |
| Changes for the current year: | | | |
| Service cost | 3,178,953 | -- | 3,178,953 |
| Interest | 9,957,953 | -- | 9,957,953 |
| Difference between actual and expected experience | (148,006) | -- | (148,006) |
| Contributions - City | -- | 2,882,706 | (2,882,706) |
| Contributions - employee | -- | 1,316,257 | (1,316,257) |
| Net investment income (loss) | -- | (24,704,835) | 24,704,835 |
| Benefit payments, including refunds of employee contributions | (8,214,230) | (8,214,230) | -- |
| Administration expenses | -- | (130,772) | 130,772 |
| **Net Changes** | 4,774,670 | (28,850,874) | 33,625,544 |
| **Balances at September 30, 2022** | $ 153,228,056 | $ 143,851,697 | $ 9,376,359 |

## NOTE 12 – EMPLOYEE RETIREMENT PLANS (CONTINUED)

### *CHANGES IN THE NET PENSION LIABILITY (ASSET) (CONTINUED)*

| Police Officers' Retirement System | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
|---|---|---|---|
| **Balances at October 1, 2021** | $ 173,655,122 | $ 132,279,683 | $ 41,375,439 |
| Changes for the current year: | | | |
| Service cost | 3,254,371 | -- | 3,254,371 |
| Interest | 11,614,886 | -- | 11,614,886 |
| Difference between actual and expected experience | 731,033 | -- | 731,033 |
| Contributions - City | -- | 8,119,171 | (8,119,171) |
| Contributions - State of Florida | -- | 896,146 | (896,146) |
| Contributions - employee | -- | 1,159,973 | (1,159,973) |
| Net investment income (loss) | -- | (23,212,695) | 23,212,695 |
| Benefit payments, including refunds of employee contributions | (9,674,201) | (9,674,201) | -- |
| Administration expenses | -- | (171,447) | 171,447 |
| **Net Changes** | 5,926,089 | (22,883,053) | 28,809,142 |
| **Balances at September 30, 2022** | $ 179,581,211 | $ 109,396,630 | $ 70,184,581 |

**NOTE 12 – EMPLOYEE RETIREMENT PLANS (CONTINUED)**

***CHANGES IN THE NET PENSION LIABILITY (ASSET) (CONTINUED)***

| Firefighters' Retirement System | Increase (Decrease) Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
|---|---|---|---|
| **Balances at October 1, 2021** | $ 185,477,799 | $ 148,310,884 | $ 37,166,915 |
| Changes for the current year: | | | |
| Service cost | 3,920,642 | -- | 3,920,642 |
| Interest | 12,225,044 | -- | 12,225,044 |
| Change of benefit terms | -- | | -- |
| Difference between actual and expected experience | 4,340,624 | -- | 4,340,624 |
| Change of assumptions | -- | -- | -- |
| Contributions - City | -- | 8,169,314 | (8,169,314) |
| Contributions - State of Florida | -- | 1,322,142 | (1,322,142) |
| Contributions - employee | -- | 1,489,819 | (1,489,819) |
| Net investment income (loss) | -- | (21,882,378) | 21,882,378 |
| Benefit payments, including refunds of employee contributions | (9,738,936) | (9,738,936) | -- |
| Administration expenses | -- | (134,090) | 134,090 |
| **Net Changes** | 10,747,374 | (20,774,129) | 31,521,503 |
| **Balances at September 30, 2022** | $ 196,225,173 | $ 127,536,755 | $ 68,688,418 |

Investment rate of return: Effective October 1, 2021, the investment return assumption was lowered from 6.75% to 6.625% for the Police Officers' Retirement System and the Firefighters' Retirement System. Effective October 1, 2021, the rates of salary increases were changed for the Police Officers' Retirement System and the Firefighters' Retirement System.

## NOTE 12 – EMPLOYEE RETIREMENT PLANS (CONTINUED)

### *CHANGES IN THE NET PENSION LIABILITY (ASSET) (CONTINUED)*

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following table presents the net pension liability (asset) 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:

| | General Employees' Pension Plan | Police Officers' Retirement System | Firefighters' Retirement System |
|---|---|---|---|
| One percentage point lower than current discount rate | $ 27,136,091 | $ 93,359,273 | $ 92,080,815 |
| Current discount rate | $ 9,376,359 | $ 70,184,581 | $ 68,688,418 |
| One percentage point higher than current discount rate | $ (5,553,776) | $ 51,158,768 | $ 49,447,192 |

### *PENSION EXPENSE AND DEFERRED INFLOWS/OUTFLOWS OF RESOURCES RELATED TO PENSIONS*

For the fiscal year ended September 30, 2022, the City recognized pension expense (income) of $3,900,574, $12,557,330 and $11,761,030 for the General Employees' Pension Plan, the Police Officers' Retirement System and the Firefighters' Retirement System, respectively. At September 30, 2022, 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:

| General Employees' Pension Plan | Deferred Inflows | Deferred Outflows |
|---|---|---|
| Differences between expected and actual experience | $ 111,907 | $ 625,994 |
| Changes in assumptions | 606,465 | 334,208 |
| Net difference between projected and actual investment earnings on pension plan investments | -- | 13,228,715 |
| **Total** | $ 718,372 | $ 14,188,917 |

## NOTE 12 – EMPLOYEE RETIREMENT PLANS (CONTINUED)

### *PENSION EXPENSE AND DEFERRED INFLOWS/OUTFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)*

| Police Officers' Retirement System | Deferred Inflows | Deferred Outflows |
|---|---|---|
| Differences between expected and actual experience | $ -- | $ 3,235,042 |
| Changes in assumptions | -- | 579,087 |
| Net difference between projected and actual investment earnings on pension plan investments | -- | 15,276,026 |
| **Total** | $ -- | $ 19,090,155 |

| Firefighters' Retirement System | Deferred Inflows | Deferred Outflows |
|---|---|---|
| Differences between expected and actual experience | $ 225,326 | $ 5,570,878 |
| Changes in assumptions | 365,176 | 4,116,898 |
| Net difference between projected and actual investment earnings on pension plan investments | -- | 12,746,678 |
| **Total** | $ 590,502 | $ 22,434,454 |

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

| Year Ending September 30 | General Employees' Pension Plan | Police Officers' Retirement System | Firefighters' Retirement System |
|---|---|---|---|
| 2023 | $ 2,828,281 | $ 5,480,221 | $ 5,985,567 |
| 2024 | 1,457,236 | 3,759,511 | 4,310,944 |
| 2025 | 1,924,713 | 3,368,883 | 3,667,935 |
| 2026 | 7,260,315 | 6,481,540 | 7,557,977 |
| 2027 | -- | -- | 321,529 |
| **Total** | $ 13,470,545 | $ 19,090,155 | $ 21,843,952 |

## NOTE 12 – EMPLOYEE RETIREMENT PLANS (CONTINUED)

### *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 fiscal year ended September 30, 2022, are as follows:

Statements of Fiduciary Net Position

| | General Employees' Pension Plan | Police Officers' Retirement System | Firefighters' Retirement System |
|---|---|---|---|
| **Assets** | | | |
| Cash | $ 38,393 | $ 85,996 | $ 50,801 |
| Investments: | | | |
| Money market mutual funds | 2,194,132 | 2,502,238 | 11,263,000 |
| U.S. Government securities | 11,356,187 | -- | -- |
| U.S. Government Agency securities | 1,673,521 | -- | -- |
| Domestic corporate bonds | 3,010,187 | -- | -- |
| Fixed income mutual funds | 16,933,804 | 10,373,348 | 16,398,786 |
| Global asset allocation investment fund | -- | 13,444,879 | -- |
| Domestic equity securities | 30,518,649 | 27,191,913 | 35,734,809 |
| Domestic equity mutual funds | -- | 17,353,143 | 4,871,028 |
| Domestic equity index funds | -- | 9,115,667 | 15,254,910 |
| Pooled domestic equity index funds | 53,712,934 | 7,782,063 | 6,215,108 |
| International equity mutual funds | 17,342,587 | 12,092,489 | 17,186,230 |
| Foreign stocks | 3,736,585 | 1,150,112 | 4,335,913 |
| Timber investment funds | -- | 133,549 | 148,016 |
| Real estate investment funds | -- | 6,214,504 | 14,019,642 |
| Fixed income alternative investment fund | 3,114,100 | 2,278,164 | 2,301,936 |
| Interest and dividends receivable | 142,880 | 13,003 | 40,150 |
| Pending trades receivable | 495,197 | -- | -- |
| Employee contributions receivable | -- | 22,247 | -- |
| Miscellaneous receivable | -- | 6,995 | -- |
| **Total Assets** | 144,269,156 | 109,760,310 | 127,820,329 |
| Accounts payable | 240,805 | 77,351 | 76,024 |
| Refunds due to members | -- | 11,742 | -- |
| Pending trades payable | 176,654 | 286,328 | 207,550 |
| **Total Liabilities** | 417,459 | 375,421 | 283,574 |
| **Fiduciary Net Position** - Restricted for Pension Benefits | $ 143,851,697 | $ 109,384,889 | $ 127,536,755 |

## NOTE 12 – EMPLOYEE RETIREMENT PLANS (CONTINUED)

### *PENSION PLANS FIDUCIARY NET POSITION (CONTINUED)*

Statements of Changes in Fiduciary Net Position

| | General Employees' Pension Plan | Police Officers' Retirement System | Firefighters' Retirement System |
|---|---|---|---|
| **Additions** | | | |
| Contributions: | | | |
| Employer | $ 2,882,706 | $ 8,119,171 | $ 8,169,314 |
| State of Florida | -- | 896,146 | 1,322,142 |
| Plan members | 1,316,257 | 1,148,231 | 1,489,818 |
| Total contributions | 4,198,963 | 10,163,548 | 10,981,274 |
| Investment earnings: | | | |
| Net depreciation in fair value of investments | (28,382,899) | (24,363,461) | (25,408,238) |
| Interest, dividends and investment fund income | 4,025,147 | 1,746,945 | 4,139,517 |
| Other investment income | 4,414 | -- | 919 |
| | (24,353,338) | (22,616,516) | (21,267,802) |
| Less: investment expenses | (351,501) | (596,178) | (614,574) |
| Net investment earnings | (24,704,839) | (23,212,694) | (21,882,376) |
| **Total Additions** | (20,505,876) | (13,049,146) | (10,901,102) |
| **Deductions** | | | |
| Benefits | 8,016,715 | 9,497,411 | 9,711,848 |
| Refunds of contributions | 197,515 | 176,790 | 27,087 |
| Administrative expenses | 130,768 | 171,447 | 134,092 |
| **Total Deductions** | 8,344,998 | 9,845,648 | 9,873,027 |
| **Change in Fiduciary Net Position** | (28,850,874) | (22,894,794) | (20,774,129) |
| **Net Position Restricted for Pension Benefits at October 1, 2021** | 172,702,571 | 132,279,683 | 148,310,884 |
| **Net Position Restricted for Pension Benefits at September 30, 2022** | $ 143,851,697 | $ 109,384,889 | $ 127,536,755 |

## NOTE 12 – EMPLOYEE RETIREMENT PLANS (CONTINUED)

### *PENSION PLANS FIDUCIARY NET POSITION (CONTINUED)*

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 1st 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, 2022.

### *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

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.

## NOTE 12 – EMPLOYEE RETIREMENT PLANS (CONTINUED)

### *OTHER EMPLOYEE BENEFIT PLANS (CONTINUED)*

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 fiscal year ended September 30, 2022, is summarized as follows:

| | |
|---|---|
| **Balance at October 1, 2021** | $ 1,228,000 |
| Employer contributions | 59,872 |
| Employee contributions | 59,872 |
| Investment gain, net of expenses | (226,644) |
| Distributions | (25,760) |
| **Balance at September 30, 2022** | $ 1,095,340 |

## NOTE 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 $329 for single coverage to a maximum of $1,858 for family coverage.

## NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

***DESCRIPTION OF THE PLANS (CONTINUED)***

***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 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.

## NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

### *PLAN MEMBERSHIP*

The membership in the City's OPEB Plan and the Retiree Benefit Fund as of October 1, 2020 and September 30, 2021, respectively, which are the dates of the most recent actuarial valuations, is summarized as follows:

| | City OPEB Plan | Retiree Benefit Plan |
|---|---|---|
| Inactive employees or beneficiaries receiving benefit payments | 91 | 169 |
| Inactive employees entitled to but not yet receiving benefit payments | -- | -- |
| Active employees | 839 | 319 |
| **Total Members** | 930 | 488 |

### *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, 2022:

| | City OPEB Plan | Retiree Benefit Fund | Total |
|---|---|---|---|
| Net OPEB liability | $ 14,277,527 | $ 8,158,644 | $ 22,436,171 |
| Deferred outflows of resources | $ 5,293,222 | $ 1,466,948 | $ 6,760,170 |
| Deferred inflows of resources | $ 10,954,084 | $ 899,549 | $ 11,853,633 |
| OPEB expense | $ 1,154,238 | $ 1,008,280 | $ 2,162,518 |

The City's total OPEB liability of $29,128,481 was measured as of September 30, 2022 for the City OPEB Plan and the Retiree Benefit Plan as determined by actuarial valuations as of October 1, 2020 and September 30, 2021, respectively.

## NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

### *TOTAL OPEB LIABILITY (CONTINUED)*

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 OPEB Plan | Retiree Benefit Fund |
|---|---|---|
| Valuation date | October 1, 2020 | September 30, 2021 |
| Measurement date | September 30, 2022 | September 30, 2022 |
| Actuarial cost method | Entry Age Normal | Entry Age Normal |
| Post-retirement benefit increases | None | None |
| Health care cost trend rates | 7% per year initially, reduced annually by 0.25% to an ultimate rate of 4.5% in 2032 | 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[(1)] | Market Value of Assets |

## NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

### *TOTAL OPEB LIABILITY (CONTINUED)*

| | City OPEB Plan | Retiree Benefit Fund |
|---|---|---|
| Actuarial assumptions: | | |
| Discount rate | 2.29%(2) | 7.5% net of investment related expenses |
| Projected salary increases* | 4% | 4.5-8.25% |
| * Includes inflation rate | 0% | 2.75% |
| Mortality | Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality using Scale MP-2021 | PUB-2010 base tables, generational mortality using gender-specific MP-2018 mortality improvements projection scale |

(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.

## NOTE 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, 2022 are summarized in the following table:

| | Asset Allocation | Long-term Expected Rate of Return |
|---|---|---|
| **Asset Class** | | |
| Domestic equity | 52.5% | 7.5% |
| International equity | 15.0 | 8.5 |
| Fixed income | 17.5 | 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 fiscal year ended September 30, 2022 were as follows:

| | City OPEB Plan | Retiree Benefit Fund | Total |
|---|---|---|---|
| **Total OPEB Liability** | | | |
| Total OPEB liability at September 30, 2021 | $ 21,843,200 | $ 14,367,893 | $ 36,211,093 |
| Changes in the total OPEB liability for the year: | | | |
| Service cost | 250,370 | 225,552 | 475,922 |
| Interest | 986,033 | 1,064,783 | 2,050,816 |
| Changes of assumptions and other inputs | (8,080,096) | -- | (8,080,096) |
| Benefit payments | (721,980) | (807,274) | (1,529,254) |
| Change in total OPEB liability | (7,565,673) | 483,061 | (7,082,612) |
| **Total OPEB Liability at September 30, 2022** | $ 14,277,527 | $ 14,850,954 | $ 29,128,481 |

## NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

### *CHANGES IN THE TOTAL OPEB LIABILITY (CONTINUED)*

| | City OPEB Plan | Retiree Benefit Plan | Total |
|---|---|---|---|
| **Fiduciary Net Position** | | | |
| **Balances at October 1, 2021** | $ -- | $ 8,317,901 | $ 8,317,901 |
| Changes in fiduciary net position for the current year: | | | |
| Employer contributions | 721,980 | 882,557 | 1,604,537 |
| Net investment income (loss) | -- | (1,642,674) | (1,642,674) |
| Benefit payments | (721,980) | (807,274) | (1,529,254) |
| Administrative expenses | -- | (58,200) | (58,200) |
| Changes in fiduciary net position | -- | (1,625,591) | (1,625,591) |
| Total Fiduciary Net Position at September 30, 2022 | -- | 6,692,310 | 6,692,310 |
| **Net OPEB Liability balances at September 30, 2022** | $ 14,277,527 | $ 8,158,644 | $ 22,436,171 |

Changes of Assumptions: Effective October 1, 2021, the discount rate for the City OPEB Plan was increased from 2.29% to 4.59%.

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:

| | City OPEB Plan | Retiree Benefit Fund |
|---|---|---|
| One percentage point lower than current discount rate | $17,533,982 | $ 9,710,894 |
| Current discount rate | $ 14,277,527 | $ 8,158,644 |
| One percentage point higher than current discount rate | $ 11,878,680 | $ 6,840,445 |

## NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

### *CHANGES IN THE TOTAL OPEB LIABILITY (CONTINUED)*

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 7.0% decreasing to 4.5%, 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:

| | City OPEB Plan | Retiree Benefit Fund |
|---|---|---|
| One percentage point lower than current trend rate | $11,878,680 | N/A |
| Current healthcare cost trend rate | $14,277,527 | N/A |
| One percentage point higher than current trend rate | $17,533,982 | N/A |

For the fiscal year ended September 30, 2022, the City recognized OPEB expense of $1,154,238 and $1,008,280 for the City OPEB Plan and the Retiree Benefit Fund, respectively. At September 30, 2022, the City reported deferred inflows/outflows of resources related to the City OPEB Plan and the Retiree Benefit Fund from the following sources:

| | Deferred Inflows | Deferred Outflows |
|---|---|---|
| **City OPEB Plan** | | |
| Changes in assumptions and other inputs | $ 10,954,084 | $ 5,293,222 |
| **Retiree Benefit Fund** | | |
| Differences between projected and actual experience | 290,327 | 121,176 |
| Net difference between projected and actual earnings | -- | 1,275,245 |
| Changes in assumptions and other inputs | 609,222 | 70,527 |
| **Total** | $ 899,549 | $ 1,466,948 |

## NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

### *CHANGES IN THE TOTAL OPEB LIABILITY (CONTINUED)*

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

| Year Ending September 30 | City OPEB Plan | Retiree Benefit Fund |
|---|---|---|
| 2022 | $ (82,165) | $ 242,859 |
| 2023 | 21,642 | 115,776 |
| 2024 | 47,594 | 68,219 |
| 2025 | 47,594 | 257,875 |
| 2026 | (262,324) | (117,330) |
| Thereafter | (5,433,203) | -- |
| **Total** | $ (5,660,862) | $ 567,399 |

## NOTE 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.

**NOTE 14 – RISK MANAGEMENT (CONTINUED)**

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 fiscal year ended September 30, 2022, charges of $20,185,000 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 $8,315,199 ($3,011,199 current and $5,304,000 noncurrent) at September 30, 2022, which is an increase of approximately $685,000 from the prior year. The increase reflects claims development for all lines of insurance and an accrual for legal claims. The liability falls within the actuarially determined range, from an actuarial valuation for all claims based upon the date the loss was incurred and includes a provision for claims incurred but not yet reported (IBNR).

The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated annually to consider the effects of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, such as those from salvage or subrogation, are also considered in the claims liability estimate.

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

| | |
|---|---|
| **Balance at September 30, 2020** | $ 7,403,977 |
| Claims incurred | 12,699,508 |
| Claims paid | (12,473,721) |
| **Balance at September 30, 2021** | 7,629,764 |
| Claims incurred | 14,023,843 |
| Claims paid | (13,338,408) |
| **Balance at September 30, 2022** | $ 8,315,199 |

## NOTE 14 – RISK MANAGEMENT (CONTINUED)

The claims liability at September 30, 2022 and 2021, is summarized as follows:

| | 2022 | 2021 |
|---|---|---|
| Current | $ 3,011,199 | $ 2,701,764 |
| Noncurrent | 5,304,000 | 4,928,000 |
| **Total** | $ 8,315,199 | $ 7,629,764 |

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.

## NOTE 15 – RELATED PARTY TRANSACTIONS

The CRA is a component unit of the City of Delray Beach, Florida. For the fiscal year ended September 30, 2022, the CRA's tax increment revenues include $16,063,100 received from the City. CRA expenditures for the fiscal year ended September 30, 2022, include charges of $3,628,764 for contractual services provided by the City to the CRA in connection with various administrative and redevelopment activities, $4,398,400 for construction services related to redevelopment projects, and $905,000 for sponsorship of City tennis tournaments.

At September 30, 2022, the City had a receivable from the CRA of $2,216,433 for various administrative services and notes receivable from the CRA of $722,838 (see Note 6 - Notes Receivable and Note 12 – Noncurrent Liabilities). The CRA also entered into an interlocal agreement with the City to provide funding for certain construction projects and related professional services totaling $10,015,641. As of September 30, 2022, approximately $7,730,746 of the commitment was still outstanding.

## NOTE 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, 2022, were as follows:

| | |
|---|---|
| Capital Projects Funds | $ 20,544,281 |
| Water and Sewer Fund | 3,855,887 |
| Stormwater Fund | 417,375 |
| Community Redevelopment Agency Fud | 7,730,746 |
| **Total Contract Commitments** | $ 32,548,289 |

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.

## NOTE 16 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

***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 $10,015,641 for the year ending September 30, 2022. As of September 30, 2022, approximately $7,730,746 of the commitment was still outstanding.

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 $43,162 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, 2022:

## NOTE 16 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

### *BLENDED COMPONENT UNIT – DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY (CONTINUED)*

*KCMCL Pineapple Grove, LLC* - Development Infrastructure Grant for the development and construction of a 134-room limited service Hyatt Place Hotel in the Pineapple Grove Arts District. The grant is for eligible project costs up to $431,619. The CRA will reimburse the developer in equal annual installments over a ten year period, provided that the annual payment shall not exceed 50% of the actual tax increment revenues attributable to the project for that year. Payments will be made by the CRA on February 1st of each year. Payments of $43,162 were made each year under the grant for the years ended September 30, 2014 through 2022. At September 30, 2022, the outstanding amount under this grant agreement was $43,162.

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, 2022:

| | | |
|---|---|---|
| EPOCH dba Spady Cultural | $ | 106,000 |
| Delray Beach Community Land Trust, Inc. | | 192,815 |
| Creative City Collaborative / Arts Garage | | 275,000 |
| Delray Beach Public Library | | 443,000 |
| Delray Beach Historical Society | | 75,000 |
| Delray Beach Chamber of Commerce | | 40,000 |
| **Total Grant Commitments** | $ | 1,131,815 |

## NOTE 17 – EXPENDITURES IN EXCESS OF APPROPRIATIONS

The City's expenditures exceeded appropriations by $2,202,989 for nondepartmental for the fiscal year ended September 30, 2022. For the CRA, expenditures exceeded appropriations by $2,010 for the General Government cost center.

## NOTE 18 – SUBSEQUENT EVENTS

On March 14, 2023, voters of the City approved a $100 million Public Safety General Obligation Bond referendum as well as a $20 million Parks General Obligation Bond referendum. The bonds will pay for a new police station, improvements to existing fire stations, and improvements to parks and recreational facilities.

# REQUIRED SUPPLEMENTARY INFORMATION

# CITY OF DELRAY BEACH, FLORIDA

## BUDGETARY COMPARISON SCHEDULE
## GENERAL FUND

## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| **Revenues** | | | | |
| Taxes | $ 91,386,560 | $ 91,421,560 | $ 91,813,938 | $ 392,378 |
| Fees and permits | 8,470,500 | 8,760,500 | 10,486,582 | 1,726,082 |
| Intergovernmental | 15,006,584 | 16,096,584 | 16,925,006 | 828,422 |
| Charges for services | 15,767,358 | 15,767,358 | 18,046,651 | 2,279,293 |
| Fines and forfeitures | 1,033,500 | 1,033,500 | 1,369,405 | 335,905 |
| Miscellaneous | 11,660,782 | 11,701,797 | 11,621,981 | (79,816) |
| Transfers in | 5,218,800 | 5,218,800 | 5,090,690 | (128,110) |
| Prior year surplus | 3,840,000 | 4,590,630 | -- | (4,590,630) |
| **Total Revenues** | 152,384,084 | 154,590,729 | 155,354,253 | 763,524 |
| **Expenditures** | | | | |
| General government | | | | |
| City commission | 535,727 | 535,727 | 419,283 | 116,444 |
| City manager | 1,570,685 | 1,583,086 | 1,447,749 | 135,337 |
| Economic development | 608,555 | 669,958 | 543,373 | 126,585 |
| Human resources | 1,072,773 | 1,072,773 | 1,042,825 | 29,948 |
| City clerk | 644,212 | 644,212 | 538,724 | 105,488 |
| Finance | 2,113,257 | 2,123,257 | 2,076,812 | 46,445 |
| Information technology | 5,255,602 | 5,295,919 | 4,824,751 | 471,168 |
| City attorney | 1,454,225 | 1,453,973 | 1,307,822 | 146,151 |
| Purchasing | 761,163 | 761,163 | 644,815 | 116,348 |
| Nondepartmental | 2,317,417 | 2,257,417 | 4,460,406 | (2,202,989) |
| Transfers to component units | 16,098,526 | 16,098,526 | 16,063,100 | 35,426 |
| Public safety | | | | |
| Police | 41,635,889 | 42,670,026 | 42,508,193 | 161,833 |
| Fire | 39,007,343 | 39,211,810 | 39,132,507 | 79,303 |
| Development services | 1,993,101 | 2,054,483 | 1,706,455 | 348,028 |
| Neighborhood & community services | 3,324,378 | 3,373,378 | 2,777,996 | 595,382 |
| Physical environment | | | | |
| Public works | 9,612,695 | 10,050,320 | 9,553,967 | 496,353 |
| Parks and recreation | 15,377,847 | 15,734,012 | 15,591,750 | 142,262 |
| Debt service | 387,565 | 387,565 | 260,952 | 126,613 |
| Transfers out | 8,613,124 | 8,613,124 | 8,613,124 | -- |
| **Total Expenditures** | 152,384,084 | 154,590,729 | 153,514,604 | 1,076,125 |
| **Excess of Revenues Over (Under) Expenditures** | $ -- | $ -- | 1,839,649 | $ 1,839,649 |
| **Fund Balance** - October 1, 2021 | | | 49,941,934 | |
| Difference between GAAP and budgetary basis | | | 584,281 | |
| **Fund Balance** - September 30, 2022 | | | $ 52,365,864 | |

***See notes to budgetary comparison schedules.***

# CITY OF DELRAY BEACH, FLORIDA

## BUDGETARY COMPARISON SCHEDULE
## NEIGHBORHOOD SERVICES FUND

## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| **Revenues** | | | | |
| Intergovernmental | $ 957,289 | $ 3,106,234 | $ 1,434,031 | $ (1,672,203) |
| Miscellaneous | 347,719 | 1,585,382 | 157,917 | (1,427,465) |
| Transfers in | 4,049,809 | 4,049,809 | 4,049,809 | -- |
| **Total Revenues** | 5,354,817 | 8,741,425 | 5,641,757 | (3,099,668) |
| **Expenditures** | | | | |
| General government | | | | |
| Personal services | 490,118 | 541,380 | 480,951 | 60,429 |
| Operating | 4,346,868 | 6,845,571 | 254,461 | 6,591,110 |
| Grants and aid | 75,847 | 994,412 | 171,821 | 822,591 |
| SHIP | 441,984 | 594,546 | 431,893 | 162,653 |
| **Total Expenditures** | 5,354,817 | 8,975,909 | 1,339,126 | 7,636,783 |
| **Excess of Revenues Over (Under) Expenditures** | -- | (234,484) | 4,302,631 | 4,537,115 |
| **Net Change in Fund Balance** | $ -- | $ (234,484) | 4,302,631 | $ 4,537,115 |
| **Fund Balance** - October 1, 2021 | | | 959,446 | |
| **Fund Balance** - September 30, 2022 | | | $ 5,262,077 | |

***See notes to budgetary comparison schedules.***

# CITY OF DELRAY BEACH, FLORIDA

## BUDGETARY COMPARISON SCHEDULE
## COMMUNITY REDEVELOPMENT AGENCY FUND

## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive |
|---|---|---|---|---|
| | Original | Final | Amounts | (Negative) |
| **Revenues** | | | | |
| Tax increment revenue | | | | |
| City of Delray Beach | $ 16,074,222 | $ 16,063,100 | $ 16,063,100 | $ -- |
| Palm Beach County | 11,538,468 | 11,521,341 | 11,521,341 | -- |
| Total Tax Increment Revenue | 27,612,690 | 27,584,441 | 27,584,441 | -- |
| Charges for services | | | | |
| Green Market | 60,000 | 43,526 | 43,526 | -- |
| Arts Warehouse | 80,000 | 137,638 | 133,571 | (4,067) |
| Total Charges for Services | 140,000 | 181,164 | 177,097 | (4,067) |
| Miscellaneous revenue | | | | |
| Other reimbursements | -- | 142,406 | 129,675 | (12,731) |
| Rental income | 101,680 | 220,801 | 179,801 | (41,000) |
| Interest and other income | 35,000 | 69,063 | 119,037 | 49,974 |
| Total Miscellaneous Revenue | 136,680 | 432,270 | 428,513 | (3,757) |
| **Total Revenues** | 27,889,370 | 28,197,875 | 28,190,051 | (7,824) |
| **Other Financing Sources** | | | | |
| Affordable housing sales | -- | 719,306 | 458,892 | (260,414) |
| General Fund carryforward fund balance | 22,679,957 | -- | -- | -- |
| Land sales | -- | 194,087 | 194,087 | -- |
| **Total Other Financing Sources** | 22,679,957 | 913,393 | 652,979 | (260,414) |
| **Total Revenues and Other Financing Sources** | 50,569,327 | 29,111,268 | 28,843,030 | (268,238) |
| **Expenditures** | | | | |
| General government | | | | |
| Personnel | 1,950,000 | 1,451,707 | 1,451,703 | 4 |
| Supplies and materials | 36,000 | 19,056 | 19,055 | 1 |
| Office space | 345,000 | 64,838 | 64,838 | -- |
| Administration/Operations | 1,844,133 | 837,513 | 837,528 | (15) |
| Equipment, property and maintenance | 373,500 | 83,032 | 85,032 | (2,000) |
| Total General Government | 4,548,633 | 2,456,146 | 2,458,156 | (2,010) |
| Economic development | | | | |
| Areawide and Neighborhood Plans | 18,860,661 | 4,994,755 | 4,462,782 | 531,973 |
| Redevelopment Projects | 17,107,165 | 4,398,400 | 4,398,400 | -- |
| Community Improvement and Economic Development | 8,132,720 | 5,876,928 | 5,950,215 | (73,287) |
| Total Economic Development | 44,100,546 | 15,270,083 | 14,811,397 | 458,686 |
| Debt service | | | | |
| Principal and interest | 1,920,148 | 1,686,218 | 1,686,222 | (4) |
| **Total Expenditures** | 50,569,327 | 19,412,447 | 18,955,775 | 456,672 |
| **Excess of Revenues Over Expenditures** | $ -- | $ 9,698,821 | 9,887,255 | $ 188,434 |
| Fund balance - October 1, 2021 | | | 29,014,881 | |
| Difference between GAAP and budgetary basis | | | 361,419 | |
| Fund balance - September 30, 2022 | | | $ 39,263,555 | |

***See notes to budgetary comparison schedules.***

# CITY OF DELRAY BEACH, FLORIDA

## NOTES TO BUDGETARY COMPARISON SCHEDULES

## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

### NOTE 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 $6,625,381 and $3,248,567, respectively, during the year ended September 30, 2022.

## NOTE 1 - BUDGETARY ACCOUNTING (CONTINUED)

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 $24,623,585, during the year ended September 30, 2022.

## NOTE 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.

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

| | Revenues | Expenditures |
|---|---|---|
| **General Fund** | | |
| Transfers | $ 5,090,690 | $ 8,613,124 |
| On-behalf payments for pension benefits | (2,218,288) | (2,218,288) |
| Proceeds from issuance of capital lease | -- | 279,549 |
| Encumbrances | -- | 1,100,898 |
| Prior year encumbrances paid in current year | -- | (796,166) |
| **Net Differences - GAAP and Budgetary Basis** | 2,872,402 | 6,979,117 |
| **GAAP Basis** | 152,481,851 | 146,815,036 |
| **Budgetary Basis** | $ 155,354,253 | $ 153,794,153 |

## NOTE 2 - BUDGET AND ACTUAL COMPARISONS (CONTINUED)

| | Revenues | Expenditures |
|---|---|---|
| **Neighborhood Services Fund** | | |
| Transfers | $ 4,049,809 | $ -- |
| **GAAP Basis** | 1,591,948 | 1,339,126 |
| **Budgetary Basis** | $ 5,641,757 | $ 1,339,126 |
| **Community Redevelopment Agency Fund** | | |
| Proceeds from the sale of capital assets | $ 652,979 | $ -- |
| Principal paid on CRA note payable to the City | -- | 361,419 |
| **GAAP Basis** | 28,190,051 | 18,594,356 |
| **Budgetary Basis** | $ 28,843,030 | $ 18,955,775 |

# 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 NINE FISCAL YEARS

| | Fiscal Year | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| **Total Pension Liability** | | | | | | | | | |
| Service cost | $ 3,178,953 | $ 3,031,558 | $ 2,825,262 | $ 2,741,412 | $ 2,493,225 | $ 2,119,345 | $ 2,192,881 | $ 2,203,317 | $ 2,249,595 |
| Interest | 9,957,953 | 9,619,263 | 9,387,643 | 9,169,248 | 8,777,037 | 8,375,249 | 8,161,229 | 7,791,771 | 7,502,443 |
| Changes of benefit terms | -- | -- | -- | -- | -- | -- | 522,720 | -- | -- |
| Differences between expected and actual experience | (148,006) | 348,704 | 1,621,500 | 1,452,111 | 1,447,270 | (821,344) | (1,097,920) | 1,375,784 | -- |
| Changes of assumptions | -- | -- | (2,628,018) | 7,018,332 | -- | 2,634,532 | -- | -- | -- |
| Benefit payments, including refunds | (8,214,230) | (8,044,372) | (7,918,158) | (7,804,145) | (7,307,689) | (6,971,817) | (6,535,065) | (5,993,746) | (5,436,303) |
| **Net Change in Total Pension Liability** | 4,774,670 | 4,955,153 | 3,288,229 | 12,576,958 | 5,409,843 | 5,335,965 | 3,243,845 | 5,377,126 | 4,315,735 |
| **Total Pension Liability - Beginning of Fiscal Year** | 148,453,386 | 143,498,233 | 140,210,004 | 127,633,046 | 122,223,203 | 116,887,238 | 113,643,393 | 108,266,267 | 103,950,532 |
| **Total Pension Liability, End of Fiscal Year (a)** | $ 153,228,056 | $ 148,453,386 | $ 143,498,233 | $ 140,210,004 | $ 127,633,046 | $ 122,223,203 | $ 116,887,238 | $ 113,643,393 | $ 108,266,267 |
| **Plan Fiduciary Net Position** | | | | | | | | | |
| Contributions | | | | | | | | | |
| Employer | $ 2,882,706 | $ 3,123,630 | $ 2,866,796 | $ 2,360,582 | $ 2,151,438 | $ 1,969,163 | $ 2,046,827 | $ 2,178,705 | $ 2,084,010 |
| Plan members | 1,316,257 | 1,229,630 | 1,098,892 | 1,206,890 | 799,106 | 717,598 | 618,705 | 948,466 | 1,126,054 |
| Net investment income (loss) | (24,704,835) | 36,056,257 | 11,601,492 | 3,620,514 | 13,197,102 | 14,474,141 | 10,986,275 | 438,253 | 12,191,062 |
| Other income | -- | -- | -- | -- | -- | -- | 18,858 | 7,008 | 5,387 |
| Benefit payments, including refunds | (8,214,230) | (8,044,372) | (7,918,158) | (7,804,145) | (7,307,689) | (6,971,817) | (6,535,065) | (5,993,746) | (5,436,303) |
| Administrative expense | (130,772) | (119,862) | (121,470) | (172,197) | (73,250) | (77,550) | (82,336) | (73,705) | (79,025) |
| **Net Change in Plan Fiduciary Net Position** | (28,850,874) | 32,245,283 | 7,527,552 | (788,356) | 8,766,707 | 10,111,535 | 7,053,264 | (2,495,019) | 9,891,185 |
| **Plan Fiduciary Net Position - Beginning of Fiscal Year** | 172,702,571 | 140,457,288 | 132,929,736 | 133,718,092 | 124,951,385 | 114,839,850 | 107,786,586 | 110,281,605 | 100,390,420 |
| **Plan Fiduciary Net Position - End of Fiscal Year (b)** | $ 143,851,697 | $ 172,702,571 | $ 140,457,288 | $ 132,929,736 | $ 133,718,092 | $ 124,951,385 | $ 114,839,850 | $ 107,786,586 | $ 110,281,605 |
| **Net Pension Liability (Asset) - End of Fiscal Year [(a)-(b)]** | $ 9,376,359 | $ (24,249,185) | $ 3,040,945 | $ 7,280,268 | $ (6,085,046) | $ (2,728,182) | $ 2,047,388 | $ 5,856,807 | $ (2,015,338) |
| **Plan Fiduciary Net Position as a Percentage of Total Pension Liability** | 93.9% | 116.3% | 97.9% | 94.8% | 104.8% | 102.2% | 98.2% | 94.8% | 101.9% |
| **Covered Payroll** | $ 23,765,081 | $ 22,853,685 | $ 20,997,013 | $ 20,025,730 | $ 18,060,007 | $ 15,449,062 | $ 15,371,826 | $ 15,895,095 | $ 16,527,919 |
| **Net Pension Liability (Asset) as a Percentage of Covered Payroll** | 39.5 % | (106.1)% | 14.5 % | 36.4 % | (33.7)% | (17.7)% | 13.3 % | 36.8 % | (12.2)% |

**Note to Schedule:**

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

# CITY OF DELRAY BEACH, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION
## POLICE OFFICERS' RETIREMENT SYSTEM
## SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

### LAST NINE FISCAL YEARS

| | Fiscal Year | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| **Total Pension Liability - Note 1** | | | | | | | | | |
| Service cost | $ 3,254,371 | $ 3,302,977 | $ 3,026,742 | $ 2,660,367 | $ 2,250,201 | $ 2,257,858 | $ 4,161,533 | $ 4,116,670 | $ 4,215,639 |
| Interest | 11,614,886 | 11,150,354 | 10,830,624 | 10,337,194 | 10,150,990 | 9,439,367 | 16,394,667 | 19,332,804 | 16,854,289 |
| Changes in excess State contributions | -- | -- | -- | -- | -- | -- | (1,741,230) | 659,168 | 1,406,983 |
| Changes of benefit terms | -- | -- | -- | -- | -- | -- | (1,121,765) | (347,798) | -- |
| Differences between expected and actual experience | 731,033 | 1,970,402 | 4,485,655 | 2,465,331 | (1,504,488) | 4,431,186 | 1,568,118 | (2,020,566) | -- |
| Contributions - buyback | -- | -- | -- | -- | -- | -- | 32,218 | 34,696 | 128,140 |
| Changes of assumptions | -- | -- | 816,626 | 4,575,940 | 12,110,938 | -- | 7,407,717 | -- | -- |
| Benefit payments, including refunds | (9,674,201) | (9,312,130) | (8,625,165) | (7,902,822) | (7,543,572) | (6,907,367) | (13,532,591) | (13,282,705) | (12,180,870) |
| **Net Change in Total Pension Liability** | 5,926,089 | 7,111,603 | 10,534,482 | 12,136,010 | 15,464,069 | 9,221,044 | 13,168,667 | 8,492,269 | 10,424,181 |
| **Total Pension Liability - Beginning of Fiscal Year** | 173,655,122 | 166,543,519 | 156,009,037 | 143,873,027 | 128,408,958 | 119,187,914 | 238,707,736 | 230,215,467 | 219,791,286 |
| **Total Pension Liability, End of Fiscal Year (a)** | $ 179,581,211 | $ 173,655,122 | $ 166,543,519 | $ 156,009,037 | $ 143,873,027 | $ 128,408,958 | $ 251,876,403 | $ 238,707,736 | $ 230,215,467 |
| **Plan Fiduciary Net Position - Note 1** | | | | | | | | | |
| Contributions | | | | | | | | | |
| Employer | $ 8,119,171 | $ 8,033,015 | $ 6,917,364 | $ 6,247,516 | $ 5,113,912 | $ 5,162,290 | $ 10,789,457 | $ 10,837,369 | $ 9,057,075 |
| State | 896,146 | 834,187 | 868,062 | 835,929 | 786,320 | 742,419 | 1,909,358 | 1,896,237 | 1,951,084 |
| Plan members | 1,159,973 | 1,063,696 | 1,196,828 | 1,160,807 | 1,126,780 | 924,337 | 1,806,021 | 1,634,828 | 1,594,712 |
| Net investment income (loss) | (23,212,695) | 24,325,114 | 8,707,580 | 4,296,676 | 6,880,290 | 8,943,920 | 13,455,717 | (1,922,565) | 14,082,413 |
| Other income | -- | -- | -- | -- | -- | -- | 150,647 | 22,903 | -- |
| Equity allocation from Legacy Pension Fund | -- | -- | -- | -- | -- | 79,306,442 | -- | -- | -- |
| Benefit payments, including refunds | (9,674,201) | (9,312,130) | (8,625,165) | (7,902,822) | (7,543,572) | (6,907,367) | (13,532,591) | (13,282,705) | (12,180,870) |
| Administrative expense | (171,447) | (151,623) | (143,795) | (181,670) | (108,929) | (156,400) | (245,221) | (231,434) | (232,362) |
| Other | -- | -- | -- | -- | -- | (160,328) | -- | -- | -- |
| **Net Change in Plan Fiduciary Net Position** | (22,883,053) | 24,792,259 | 8,920,874 | 4,456,436 | 6,254,801 | 87,855,313 | 14,333,388 | (1,045,367) | 14,272,052 |
| **Plan Fiduciary Net Position - Beginning of Fiscal Year** | 132,279,683 | 107,487,424 | 98,566,550 | 94,110,114 | 87,855,313 | -- | 153,260,618 | 154,305,985 | 140,033,933 |
| **Plan Fiduciary Net Position - End of Fiscal Year (b)** | $ 109,396,630 | $ 132,279,683 | $ 107,487,424 | $ 98,566,550 | $ 94,110,114 | $ 87,855,313 | $ 167,594,006 | $ 153,260,618 | $ 154,305,985 |
| **Net Pension Liability, End of Fiscal Year [(a)-(b)]** | $ 70,184,581 | $ 41,375,439 | $ 59,056,095 | $ 57,442,487 | $ 49,762,913 | $ 40,553,645 | $ 84,282,397 | $ 85,447,118 | $ 75,909,482 |
| **Plan Fiduciary Net Position as a Percentage of Total Pension Liability** | 60.9% | 76.2% | 64.5% | 63.2% | 65.4% | 68.4% | 66.5% | 64.2% | 67.0% |
| **Covered Payroll** | $ 12,245,085 | $ 11,523,962 | $ 12,084,406 | $ 12,078,834 | $ 11,125,424 | $ 10,738,126 | $ 19,643,308 | $ 18,107,436 | $ 16,474,658 |
| **Net Pension Liability as a Percentage of Covered Payroll** | 573.2% | 359.0% | 488.7% | 475.6% | 447.3% | 377.7% | 429.1% | 471.9% | 460.8% |

(1) The Plan fiduciary net position above does not agree to the Plan fiduciary net position presented in the statement of fiduciary net position as of September 30, 2022. The difference of $11,741 was caused by an adjustment that was made after the actuary finalized their GASB No. 67 report.

# CITY OF DELRAY BEACH, FLORIDA

## NOTES TO SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY – POLICE OFFICERS' RETIREMENT SYSTEM

### 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 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 NINE FISCAL YEARS

| | Fiscal Year | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| **Total Pension Liability - Note 1** | | | | | | | | | |
| Service cost | $ 3,920,642 | $ 3,992,364 | $ 3,280,458 | $ 2,996,276 | $ 2,325,806 | $ 2,278,992 | $ 4,161,533 | $ 4,116,670 | $ 4,215,639 |
| Interest | 12,225,044 | 11,875,228 | 11,839,347 | 11,298,073 | 11,229,505 | 10,477,015 | 16,394,667 | 19,332,804 | 16,854,289 |
| Changes in excess State contributions | -- | -- | -- | -- | -- | -- | (1,741,230) | 659,168 | 1,406,983 |
| Changes of benefit terms | -- | (1,504,875) | 19,308 | -- | -- | -- | (1,121,765) | (347,798) | -- |
| Differences between expected and actual experience | 4,340,624 | 1,280,770 | 698,989 | 2,794,151 | (2,478,601) | 4,606,418 | 1,568,118 | (2,020,566) | -- |
| Contributions - buyback | -- | -- | -- | -- | -- | -- | 32,218 | 34,696 | 128,140 |
| Changes of assumptions | -- | 2,501,291 | (742,942) | 4,579,534 | 11,964,611 | -- | 7,407,717 | -- | -- |
| Benefit payments, including refunds | (9,738,936) | (9,207,829) | (8,814,766) | (8,493,594) | (7,996,621) | (8,009,598) | (13,532,591) | (13,282,705) | (12,180,870) |
| **Net Change in Total Pension Liability** | 10,747,374 | 8,936,949 | 6,280,394 | 13,174,440 | 15,044,700 | 9,352,827 | 13,168,667 | 8,492,269 | 10,424,181 |
| **Total Pension Liability - Beginning of Fiscal Year** | 185,477,799 | 176,540,850 | 170,260,456 | 157,086,016 | 142,041,316 | 132,688,489 | 238,707,736 | 230,215,467 | 219,791,286 |
| **Total Pension Liability, End of Fiscal Year (a)** | $ 196,225,173 | $ 185,477,799 | $ 176,540,850 | $ 170,260,456 | $ 157,086,016 | $ 142,041,316 | $ 251,876,403 | $ 238,707,736 | $ 230,215,467 |
| **Plan Fiduciary Net Position - Note 1** | | | | | | | | | |
| Contributions | | | | | | | | | |
| Employer | $ 8,169,314 | $ 7,798,004 | $ 6,941,701 | $ 6,452,812 | $ 4,374,387 | $ 5,721,499 | $ 10,789,457 | $ 10,837,369 | $ 9,057,075 |
| State | 1,322,142 | 1,201,496 | 1,109,338 | 1,129,759 | 1,074,825 | 1,134,704 | 1,909,358 | 1,896,237 | 1,951,084 |
| Plan members | 1,489,819 | 1,242,141 | 1,119,504 | 1,044,994 | 991,333 | 903,846 | 1,806,021 | 1,634,828 | 1,594,712 |
| Net investment income (loss) | (21,882,378) | 28,803,996 | 9,497,240 | 4,761,288 | 7,839,367 | 9,944,303 | 13,455,717 | (1,922,565) | 14,082,413 |
| Other income | -- | -- | -- | -- | -- | -- | 150,647 | 22,903 | -- |
| Equity allocation from Legacy Pension Fund | -- | -- | -- | -- | -- | 88,287,564 | -- | -- | -- |
| Benefit payments, including refunds | (9,738,936) | (9,207,829) | (8,814,766) | (8,493,594) | (7,996,621) | (8,009,598) | (13,532,591) | (13,282,705) | (12,180,870) |
| Administrative expense | (134,090) | (141,002) | (142,338) | (160,131) | (111,297) | (146,369) | (245,221) | (231,434) | (232,362) |
| Other | -- | -- | -- | -- | -- | 160,328 | -- | -- | -- |
| **Net Change in Plan Fiduciary Net Position** | (20,774,129) | 29,696,806 | 9,710,679 | 4,735,128 | 6,171,994 | 97,996,277 | 14,333,388 | (1,045,367) | 14,272,052 |
| **Plan Fiduciary Net Position - Beginning of Fiscal Year** | 148,310,884 | 118,614,078 | 108,903,399 | 104,168,271 | 97,996,277 | -- | 153,260,618 | 154,305,985 | 140,033,933 |
| **Plan Fiduciary Net Position - End of Fiscal Year (b)** | $ 127,536,755 | $ 148,310,884 | $ 118,614,078 | $ 108,903,399 | $ 104,168,271 | $ 97,996,277 | $ 167,594,006 | $ 153,260,618 | $ 154,305,985 |
| **Net Pension Liability, End of Fiscal Year [(a)-(b)]** | $ 68,688,418 | $ 37,166,915 | $ 57,926,772 | $ 61,357,057 | $ 52,917,745 | $ 44,045,039 | $ 84,282,397 | $ 85,447,118 | $ 75,909,482 |
| **Plan Fiduciary Net Position as a Percentage of Total Pension Liability** | 65.0% | 80.0% | 67.2% | 64.0% | 66.3% | 69.0% | 66.5% | 64.2% | 67.0% |
| **Covered Payroll** | $ 13,028,198 | $ 12,490,811 | $ 12,193,590 | $ 11,003,736 | $ 10,494,232 | $ 8,954,177 | $ 19,643,308 | $ 18,107,436 | $ 16,474,658 |
| **Net Pension Liability as a Percentage of Covered Payroll** | 527.2% | 297.6% | 475.1% | 557.6% | 504.3% | 491.9% | 429.1% | 471.9% | 460.8% |

# CITY OF DELRAY BEACH, FLORIDA

## NOTES TO SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY – FIREFIGHTERS' RETIREMENT SYSTEM

### 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 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

## SCHEDULES OF NET PENSION LIABILITY (ASSET)

## LAST NINE FISCAL YEARS

General Employees' Pension Plan

| 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 |
|---|---|---|---|---|---|---|
| 2022 | $ 153,228,056 | $ 143,851,697 | $ 9,376,359 | 93.9% | $ 23,765,081 | 39.5 % |
| 2021 | 148,453,386 | 172,702,571 | (24,249,185) | 116.3% | 22,853,685 | (106.1)% |
| 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)% |

Police Officers' Retirement System

| 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 |
|---|---|---|---|---|---|---|
| 2022 | $ 179,581,211 | $ 109,396,630 | $ 70,184,581 | 60.9% | $ 12,245,085 | 573.2 % |
| 2021 | 173,655,122 | 132,279,683 | 41,375,439 | 76.2% | 11,523,962 | 359.0 % |
| 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 % |

Firefighters' Retirement System

| 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 |
|---|---|---|---|---|---|---|
| 2022 | $ 196,225,173 | $ 127,536,755 | $ 68,688,418 | 65.0% | $ 13,028,198 | 527.2 % |
| 2021 | 185,477,799 | 148,310,884 | 37,166,915 | 80.0% | 12,490,811 | 297.6 % |
| 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 % |

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 NINE FISCAL YEARS

| | Fiscal Year | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| **General Employees' Pension Plan** | | | | | | | | | |
| Actuarially determined contribution | $ 2,882,706 | $ 3,123,630 | $ 2,866,796 | $ 2,360,582 | $ 2,151,438 | $ 1,969,163 | $ 2,046,827 | $ 2,178,705 | $ 2,084,010 |
| Contributions in relation to actuarially determined contribution | 2,882,706 | 3,123,630 | 2,866,796 | 2,360,582 | 2,151,438 | 1,969,163 | 2,046,827 | 2,178,705 | 2,084,010 |
| Contribution deficiency (excess) | $ -- | $ -- | $ -- | $ -- | $ -- | $ -- | $ -- | $ -- | $ -- |
| Covered payroll | $ 23,765,081 | $ 22,853,685 | $ 20,997,013 | $ 20,025,730 | $ 18,060,007 | $ 15,449,062 | $ 15,371,826 | $ 15,895,095 | $ 16,527,919 |
| Contributions as a percentage of covered payroll | 12.1% | 13.7% | 13.7% | 11.8% | 11.9% | 12.7% | 13.3% | 13.7% | 12.6% |
| **Police Officers' Retirement System** [1] | | | | | | | | | |
| Actuarially determined contribution | $ 8,725,766 | $ 8,639,610 | $ 7,523,959 | $ 6,854,111 | $ 5,985,879 | $ 5,503,513 | $ 11,294,379 | $ 11,293,235 | $ 9,209,334 |
| Contributions in relation to actuarially determined contribution[2] | 8,725,766 | 8,639,610 | 7,523,959 | 6,854,111 | 5,720,507 | 5,904,709 | 11,294,379 | 11,342,291 | 9,561,997 |
| Contribution deficiency (excess) | $ -- | $ -- | $ -- | $ - | $ 265,372 | $ (401,196) | $ - | $ (49,056) | $ (352,663) |
| Covered payroll | $ 12,245,085 | $ 11,523,962 | $ 12,084,406 | $ 12,078,834 | $ 11,125,424 | $ 10,738,126 | $ 19,643,308 | $ 18,107,436 | $ 16,474,658 |
| Contributions as a percentage of covered payroll | 71.3% | 75.0% | 62.3% | 56.7% | 51.4% | 55.0% | 57.5% | 62.6% | 58.0% |
| **Firefighters' Retirement System** [1] | | | | | | | | | |
| Actuarially determined contribution | $ 9,313,165 | $ 8,927,763 | $ 8,451,577 | $ 7,582,571 | $ 6,538,017 | $ 5,332,347 | $ 11,294,379 | $ 11,293,235 | $ 9,209,334 |
| Contributions in relation to actuarially determined contribution[3] | 9,376,308 | 8,999,500 | 8,051,039 | 7,582,571 | 5,449,212 | 6,856,203 | 11,294,379 | 11,342,291 | 9,561,997 |
| Contribution deficiency (excess) | $ (63,143) | $ (71,737) | $ 400,538 | $ - | $ 1,088,805 | $ (1,523,856) | $ - | $ (49,056) | $ (352,663) |
| Covered payroll | $ 13,028,198 | $ 12,490,811 | $ 12,193,590 | $ 11,003,736 | $ 10,494,232 | $ 8,954,177 | $ 19,643,308 | $ 18,107,436 | $ 16,474,658 |
| Contributions as a percentage of covered payroll | 72.0% | 72.0% | 66.0% | 68.9% | 51.9% | 76.6% | 57.5% | 62.6% | 58.0% |

(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.

# CITY OF DELRAY BEACH, FLORIDA

## NOTES TO SCHEDULES OF CITY CONTRIBUTIONS – PENSION FUNDS

## LAST EIGHT FISCAL YEARS

### 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

| | General Employees' | Police Officers' | Firefighters' |
|---|---|---|---|
| Actuarial valuation date | 10/1/2020 | 10/1/2020 | 10/1/2020 |
| Measurement date | 9/30/2022 | 9/30/2022 | 9/30/2022 |

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

Methods and assumptions used to determine 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 | 5 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 | 5.25% - 6.75%/ year based on service | 4.5% - 8.25% / year based on service |
| Investment rate of return (net of expenses, with inflation) | 6.75% / year | 6.75% / year | 6.75% / 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 |

# CITY OF DELRAY BEACH, FLORIDA

## NOTES TO SCHEDULES OF CITY CONTRIBUTIONS – PENSION FUNDS

## LAST EIGHT FISCAL YEARS

### NOTE 2 – SIGNIFICANT ACTUARIAL ASSUMPTIONS (CONTINUED)

| | General Employees' | Police Officers' | Firefighters' |
|---|---|---|---|
| Mortality | PUB 2010 Headcount Weighted Safety Below Median Male Table and Female Table. Thee tables use ages set forward one year and mortality improvements to all future years after 2020 using scale MP-2018. | PUB 2010 Headcount Weighted Safety Below Median Male Table and Female Table. Thee tables use ages set forward one year and mortality improvements to all future years after 2020 using scale MP-2018. | PUB 2010 Headcount Weighted Safety Below Median Male Table and Female Table. Thee tables use ages set forward one year and mortality improvements to all future years after 2020 using scale MP-2018. |

# CITY OF DELRAY BEACH, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION
## PENSION FUNDS
## SCHEDULES OF INVESTMENT RETURNS

### LAST NINE FISCAL YEARS

| Fiscal Year Ended September 30, | Annual Money-Weighted Rate of Return, Net of Investment Expenses | | |
|---|---|---|---|
| | General Employees' Pension Plan | Police Officers' Retirement System | Firefighters' Retirement System |
| 2022 | (14.46)% | (16.82)% | (14.40)% |
| 2021 | 25.68% | 21.71 % | 23.40 % |
| 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:

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
## DELRAY BEACH POLICE FIREFIGHTERS AND PARAMEDICS RETIREE BENEFIT FUND
## SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

### LAST FIVE FISCAL YEARS

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2022 | 2021 | 2020 | 2019 | 2018 |
| **Total OPEB Liability** | | | | | |
| Service cost | $ 225,552 | $ 221,129 | $ 227,892 | $ 223,424 | $ 213,605 |
| Interest | 1,064,783 | 1,118,888 | 1,074,582 | 1,010,021 | 972,220 |
| Changes of assumptions and other inputs | -- | (416,557) | -- | 288,312 | -- |
| Changes of assumptions or other inputs | -- | (874,102) | -- | -- | -- |
| Benefit payments | (807,274) | (744,226) | (667,099) | (663,795) | (718,460) |
| Net change in total OPEB liability | 483,061 | (694,868) | 635,375 | 857,962 | 467,365 |
| Total OPEB liability, beginning of fiscal year | 14,367,893 | 15,062,761 | 14,427,386 | 13,569,424 | 13,102,059 |
| **Total OPEB Liability, End of Fiscal Year (a)** | $ 14,850,954 | $ 14,367,893 | $ 15,062,761 | $ 14,427,386 | $ 13,569,424 |
| **Plan Fiduciary Net Position** | | | | | |
| Contributions | | | | | |
| Employer | $ 882,557 | $ 894,387 | $ 854,845 | $ 775,823 | $ 873,731 |
| Net investment income (loss) | (1,642,674) | 1,632,929 | 250,427 | 163,247 | 297,055 |
| Benefit payments | (807,274) | (744,226) | (667,099) | (663,795) | (718,460) |
| Other | -- | -- | -- | (42,907) | -- |
| Administrative expense | (58,200) | (25,717) | (32,074) | (25,217) | (27,868) |
| **Net Change in Plan Fiduciary Net Position** | (1,625,591) | 1,757,373 | 406,099 | 207,151 | 424,458 |
| **Plan Fiduciary Net Position, Beginning of Fiscal Year** | 8,317,901 | 6,560,528 | 6,154,429 | 5,947,278 | 5,479,913 |
| **Plan Fiduciary Net Position, End of Fiscal Year (b)** | $ 6,692,310 | $ 8,317,901 | $ 6,560,528 | $ 6,154,429 | $ 5,904,371 |
| **Net OPEB Liability, End of Fiscal Year [(a)-(b)]** | $ 8,158,644 | $ 6,049,992 | $ 8,502,233 | $ 8,272,957 | $ 7,665,053 |
| **Plan Fiduciary Net Position as a Percentage of Total OPEB Liability** | 45.1% | 57.9% | 43.6% | 42.7% | 43.5% |
| **Covered Employee Payroll** | $ 30,285,117 | $ 28,807,164 | $ 31,542,349 | $ 27,135,701 | $ 23,545,096 |
| **Net OPEB Liability as a Percentage of Covered Employee Payroll** | 26.9% | 21.0% | 27.0% | 30.5% | 32.6% |

Notes to Schedule:

Note 1 - Changes in Actuarial Assumptions

Effective October 1, 2017, the mortality table for healthy participants was changed from the RP-2000 Combined Mortality Table with Blue Collar Adjustment with separate rates for males and females to the RP-2000 Combined Healthy Participant Mortality Table with separate rates for males and females with 90% Blue Collar Adjustment / 10% White Collar Adjustment using Scale BB. Changes of assumptions and other inputs also reflect the effects of changes in the discount rate each year. The following are the discount rates used for each fiscal year:

| | |
|---|---|
| 2022 | 7.5% |
| 2021 | 7.5% |
| 2020 | 7.5% |
| 2019 | 7.5% |
| 2018 | 7.5% |

# CITY OF DELRAY BEACH, FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION
## CITY OPEB PLAN
## SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

## LAST FIVE FISCAL YEARS

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2022 | 2021 | 2020 | 2019 | 2018 |
| **Total OPEB Liability** | | | | | |
| Service cost | $ 250,370 | $ 472,583 | $ 272,380 | $ 203,314 | $ 878,492 |
| Interest | 986,033 | 577,077 | 565,929 | 479,804 | 581,386 |
| Changes of assumptions or other inputs | (8,080,096) | (4,082,217) | 4,099,784 | 4,952,769 | (804,506) |
| Benefit payments | (721,980) | (648,233) | (710,808) | (665,299) | (123,575) |
| Net change in total OPEB liability | (7,565,673) | (3,680,790) | 4,227,285 | 4,970,588 | 531,797 |
| Total OPEB liability, beginning of fiscal year | 21,843,200 | 25,523,990 | 21,296,705 | 16,326,117 | 15,794,320 |
| **Total OPEB Liability, End of Fiscal Year** | $ 14,277,527 | $ 21,843,200 | $ 25,523,990 | $ 21,296,705 | $ 16,326,117 |
| **Covered Employee Payroll** | $ 58,328,653 | $ 58,328,653 | $ 52,284,538 | $ 52,284,538 | $ 49,971,711 |
| **Total OPEB Liability as a Percentage of Covered Employee Payroll** | 24.5% | 37.4% | 48.8% | 40.7% | 32.7% |

Notes to Schedule:

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

1. 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

| | |
|---|---|
| 2022 | 4.59% |
| 2021 | 2.29% |
| 2020 | 2.26% |
| 2019 | 3.00% |
| 2018 | 3.83% |

2. 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 AND PARAMEDICS RETIREE BENEFIT FUND
## SCHEDULES OF CITY CONTRIBUTIONS

## LAST FIVE FISCAL YEARS

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2022 | 2021 | 2020 | 2020 | 2018 |
| **Delray Beach Police, Firefighters & Paramedics Retiree Benefit Fund** | | | | | |
| Actuarially determined contribution | $ 1,041,404 | $ 1,014,738 | $ 1,153,772 | $ 1,000,387 | $ 976,925 |
| Contributions in relation to actuarially determined contribution | 882,557 | 894,387 | 854,845 | 775,823 | 873,731 |
| **Contribution Deficiency (Excess)** | $ 158,847 | $ 120,351 | $ 298,927 | $ 224,564 | $ 103,194 |
| **Covered Employee Payroll** | $ 30,285,117 | $ 28,807,164 | $ 31,542,349 | $ 27,135,701 | $ 23,545,096 |
| **Contributions as a Percentage of Covered Employee** | 2.9% | 3.1% | 2.7% | 2.9% | 3.7% |

Notes to Schedule:

Actuarial Assumptions:

| | |
|---|---|
| Actuarial valuation date | 9/30/2021 |
| Measurement date | 9/30/2022 |

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) | 4.50% - 8.25% |
| Investment rate of return (net of expenses, with inflation) | 7.5% / year |
| Retirement age | Completion of 20 years of service, regardless of age |
| Mortality | PUB-2010 base tables, generational mortality using gender-specific MP-2018 mortality improvements projection scale. |

# 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, 2022

| | Special Revenue | | | | | | Debt Service | | Capital Projects | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Law Enforcement Trust | Developers Land Contribution | Beautification | Local Option Gas Tax | Building Permit | Special Projects | General Obligation Debt Service | Utilities Tax | 2004 GO Bond | Beach Restoration | Total Non-Major Governmental Funds |
| **Assets** | | | | | | | | | | | |
| Cash and cash equivalents | $ 759,707 | $ 1,193,239 | $ 2,196,590 | $ 459,115 | $ 5,137,608 | $ 320,164 | $ 118,060 | $ 1,504,044 | $ 56,867 | $ 86,262 | $ 11,831,656 |
| Investments | -- | -- | -- | -- | -- | 5,342,451 | -- | -- | -- | -- | 5,342,451 |
| Accounts receivable, net | -- | -- | -- | -- | -- | 181,802 | -- | -- | -- | -- | 181,802 |
| Interest receivable | -- | -- | -- | -- | -- | 14,291 | -- | -- | -- | -- | 14,291 |
| Due from other funds | -- | -- | 8,655 | -- | -- | -- | -- | -- | -- | -- | 8,655 |
| **Total Assets** | $ 759,707 | $ 1,193,239 | $ 2,205,245 | $ 459,115 | $ 5,137,608 | $ 5,858,708 | $ 118,060 | $ 1,504,044 | $ 56,867 | $ 86,262 | $ 17,378,855 |
| **LIABILITIES, DEFERRED INFLOWS OF Liabilities and Fund Balances** | | | | | | | | | | | |
| **Liabilities** | | | | | | | | | | | |
| Accounts payable and accrued items | $ -- | $ 5,979 | $ 38,589 | $ -- | $ 135,609 | $ 62,839 | $ -- | $ -- | $ -- | $ 38,585 | $ 281,601 |
| Deposits payable | -- | -- | -- | -- | -- | 17,170 | -- | -- | -- | -- | 17,170 |
| **Total Liabilities** | -- | 5,979 | 38,589 | -- | 135,609 | 80,009 | -- | -- | -- | 38,585 | 298,771 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | | | | | | | |
| Unavailable revenue | -- | -- | -- | -- | -- | 1,519,098 | -- | -- | -- | -- | 1,519,098 |
| **Fund Balances** | | | | | | | | | | | |
| Restricted for: | | | | | | | | | | | |
| Debt service | -- | -- | -- | -- | -- | -- | 118,060 | 1,504,044 | -- | -- | 1,622,104 |
| Law enforcement | 759,707 | -- | -- | -- | -- | 433,842 | -- | -- | -- | -- | 1,193,549 |
| Capital improvements | -- | -- | -- | -- | -- | 1,476,958 | -- | -- | 56,867 | -- | 1,533,825 |
| Community development | -- | -- | -- | -- | -- | 195,923 | -- | -- | -- | -- | 195,923 |
| Assigned to: | | | | | | | | | | | |
| Public safety | -- | -- | -- | -- | -- | 206,665 | -- | -- | -- | -- | 206,665 |
| Parks and recreation | -- | -- | -- | -- | -- | 1,283,709 | -- | -- | -- | -- | 1,283,709 |
| Capital improvements | -- | 1,187,260 | 2,166,656 | 459,115 | 5,001,999 | 662,504 | -- | -- | -- | 47,677 | 9,525,211 |
| **Total Fund Balances** | 759,707 | 1,187,260 | 2,166,656 | 459,115 | 5,001,999 | 4,259,601 | 118,060 | 1,504,044 | 56,867 | 47,677 | 15,560,986 |
| **Total Liabilities and Fund Balances** | $ 759,707 | $ 1,193,239 | $ 2,205,245 | $ 459,115 | $ 5,137,608 | $ 5,858,708 | $ 118,060 | $ 1,504,044 | $ 56,867 | $ 86,262 | $ 17,378,855 |

## 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, 2022

| | Special Revenue | | | | | | Debt Service | | Capital Projects | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Law Enforcement Trust | Developers Land Contribution | Beautification | Local Option Gas Tax | Building Permit | Special Projects | General Obligation Debt Service | Utilities Tax | 2004 GO Bond | Beach Restoration | Total Non-Major Governmental Funds |
| **Revenues** | | | | | | | | | | | |
| Taxes | $ -- | $ -- | $ -- | $ 1,463,716 | $ -- | $ -- | $ 2,164,002 | $ -- | $ -- | $ -- | $ 3,627,718 |
| Charges for services | -- | -- | -- | -- | 9,102,798 | 593,802 | -- | -- | -- | -- | 9,696,600 |
| Fines and forfeitures | 160,200 | -- | -- | -- | 85,049 | 18,682 | -- | -- | -- | -- | 263,931 |
| Miscellaneous | -- | 443,000 | 35,000 | -- | -- | (102,548) | -- | -- | -- | -- | 375,452 |
| **Total Revenues** | 160,200 | 443,000 | 35,000 | 1,463,716 | 9,187,847 | 509,936 | 2,164,002 | -- | -- | -- | 13,963,701 |
| **Expenditures** | | | | | | | | | | | |
| Current: | | | | | | | | | | | |
| General government | -- | 169,498 | -- | -- | 3,678,069 | 209,005 | -- | -- | -- | -- | 4,056,572 |
| Public safety | 42,623 | -- | -- | -- | -- | 26,277 | -- | -- | -- | -- | 68,900 |
| Physical environment | -- | -- | 861,327 | -- | -- | -- | -- | -- | -- | -- | 861,327 |
| Parks and recreation | -- | -- | -- | -- | -- | 195,362 | -- | -- | -- | 333,822 | 529,184 |
| Capital outlay | -- | 573,977 | -- | -- | 64,972 | 222,911 | -- | -- | -- | -- | 861,860 |
| Debt service: | | | | -- | | | | | | | |
| Principal retirement | -- | -- | -- | -- | -- | -- | 1,945,000 | 2,175,000 | -- | -- | 4,120,000 |
| Interest and fiscal charges | -- | -- | -- | -- | -- | -- | 188,577 | 1,257,650 | -- | -- | 1,446,227 |
| **Total Expenditures** | 42,623 | 743,475 | 861,327 | -- | 3,743,041 | 653,555 | 2,133,577 | 3,432,650 | -- | 333,822 | 11,944,070 |
| **Excess of Revenues Over (Under) Expenditures** | 117,577 | (300,475) | (826,327) | 1,463,716 | 5,444,806 | (143,619) | 30,425 | (3,432,650) | -- | (333,822) | 2,019,631 |
| **Other Financing Sources/(Uses)** | | | | | | | | | | | |
| Transfers in | -- | -- | 1,017,690 | -- | -- | -- | -- | 3,432,650 | -- | 263,948 | 4,714,288 |
| Transfers out | -- | -- | -- | (1,004,601) | (442,807) | -- | -- | (1,800) | -- | -- | (1,449,208) |
| **Total Other Financing Sources/(Uses)** | -- | -- | 1,017,690 | (1,004,601) | (442,807) | -- | -- | 3,430,850 | -- | 263,948 | 3,265,080 |
| **Net Change in Fund Balance** | 117,577 | (300,475) | 191,363 | 459,115 | 5,001,999 | (143,619) | 30,425 | (1,800) | -- | (69,874) | 5,284,711 |
| **Fund Balances** - October 1, 2021 | 642,130 | 1,487,735 | 1,975,293 | -- | -- | 4,403,220 | 87,635 | 1,505,844 | 56,867 | 117,551 | 10,276,275 |
| **Fund Balances** - September 30, 2022 | $ 759,707 | $ 1,187,260 | $ 2,166,656 | $ 459,115 | $ 5,001,999 | $ 4,259,601 | $ 118,060 | $ 1,504,044 | $ 56,867 | $ 47,677 | $ 15,560,986 |

# 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, 2022

| | Municipal Golf Course | Lakeview Golf Course | City Marina | Cemetery | Total Non-Major Enterprise Funds |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Current Assets:** | | | | | |
| Cash and cash equivalents | $ 1,262,977 | $ 1,053,642 | $ -- | $ -- | $ 2,316,619 |
| Investments | -- | -- | 1,927,797 | 1,281,780 | 3,209,577 |
| Accounts receivable, net | 264 | -- | -- | 12,268 | 12,532 |
| Lease receivable | 178,442 | -- | -- | -- | 178,442 |
| Interest receivable | 173 | -- | 5,157 | 3,429 | 8,759 |
| Inventories | 77,104 | 16,131 | -- | -- | 93,235 |
| Prepaid expenses | 129,964 | 32,406 | -- | -- | 162,370 |
| Total Current Assets | 1,648,924 | 1,102,179 | 1,932,954 | 1,297,477 | 5,981,534 |
| **Noncurrent Assets:** | | | | | |
| 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 | 1,245,603 | 899,663 | 1,173,492 | -- | 3,318,758 |
| Equipment | 1,521,701 | 339,604 | 86,026 | -- | 1,947,331 |
| Accumulated depreciation | (3,962,805) | (1,041,314) | (1,195,248) | -- | (6,199,367) |
| Total Noncurrent Assets | 2,529,525 | 2,302,565 | 107,110 | -- | 4,939,200 |
| **Total Assets** | $ 4,178,449 | $ 3,404,744 | $ 2,040,064 | $ 1,297,477 | $ 10,920,734 |
| **Liabilities** | | | | | |
| **Current Liabilities:** | | | | | |
| Accounts payable and accrued expenses | $ 243,929 | $ 194 | $ 320 | $ 775 | $ 245,218 |
| Unearned revenue | -- | -- | 2,577 | -- | 2,577 |
| Current lease liability | 25,594 | 17,175 | -- | -- | 42,769 |
| Due to other funds | -- | -- | 428,037 | 38,818 | 466,855 |
| Refundable deposits payable | 85,362 | -- | 10,975 | -- | 96,337 |
| Total Current Liabilities | 354,885 | 17,369 | 441,909 | 39,593 | 853,756 |
| **Noncurrent Liabilities:** | | | | | |
| Lease liability | 76,088 | 50,866 | -- | -- | 126,954 |
| Total Noncurrent Liabilities | 76,088 | 50,866 | -- | -- | 126,954 |
| **Total Liabilities** | 430,973 | 68,235 | 441,909 | 39,593 | 980,710 |
| **Deferred Inflows of Resources** | | | | | |
| Deferred amount related to leases | 174,964 | -- | -- | -- | 174,964 |
| **Total Deferred Inflows of Resources** | 174,964 | -- | -- | -- | 174,964 |
| **Net Position** | | | | | |
| Net investment in capital assets | 2,427,843 | 2,234,524 | 107,110 | -- | 4,769,477 |
| Unrestricted | 1,144,669 | 1,101,985 | 1,491,045 | 1,257,884 | 4,995,583 |
| **Total Net Position** | $ 3,572,512 | $ 3,336,509 | $ 1,598,155 | $ 1,257,884 | $ 9,765,060 |

# 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, 2022

| | Municipal Golf Course | Lakeview Golf Course | City Marina | Cemetery | Total Non-Major Enterprise Funds |
|---|---|---|---|---|---|
| **Operating Revenues** | | | | | |
| Charges for services | $ 2,832,596 | $ 987,121 | $ 260,071 | 198,750 | $ 4,278,538 |
| Other operating revenue | 29,387 | 5,869 | 3,060 | 10 | 38,326 |
| **Total Operating Revenues** | 2,861,983 | 992,990 | 263,131 | 198,760 | 4,316,864 |
| **Operating Expenses** | | | | | |
| Operating expenses | 2,622,798 | 662,954 | 170,389 | 76,362 | 3,532,503 |
| Depreciation | 185,909 | 44,934 | 3,719 | -- | 234,562 |
| **Total Operating Expenses** | 2,808,707 | 707,888 | 174,108 | 76,362 | 3,767,065 |
| **Operating Income** | 53,276 | 285,102 | 89,023 | 122,398 | 549,799 |
| **Nonoperating Revenues (Expenses)** | | | | | |
| Investment earnings | 2,163 | -- | 16,768 | 11,149 | 30,080 |
| Rent revenue | 33,463 | -- | -- | -- | 33,463 |
| Interest expense | (2,483) | (1,408) | -- | -- | (3,891) |
| **Total Nonoperating Revenues (Expenses)** | 33,143 | (1,408) | 16,768 | 11,149 | 59,652 |
| Income Before Capital Contributions | | | | | |
| **Income Before Transfers** | 86,419 | 283,694 | 105,791 | 133,547 | 609,451 |
| Transfers out | (34,004) | (20,578) | (73,638) | -- | (128,220) |
| **Change In Net Position** | 52,415 | 263,116 | 32,153 | 133,547 | 481,231 |
| **Net Position** - October 1, 2021 | 3,520,097 | 3,073,393 | 1,566,002 | 1,124,337 | 9,283,829 |
| **Net Position** - September 30, 2022 | $ 3,572,512 | $ 3,336,509 | $ 1,598,155 | $ 1,257,884 | $ 9,765,060 |

# CITY OF DELRAY BEACH, FLORIDA

## COMBINING STATEMENT OF CASH FLOWS
## NON-MAJOR ENTERPRISE FUNDS

### FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

| | Municipal Golf Course | Lakeview Golf Course | City Marina | Cemetery | Total Non-Major Enterprise Funds |
|---|---|---|---|---|---|
| **Cash Flows From Operating Activities** | | | | | |
| Receipts from customers and users | $ 2,850,213 | $ 993,517 | $ 264,380 | $ 201,060 | $ 4,309,170 |
| Receipts from others | 29,985 | -- | -- | -- | 29,985 |
| Payments to suppliers | (2,610,949) | (680,454) | (298,606) | (272,777) | (3,862,786) |
| **Net Cash Provided by (Used in) Operating Activities** | 269,249 | 313,063 | (34,226) | (71,717) | 476,369 |
| **Cash Flows From Noncapital Financing Activity** | | | | | |
| Transfers to other funds | (34,004) | (20,578) | (73,638) | -- | (128,220) |
| **Net Cash Used in Noncapital Financing Activity** | (34,004) | (20,578) | (73,638) | -- | (128,220) |
| **Cash Flows From Capital and Related Financing Activities** | | | | | |
| Acquisition and construction of capital assets | (191,978) | (72,238) | -- | -- | (264,216) |
| Principal paid on capital debt | 91,910 | 68,041 | -- | -- | 159,951 |
| Interest paid on capital debt | (2,483) | (1,408) | -- | -- | (3,891) |
| **Net Cash Used in Capital and Related Financing Activities** | (102,551) | (5,605) | -- | -- | (108,156) |
| **Cash Flows From Investing Activities** | | | | | |
| Purchases of investments | -- | -- | 93,960 | 62,473 | 156,433 |
| Interest on investments | 1,990 | -- | 13,904 | 9,244 | 25,138 |
| **Net Cash Provided by Investing Activities** | 1,990 | -- | 107,864 | 71,717 | 181,571 |
| **Net Change in Cash and Cash Equivalents** | 134,684 | 286,880 | -- | -- | 421,564 |
| **Cash and Cash Equivalents** - October 1, 2021 | 1,128,293 | 766,762 | -- | -- | 1,895,055 |
| **Cash and Cash Equivalents** - September 30, 2022 | $ 1,262,977 | $ 1,053,642 | $ -- | $ -- | $ 2,316,619 |
| **Reconciliation of cash and cash equivalents to statement of net position:** | | | | | |
| Unrestricted cash and cash equivalents | $ 1,262,977 | $ 1,053,642 | $ -- | $ -- | $ 2,316,619 |
| Cash and cash equivalents - September 30, 2022 | $ 1,262,977 | $ 1,053,642 | $ -- | $ -- | $ 2,316,619 |
| **Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities** | | | | | |
| Operating income (loss) | $ 53,276 | $ 285,102 | $ 89,023 | $ 122,398 | $ 549,799 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Depreciation expense | 185,909 | 44,934 | 3,719 | -- | 234,562 |
| Rent revenue | 33,463 | -- | -- | -- | 33,463 |
| Change in assets and liabilities: | | | | | |
| Accounts receivable | 3,325 | -- | -- | 2,300 | 5,625 |
| Lease receivable | (178,442) | -- | -- | -- | (178,442) |
| Inventories | (1,889) | 527 | -- | -- | (1,362) |
| Prepaid expenses | (11,248) | (10,507) | -- | -- | (21,755) |
| Deferred amount related to leases | 174,964 | -- | -- | -- | 174,964 |
| Accounts payable and accrued expenses | 23,097 | (6,993) | 4,076 | (60,963) | (40,783) |
| Refundable deposits payable | (13,206) | -- | 1,249 | -- | (11,957) |
| Due to other funds | -- | -- | (132,293) | (135,452) | (267,745) |
| Total adjustments | 215,973 | 27,961 | (123,249) | (194,115) | (73,430) |
| **Net Cash Provided by (Used in) Operating Activities** | $ 269,249 | $ 313,063 | $ (34,226) | $ (71,717) | $ 476,369 |

# 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, 2022

| | Insurance | Central Garage | Total Internal Service Funds |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets:** | | | |
| Cash and cash equivalents | $ 183,955 | $ 100 | $ 184,055 |
| Investments | 10,469,569 | 5,978,213 | 16,447,782 |
| Accounts receivable, net | 16,439 | -- | 16,439 |
| Interest receivable | 28,135 | 15,992 | 44,127 |
| Due from other funds | 11,600 | -- | 11,600 |
| Inventories | -- | 123,974 | 123,974 |
| Prepaid expenses | -- | 889,033 | 889,033 |
| Total Current Assets | 10,709,698 | 7,007,312 | 17,717,010 |
| **Noncurrent Assets:** | | | |
| Property and equipment | | | |
| Buildings | -- | 88,185 | 88,185 |
| Equipment | 127,752 | 34,305,144 | 34,432,896 |
| Accumulated depreciation | (127,752) | (24,219,260) | (24,347,012) |
| Total Noncurrent Assets | -- | 10,174,069 | 10,174,069 |
| **Total Assets** | 10,709,698 | 17,181,381 | 27,891,079 |
| **Deferred Outflows of Resources** | | | |
| Deferred amount related to OPEB | 12,704 | 77,281 | 89,985 |
| Deferred amount related to pensions | 185,875 | 322,088 | 507,963 |
| **Total Deferred Outflows of Resources** | 198,579 | 399,369 | 597,948 |
| **Liabilities** | | | |
| **Current Liabilities:** | | | |
| Accounts payable and accrued expenses | 545,755 | 191,331 | 737,086 |
| Current maturities of installment agreements | -- | 218,972 | 218,972 |
| Current portion of compensated absences | 3,211 | 16,944 | 20,155 |
| Current portion of insurance claims payable | 3,011,199 | -- | 3,011,199 |
| Due to other funds | 978,605 | 5,411,713 | 6,390,318 |
| Total Current Liabilities | 4,538,770 | 5,838,960 | 10,377,730 |
| **Noncurrent Liabilities:** | | | |
| Installment agreements | -- | 224,279 | 224,279 |
| Compensated absences payable | 44,535 | 96,824 | 141,359 |
| Insurance claims payable | 5,304,000 | -- | 5,304,000 |
| Total OPEB liability | 34,266 | 208,452 | 242,718 |
| Net pension liability | 122,830 | 212,843 | 335,673 |
| Total Noncurrent Liabilities | 5,505,631 | 742,398 | 6,248,029 |
| **Total Liabilities** | 10,044,401 | 6,581,358 | 16,625,759 |
| **Deferred Inflows of Resources** | | | |
| Deferred amount related to OPEB | 26,290 | 159,930 | 186,220 |
| Deferred amount related to pensions | 9,411 | 16,307 | 25,718 |
| **Total Deferred Inflows of Resources** | 35,701 | 176,237 | 211,938 |
| **Net Position** | | | |
| Net investment in capital assets | -- | 9,730,818 | 9,730,818 |
| Unrestricted | 828,175 | 1,092,337 | 1,920,512 |
| **Total Net Position** | $ 828,175 | $ 10,823,155 | $ 11,651,330 |

# 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, 2022

| | Insurance | Central Garage | Total Internal Service Funds |
|---|---|---|---|
| **Operating Revenues** | | | |
| Charges for services | $ 20,185,003 | $ 2,894,605 | $ 23,079,608 |
| Other operating revenue | 309,136 | 2,196,438 | 2,505,574 |
| **Total Operating Revenues** | 20,494,139 | 5,091,043 | 25,585,182 |
| **Operating Expenses** | | | |
| Personal services | 697,476 | 1,162,306 | 1,859,782 |
| Other operating expenses | 20,659,050 | 2,756,913 | 23,415,963 |
| Depreciation | -- | 3,111,691 | 3,111,691 |
| **Total Operating Expenses** | 21,356,526 | 7,030,910 | 28,387,436 |
| **Operating Loss** | (862,387) | (1,939,867) | (2,802,254) |
| **Nonoperating Revenues (Expenses)** | | | |
| Investment earnings | 91,065 | 51,999 | 143,064 |
| Interest expense | -- | (11,647) | (11,647) |
| Gain on disposal of equipment | -- | 155,367 | 155,367 |
| **Total Nonoperating Revenues** | 91,065 | 195,719 | 286,784 |
| **Loss Before Transfers and Contributions** | (771,322) | (1,744,148) | (2,515,470) |
| Capital contributions | -- | 171,658 | 171,658 |
| Transfers in | -- | 30,078 | 30,078 |
| **Change In Net Position** | (771,322) | (1,542,412) | (2,313,734) |
| **Net Position** - October 1, 2021 | 1,599,497 | 12,365,567 | 13,965,064 |
| **Net Position** - September 30, 2022 | $ 828,175 | $ 10,823,155 | $ 11,651,330 |

# CITY OF DELRAY BEACH, FLORIDA

## COMBINING STATEMENT OF CASH FLOWS
## INTERNAL SERVICE FUNDS

### FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

| | Insurance | Central Garage | Total Internal Service Funds |
|---|---|---|---|
| **Cash Flows From Operating Activities** | | | |
| Receipts from customers and users | $ 20,251,401 | $ 6,294,981 | $ 26,546,382 |
| Payments to suppliers | (19,969,958) | (4,328,358) | (24,298,316) |
| Payments to employees | (762,536) | (1,109,262) | (1,871,798) |
| **Net Cash Provided by (Used in) Operating Activities** | (481,093) | 857,361 | 376,268 |
| **Cash Flows From Noncapital Financing Activity** | | | |
| Transfers from other funds | -- | 30,078 | 30,078 |
| **Net Cash Provided by Noncapital Financing Activity** | -- | 30,078 | 30,078 |
| **Cash Flows From Capital and Related Financing Activities** | | | |
| Acquisition and construction of capital assets | -- | (1,231,772) | (1,231,772) |
| Proceeds from the sale of capital assets | -- | 235,362 | 235,362 |
| Principal paid on capital debt | -- | (213,773) | (213,773) |
| Interest paid on capital debt | -- | (11,647) | (11,647) |
| **Net Cash Used in Capital and Related Financing Activities** | -- | (1,221,830) | (1,221,830) |
| **Cash Flows From Investing Activities** | | | |
| Sale of investments | 510,284 | 291,377 | 801,661 |
| Interest on investments | 75,505 | 43,114 | 118,619 |
| **Net Cash Provided by Investing Activities** | 585,789 | 334,491 | 920,280 |
| **Net Change in Cash and Cash Equivalents** | 104,696 | 100 | 104,796 |
| **Cash and Cash Equivalents** - October 1, 2021 | 79,259 | -- | 79,259 |
| **Cash and Cash Equivalents** - September 30, 2022 | $ 183,955 | $ 100 | $ 184,055 |
| **Reconciliation of operating loss to net cash provided by operating activities:** | | | |
| Operating loss | $ (862,387) | $ (1,939,867) | $ (2,802,254) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | | | |
| Depreciation expense | -- | 3,111,691 | 3,111,691 |
| Change in assets and liabilities: | | | |
| Accounts receivable | 1,244 | -- | 1,244 |
| Due from other funds | (11,600) | -- | (11,600) |
| Deferred amount related to OPEB | 27,608 | 117,705 | 145,313 |
| Deferred amount related to pensions | (406,110) | (826,311) | (1,232,421) |
| Accounts payable and accrued expenses | 3,657 | (1,571,445) | (1,567,788) |
| Due to other funds | (232,382) | 1,204,395 | 972,013 |
| Refundable deposits payable | -- | (457) | (457) |
| Compensated absences payable | (3,585) | 8,425 | 4,840 |
| Insurance claims payable | 685,435 | -- | 685,435 |
| Total OPEB liability | (96,793) | (119,196) | (215,989) |
| Net pension liability | 413,820 | 872,421 | 1,286,241 |
| Total adjustments | 381,294 | 2,797,228 | 3,178,522 |
| **Net Cash Provided by (Used by) Operating Activities** | $ (481,093) | $ 857,361 | $ 376,268 |
| **Non-Cash Capital and Related Financing and Investing Activities** | | | |
| Equipment contributed from governmental capital assets | $ -- | $ 171,658 | $ 171,658 |

# 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, 2022

| | General Employees' Pension | Police Officers' Retirement System | Firefighters' Retirement System | Total Pension Trust Funds |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash | $ 38,393 | $ 85,996 | $ 50,801 | $ 175,190 |
| Investments: | | | | |
| Money market mutual funds | 2,194,132 | 2,502,238 | 11,263,000 | 15,959,370 |
| U.S. Government securities | 11,356,187 | -- | -- | 11,356,187 |
| Collateralized mortgage obligations | 1,673,521 | -- | -- | 1,673,521 |
| Domestic corporate bonds | 3,010,187 | -- | -- | 3,010,187 |
| Fixed income mutual fund | 16,933,804 | 10,373,348 | 16,398,786 | 43,705,938 |
| Global asset allocation investment fund | -- | 13,444,879 | -- | 13,444,879 |
| Domestic equity securities | 30,518,649 | 27,191,913 | 35,734,809 | 93,445,371 |
| Domestic equity mutual funds | 17,342,587 | 17,353,143 | 4,871,028 | 39,566,758 |
| Domestic equity index funds | -- | 9,115,667 | 15,254,910 | 24,370,577 |
| Pooled domestic equity index funds | 53,712,934 | 7,782,063 | 6,215,108 | 67,710,105 |
| International equity mutual funds | -- | 12,092,489 | 17,186,230 | 29,278,719 |
| Foreign stocks | 3,736,585 | 1,150,112 | 4,335,913 | 9,222,610 |
| Timber investment funds | -- | 133,549 | 148,016 | 281,565 |
| Real estate investment funds | -- | 6,214,504 | 14,019,642 | 20,234,146 |
| Fixed income alternative investment fund | 3,114,100 | 2,278,164 | 2,301,936 | 7,694,200 |
| Interest and dividends receivable | 142,880 | 13,003 | 40,150 | 196,033 |
| Pending trades receivable | 495,197 | -- | -- | 495,197 |
| Employee contributions receivable | -- | 22,247 | -- | 22,247 |
| Miscellaneous receivable | -- | 6,995 | -- | 6,995 |
| **Total Assets** | 144,269,156 | 109,760,310 | 127,820,329 | 381,849,795 |
| **LIABILITIES** | | | | |
| Accounts payable | 240,805 | 77,351 | 76,024 | 394,180 |
| Pending trades payable | 176,654 | 286,328 | 207,550 | 670,532 |
| Refunds due to members | -- | 11,742 | -- | 11,742 |
| Total Liabilities | 417,459 | 375,421 | 283,574 | 1,076,454 |
| **NET POSITION** | | | | |
| Restricted for pension benefits | $ 143,851,697 | $ 109,384,889 | $ 127,536,755 | $ 380,773,341 |

# CITY OF DELRAY BEACH, FLORIDA

## COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
## PENSION TRUST FUNDS

### FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

| | General Employees' Pension | Police Officers' Retirement System | Firefighters' Retirement System | Total Pension Trust Funds |
|---|---|---|---|---|
| **Additions** | | | | |
| Contributions | | | | |
| Employer | $ 2,882,706 | $ 8,119,171 | $ 8,169,314 | $ 19,171,191 |
| State of Florida | -- | 896,146 | 1,322,142 | 2,218,288 |
| Plan members | 1,316,257 | 1,148,231 | 1,489,818 | 3,954,306 |
| Total contributions | 4,198,963 | 10,163,548 | 10,981,274 | 25,343,785 |
| Investment earnings | | | | |
| Net depreciation in fair value of investments | (28,382,899) | (24,363,461) | (25,408,238) | (78,154,598) |
| Interest, dividends and investment fund income | 4,025,147 | 1,746,945 | 4,139,517 | 9,911,609 |
| Other investment income | 4,414 | -- | 919 | 5,333 |
| | (24,353,338) | (22,616,516) | (21,267,802) | (68,237,656) |
| Less investment expenses | (351,501) | (596,178) | (614,574) | (1,562,253) |
| Net investment earnings (loss) | (24,704,839) | (23,212,694) | (21,882,376) | (69,799,909) |
| **Total Additions** | (20,505,876) | (13,049,146) | (10,901,102) | (44,456,124) |
| **Deductions** | | | | |
| Benefits | 8,016,715 | 9,497,411 | 9,711,848 | 27,225,974 |
| Refunds of contributions | 197,515 | 176,790 | 27,087 | 401,392 |
| Administrative expenses | 130,768 | 171,447 | 134,092 | 436,307 |
| **Total Deductions** | 8,344,998 | 9,845,648 | 9,873,027 | 28,063,673 |
| **Change In Plan Net Position** | (28,850,874) | (22,894,794) | (20,774,129) | (72,519,797) |
| **Net Position Restricted for Pension Benefits at October 1, 2021** | 172,702,571 | 132,279,683 | 148,310,884 | 453,293,138 |
| **Net Position Restricted for Pension Benefits at September 30, 2022** | $ 143,851,697 | $ 109,384,889 | $ 127,536,755 | $ 380,773,341 |

# 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, 2022

| | Original Budget | Final Amended Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| **Revenue** | | | | |
| Taxes: | | | | |
| Ad valorem | $ 80,607,097 | $ 80,607,097 | $ 80,357,911 | $ (249,186) |
| Utility | 7,025,000 | 7,060,000 | 7,441,469 | 381,469 |
| Communications services tax | 2,859,463 | 2,859,463 | 3,138,902 | 279,439 |
| Business tax receipts | 895,000 | 895,000 | 875,656 | (19,344) |
| Total taxes | 91,386,560 | 91,421,560 | 91,813,938 | 392,378 |
| Fees and permits: | | | | |
| Building permits | -- | -- | 15,222 | 15,222 |
| Franchise fees | 5,294,000 | 5,584,000 | 6,218,454 | 634,454 |
| Miscellaneous | 3,006,500 | 3,006,500 | 4,139,311 | 1,132,811 |
| License fees | 170,000 | 170,000 | 113,595 | (56,405) |
| Total fees and permits | 8,470,500 | 8,760,500 | 10,486,582 | 1,726,082 |
| Intergovernmental: | | | | |
| Federal shared revenue: | | | | |
| Homeland Security Grants | 644,476 | 644,476 | 653,983 | 9,507 |
| FEMA Grants | -- | -- | 528,692 | 528,692 |
| ARPA Funds | 4,604,502 | 4,604,502 | 4,604,502 | -- |
| Hazmat Sustainment | -- | -- | 26,300 | 26,300 |
| PEMT Funds | 1,009,705 | 1,009,705 | 594,965 | (414,740) |
| Highway Safety Grants | -- | -- | 143,309 | 143,309 |
| Justice Assistance Grants | 35,000 | 35,000 | (53,032) | (88,032) |
| Total federal shared revenue | 6,293,683 | 6,293,683 | 6,498,719 | 205,036 |
| State shared revenue: | | | | |
| State revenue sharing | 2,498,808 | 2,498,808 | 2,981,941 | 483,133 |
| Local government sales tax | 5,656,472 | 6,646,472 | 6,835,410 | 188,938 |
| Alcoholic beverage licenses tax | 95,000 | 95,000 | 101,694 | 6,694 |
| Municipal fuel tax refund | 50,000 | 50,000 | 68,752 | 18,752 |
| Mobile home licenses tax | 300 | 300 | 442 | 142 |
| Fire incentive | 80,000 | 80,000 | 104,451 | 24,451 |
| State grants | 202,321 | 202,321 | 78,240 | (124,081) |
| Total state shared revenue | 8,582,901 | 9,572,901 | 10,170,930 | 598,029 |
| Shared revenue from local units: | | | | |
| County occupational licenses | 130,000 | 130,000 | 144,857 | 14,857 |
| Palm Beach County grants | -- | 100,000 | 110,500 | 10,500 |
| Total shared revenue from local units | 130,000 | 230,000 | 255,357 | 25,357 |
| Total intergovernmental | 15,006,584 | 16,096,584 | 16,925,006 | 828,422 |

(Continued)

# 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, 2022

| | Original Budget | Final Amended Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| **Revenue (continued):** | | | | |
| Charges for services: | | | | |
| General government | $ 1,168,450 | $ 1,168,450 | $ 1,723,284 | $ 554,834 |
| Public safety | 9,706,633 | 9,706,633 | 10,454,831 | 748,198 |
| Physical environment | 180,000 | 180,000 | 196,076 | 16,076 |
| Parking | 2,758,575 | 2,758,575 | 3,489,860 | 731,285 |
| Culture and recreation | 1,953,700 | 1,953,700 | 2,182,600 | 228,900 |
| Total charges for services | 15,767,358 | 15,767,358 | 18,046,651 | 2,279,293 |
| Fines and forfeitures: | | | | |
| Court | 835,000 | 835,000 | 1,105,808 | 270,808 |
| Penalties on licenses and permits | 78,500 | 78,500 | 55,018 | (23,482) |
| Violations of local ordinances | 120,000 | 120,000 | 208,579 | 88,579 |
| Total fines and forfeitures | 1,033,500 | 1,033,500 | 1,369,405 | 335,905 |
| Miscellaneous: | | | | |
| Interest | 307,000 | 307,000 | 535,405 | 228,405 |
| Rents and special assessments | 288,585 | 288,585 | 316,574 | 27,989 |
| Contributions and donations | 5,610,827 | 5,651,842 | 5,341,518 | (310,324) |
| Recovery of administrative costs | 5,176,370 | 5,176,370 | 5,176,370 | -- |
| Other | 278,000 | 278,000 | 252,114 | (25,886) |
| Total miscellaneous | 11,660,782 | 11,701,797 | 11,621,981 | (79,816) |
| **Total Revenue** | 143,325,284 | 144,781,299 | 150,263,563 | 5,482,264 |
| **Other Financing Sources:** | | | | |
| Prior year surplus | 3,840,000 | 4,590,630 | -- | (4,590,630) |
| Transfers in: | | | | |
| Water and Sewer Fund | 3,117,404 | 3,117,404 | 3,175,945 | 58,541 |
| MunicipalGolf Course Fund | 54,583 | 54,583 | 54,582 | (1) |
| City Marina Fund | 73,638 | 73,638 | 73,638 | -- |
| Sanitation Fund | 91,786 | 91,786 | 91,770 | (16) |
| Stormwater Utility Fund | 438,582 | 438,582 | 247,347 | (191,235) |
| LOGT Fund | 1,000,000 | 1,000,000 | 1,004,601 | 4,601 |
| Building Fund | 442,807 | 442,807 | 442,807 | -- |
| Total transfers in | 5,218,800 | 5,218,800 | 5,090,690 | (128,110) |
| **Total Other Financing Sources** | 9,058,800 | 9,809,430 | 5,090,690 | (4,718,740) |
| **Total Revenue and Other Financing Sources** | $ 152,384,084 | $ 154,590,729 | 155,354,253 | $ 763,524 |
| **Reconciliation to GAAP Basis Statements** | | | | |
| On-behalf payments | | | 2,218,288 | |
| **Revenue and Other Financing Sources - GAAP Basis** | | | $ 157,572,541 | |

# 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, 2022

| | Original Budget | Final Amended Budget | Current Year Expenditures | Current Year Encumbrances Outstanding | Total Expenditures and Encumbrances | Unencumbered Balance Lapsed |
|---|---|---|---|---|---|---|
| **General Government** | | | | | | |
| City commission | $ 535,727 | $ 535,727 | $ 419,283 | $ -- | $ 419,283 | $ 116,444 |
| City manager | 1,359,041 | 1,371,742 | 1,127,481 | 123,952 | 1,251,433 | 120,309 |
| Communications | 211,644 | 211,344 | 196,316 | -- | 196,316 | 15,028 |
| Economic development | 608,555 | 669,958 | 543,373 | -- | 543,373 | 126,585 |
| Human resources | 1,072,773 | 1,072,773 | 1,021,525 | 21,300 | 1,042,825 | 29,948 |
| City clerk | 644,212 | 644,212 | 512,604 | 26,120 | 538,724 | 105,488 |
| Finance | 2,113,257 | 2,123,257 | 2,076,812 | -- | 2,076,812 | 46,445 |
| Information technology | 5,255,602 | 5,295,919 | 4,668,476 | 156,275 | 4,824,751 | 471,168 |
| City attorney | 1,454,225 | 1,453,973 | 1,307,822 | -- | 1,307,822 | 146,151 |
| Purchasing | 761,163 | 761,163 | 644,815 | -- | 644,815 | 116,348 |
| Grants and Aids: | | | | | | |
| Library | 1,453,500 | 1,453,500 | 1,453,500 | -- | 1,453,500 | -- |
| Other grants and aids | 215,700 | 271,700 | 245,200 | -- | 245,200 | 26,500 |
| Miscellaneous and contingency | 648,217 | 532,217 | 2,761,706 | -- | 2,761,706 | (2,229,489) |
| Tax increment payments to CRA | 16,098,526 | 16,098,526 | 16,063,100 | -- | 16,063,100 | 35,426 |
| **Total General Government** | $ 32,432,142 | $ 32,496,011 | $ 33,042,013 | $ 327,647 | $ 33,369,660 | $ (873,649) |
| **Public Safety** | | | | | | |
| Police | 41,635,889 | 42,670,026 | 42,364,303 | 143,890 | 42,508,193 | 161,833 |
| Fire | 39,007,343 | 39,211,810 | 39,018,325 | 114,182 | 39,132,507 | 79,303 |
| Development services | | | | | | |
| Planning and zoning | 1,993,101 | 2,026,483 | 1,679,005 | 99,700 | 1,778,705 | 247,778 |
| Building inspection | -- | 28,000 | (72,250) | -- | (72,250) | 100,250 |
| Neighborhood and Community | | | | | | |
| Services: | | | | | | |
| Administration | 345,136 | 344,536 | 387,621 | -- | 387,621 | (43,085) |
| Clean and Safe | 1,162,088 | 1,211,088 | 980,597 | -- | 980,597 | 230,491 |
| Code compliance | 1,817,154 | 1,817,754 | 1,409,778 | -- | 1,409,778 | 407,976 |
| **Total Public Safety** | $ 85,960,711 | $ 87,309,697 | $ 85,767,379 | $ 357,772 | $ 86,125,151 | $ 1,184,546 |
| **Physical Environment** | | | | | | |
| Public works: | | | | | | |
| Engineering | 1,629,942 | 1,719,653 | 1,428,617 | 249,117 | 1,677,734 | 41,919 |
| Programs | 266,910 | 246,163 | 219,202 | -- | 219,202 | 26,961 |
| Project management | 540,619 | 522,418 | 483,513 | -- | 483,513 | 38,905 |
| Administration | 751,051 | 751,051 | 792,314 | -- | 792,314 | (41,263) |
| Street maintenance | 1,236,462 | 1,216,692 | 1,071,885 | -- | 1,071,885 | 144,807 |
| Traffic operations | 424,522 | 416,292 | 428,172 | 1,250 | 429,422 | (13,130) |
| Street lighting | 728,365 | 716,365 | 897,428 | 9,480 | 906,908 | (190,543) |
| Parking facilities | 1,314,221 | 1,414,317 | 1,150,796 | -- | 1,150,796 | 263,521 |
| Building maintenance | 2,720,603 | 3,047,369 | 2,801,697 | 20,496 | 2,822,193 | 225,176 |
| **Total Physical Environment** | $ 9,612,695 | $ 10,050,320 | $ 9,273,624 | $ 280,343 | $ 9,553,967 | $ 496,353 |

(Continued)

# 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, 2022

| | Original Budget | Final Amended Budget | Current Year Expenditures | Current Year Encumbrances Outstanding | Total Expenditures and Encumbrances | Unencumbered Balance Lapsed |
|---|---|---|---|---|---|---|
| **Parks and Recreation** | | | | | | |
| Administration | $ 1,134,194 | $ 1,204,194 | $ 1,185,670 | $ -- | $ 1,185,670 | $ 18,524 |
| Out of school program | 385,909 | 385,909 | 394,709 | -- | 394,709 | (8,800) |
| Teen center | 485,733 | 485,733 | 478,024 | -- | 478,024 | 7,709 |
| Catherine Strong Park | 430,016 | 395,016 | 342,447 | -- | 342,447 | 52,569 |
| Community center | 414,668 | 414,668 | 356,640 | 16,045 | 372,685 | 41,983 |
| Veteran's park recreation facility | 244,649 | 244,649 | 214,295 | -- | 214,295 | 30,354 |
| Pompey Park recreation facility | 1,208,156 | 1,158,156 | 1,131,433 | 27,342 | 1,158,775 | (619) |
| Parks maintenance | 4,042,638 | 4,207,638 | 4,342,603 | 34,636 | 4,377,239 | (169,601) |
| Special events | 415,749 | 540,749 | 534,126 | -- | 534,126 | 6,623 |
| Cemetery | 504,204 | 573,072 | 447,550 | 48,868 | 496,418 | 76,654 |
| Tennis centers | 1,949,126 | 1,949,126 | 2,075,556 | 4,990 | 2,080,546 | (131,420) |
| Tennis stadium | 2,992,740 | 2,992,740 | 2,817,398 | -- | 2,817,398 | 175,342 |
| Aquatics | 573,326 | 582,258 | 555,582 | 3,255 | 558,837 | 23,421 |
| Athletics | 596,739 | 600,104 | 580,581 | -- | 580,581 | 19,523 |
| **Total Parks and Recreation** | $ 15,377,847 | $ 15,734,012 | $ 15,456,614 | $ 135,136 | $ 15,591,750 | $ 142,262 |
| **Debt Service** | | | | | | |
| Principal retirement | 376,589 | 376,589 | 249,321 | -- | 249,321 | 127,268 |
| Interest and fiscal charges | 10,976 | 10,976 | 11,631 | -- | 11,631 | (655) |
| **Total Debt Service** | 387,565 | 387,565 | 260,952 | -- | 260,952 | 126,613 |
| **Total Expenditures and Encumbrances** | 143,770,960 | 145,977,605 | 143,800,582 | 1,100,898 | 144,901,480 | 1,076,125 |
| **Other Financing Uses** | | | | | | |
| Transfers out to other funds: | | | | | | |
| Neighborhood Services Fund | 4,049,809 | 4,049,809 | 4,049,809 | -- | 4,049,809 | -- |
| Beautification Fund | 1,012,500 | 1,012,500 | 1,012,500 | -- | 1,012,500 | -- |
| Utilities Tax Fund | 3,432,650 | 3,432,650 | 3,432,650 | -- | 3,432,650 | -- |
| Beach Restoration Fund | 118,165 | 118,165 | 118,165 | -- | 118,165 | -- |
| **Total Other Financing Uses** | 8,613,124 | 8,613,124 | 8,613,124 | -- | 8,613,124 | -- |
| **Total Expenditures, Encumbrances and Other Financing Uses** | $ 152,384,084 | $ 154,590,729 | $ 152,413,706 | $ 1,100,898 | 153,514,604 | $ 1,076,125 |
| **Reconciliation to GAAP Basis Statements** | | | | | | |
| Current year encumbrances outstanding | | | | | (1,100,898) | |
| Prior year encumbrances paid in current year | | | | | 796,166 | |
| Issuance of capital lease | | | | | 279,549 | |
| On-behalf payments | | | | | 2,218,288 | |
| **Expenditures and Other Financing Uses - GAAP Basis** | | | | | $ 155,707,709 | |

# 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 Activities Revenue Bonds | Installment Agreements | Total Requirements |
|---|---|---|---|---|
| 2023 | $ 2,130,461 | $ 8,211,422 | $ 571,137 | $ 10,913,020 |
| 2024 | 2,134,041 | 7,575,676 | 387,545 | 10,097,262 |
| 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 |
| **Total** | $ 4,264,502 | $ 56,855,403 | $ 958,682 | $ 62,078,587 |

# 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 |
|---|---|---|---|---|
| 2023 | $ 2,015,000 | $ 115,461 | $ 2,130,461 | $ 2,134,041 |
| 2024 | 2,095,000 | 39,041 | 2,134,041 | -- |
| **Total** | $ 4,110,000 | $ 154,502 | $ 4,264,502 | |

# CITY OF DELRAY BEACH, FLORIDA

## SCHEDULE OF GENERAL OBLIGATION BONDS (SERIES 2005)

| Fiscal Year Ending September 30, | Principal | Interest | | | Balance Outstanding at End of Fiscal Year | Interest Rate |
|---|---|---|---|---|---|---|
| | February 1 | February 1 | August 1 | Total | | |
| 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 |
| **Total** | $ 2,215,000 | $ 84,485 | $ 28,624 | $ 2,328,109 | | |

| | |
|---|---|
| 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 | – Truist Bank, NA (formally 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 February 1 | Interest February 1 | Interest August 1 | Total | Balance Outstanding at End of Fiscal Year | Interest Rate |
|---|---|---|---|---|---|---|
| 2023 | $ 935,000 | $ 20,561 | $ 10,416 | $ 965,977 | $ 970,416 | 2.17% |
| 2024 | 960,000 | 10,416 | -- | 970,416 | -- | 2.17 |
| **Total** | $ 1,895,000 | $ 30,977 | $ 10,416 | $ 1,936,393 | | |

| | |
|---|---|
| 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 | – PNC Bank |
| 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 |
|---|---|---|---|---|
| 2023 | $ 6,727,733 | $ 1,483,689 | $ 8,211,422 | $ 48,643,981 |
| 2024 | 6,300,014 | 1,275,662 | 7,575,676 | 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 | -- |
| **Total** | $ 49,262,747 | $ 7,592,656 | $ 56,855,403 | |

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 Principal | Interest | | Total | Balance Outstanding at End of Fiscal Year | Interest Rate |
|---|---|---|---|---|---|---|
| | October 1 | April 1 | October 1 | | | |
| 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 |
| **Total** | $ 16,735,000 | $ 498,379 | $ 334,376 | $ 17,567,755 | | |

| | |
|---|---|
| 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 Principal June 1 | Interest December 1 | Interest June 1 | Total | Balance Outstanding at End of Fiscal Year | Interest Rate |
|---|---|---|---|---|---|---|
| 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 |
| **Total** | $ 30,680,000 | $ 3,356,775 | $ 3,356,775 | $ 37,393,550 | | |

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 – US National Association
Ratings – S&P AA-, Moody's Aa3

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

# CITY OF DELRAY BEACH, FLORIDA

## SCHEDULE OF INSTALLMENT AGREEMENTS

| Fiscal Year Ending September 30, | Principal | Interest | Total | Balance Outstanding at End of Fiscal Year |
|---|---|---|---|---|
| 2023 | $ 544,721 | $ 26,416 | $ 571,137 | $ 387,545 |
| 2024 | 378,830 | 8,715 | 387,545 | -- |
| **Total** | $ 923,551 | $ 35,131 | $ 958,682 | |

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.

Community Leasing Partners – Original amount of principal—$988,279, 3-year term, 4.694% interest, payable annually November 15, 2020 through November 15, 2022, secured by a SCBA equipment.

# 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 April 1/Oct. 1 | Interest April 1/Oct. 1 | Total | Balance Outstanding at End of Fiscal Year | Interest Rate |
|---|---|---|---|---|---|
| 2023 | $ 1,227,733 | $ 38,339 | $ 1,266,072 | $ 628,026 | 2.78 - 2.88 % |
| 2024 | 620,014 | 8,012 | 628,026 | -- | 2.78 - 2.88 |
| **Totals** | $ 1,847,747 | $ 46,351 | $ 1,894,098 | | |

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

**Contents** **Page**


Financial Trends..... 158-166

*These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.*

Revenue Capacity ..... 167-169

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity..... 170-173

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.

Demographic and Economic Information..... 174-175

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information ..... 176-178

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.*


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

# CITY OF DELRAY BEACH, FLORIDA

## NET POSITION BY COMPONENT
## LAST TEN FISCAL YEARS
## ACCRUAL BASIS OF ACCOUNTING

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| **Governmental Activities** | | | | | | | | | | |
| Net investment in capital assets | $ 70,077,233 | $ 69,969,843 | $ 67,883,652 | $ 83,352,304 | $ 94,498,408 | $ 133,947,140 | $ 142,771,519 | $ 151,463,017 | $ 166,850,944 | $ 184,694,457 |
| Restricted | 1,618,934 | 1,745,885 | 2,991,799 | 3,102,189 | 5,747,894 | 9,743,679 | 10,201,536 | 7,084,293 | 27,350,234 | 8,658,205 |
| Unrestricted (deficit) | 43,858,427 | 51,496,227 | (6,748,871) | (10,566,092) | (16,349,766) | (24,386,173) | (24,273,405) | (24,607,721) | (27,276,080) | (2,942,464) |
| **Total Governmental Activities Net Position** | $ 115,554,594 | $ 123,211,955 | $ 64,126,580 | $ 75,888,401 | $ 83,896,536 | $ 119,304,646 | $ 128,699,650 | $ 133,939,589 | $ 166,925,098 | $ 190,410,198 |
| **Business-type Activities** | | | | | | | | | | |
| Net investment in capital assets | $ 79,245,276 | $ 85,086,776 | $ 88,760,143 | $ 97,070,159 | $ 100,024,904 | $ 104,384,378 | $ 107,509,243 | $ 107,576,983 | $ 108,687,933 | $ 109,285,531 |
| Restricted | 4,428,595 | 2,222,394 | 3,880,165 | 3,572,645 | 3,604,806 | 3,744,085 | 3,494,654 | 3,558,286 | 8,879,997 | -- |
| Unrestricted | 46,849,014 | 49,393,057 | 50,522,734 | 53,312,727 | 57,526,842 | 57,215,688 | 59,051,311 | 62,960,813 | 58,378,089 | 64,373,734 |
| **Total Business-type Activities Net Position** | $ 130,522,885 | $ 136,702,227 | $ 143,163,042 | $ 153,955,531 | $ 161,156,552 | $ 165,344,151 | $ 170,055,208 | $ 174,096,082 | $ 175,946,019 | $ 173,659,265 |
| **Primary Government** | | | | | | | | | | |
| Net investment in capital assets | $ 149,322,509 | $ 155,056,619 | $ 156,643,795 | $ 180,422,463 | $ 194,523,312 | $ 238,331,518 | $ 250,280,762 | $ 259,040,000 | $ 275,538,877 | $ 293,979,988 |
| Restricted | 6,047,529 | 3,968,279 | 6,871,964 | 6,674,834 | 9,352,700 | 13,487,764 | 13,696,190 | 10,642,579 | 36,230,231 | 8,658,205 |
| Unrestricted | 90,707,441 | 100,889,284 | 43,773,863 | 42,746,635 | 41,177,076 | 32,829,515 | 34,777,906 | 38,353,092 | 31,102,009 | 61,431,270 |
| **Total Primary Government Net Position** | $ 246,077,479 | $ 259,914,182 | $ 207,289,622 | $ 229,843,932 | $ 245,053,088 | $ 284,648,797 | $ 298,754,858 | $ 308,035,671 | $ 342,871,117 | $ 364,069,463 |

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.

# CITY OF DELRAY BEACH, FLORIDA

## CHANGES IN NET POSITION
## LAST TEN FISCAL YEARS
## ACCRUAL BASIS OF ACCOUNTING

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Expenses** | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Governmental activities: | | | | | | | | | | |
| General government | $ 18,456,193 | $ 23,014,006 | $ 18,050,754 | $ 22,968,532 | $ 26,679,900 | $ 31,680,429 | $ 35,617,235 | $ 34,027,104 | $ 34,363,721 | $ 45,145,274 |
| Public safety | 57,249,952 | 58,417,444 | 62,013,271 | 65,918,444 | 70,348,624 | 75,694,658 | 85,620,516 | 88,253,173 | 82,397,287 | 93,794,719 |
| Physical environment | 8,110,979 | 7,984,163 | 8,143,146 | 7,714,515 | 10,366,782 | 14,065,033 | 16,268,827 | 14,746,699 | 12,286,732 | 15,527,974 |
| Parks and recreation | 24,399,517 | 15,370,063 | 13,400,031 | 13,311,802 | 14,195,210 | 15,653,597 | 16,821,403 | 18,143,786 | 15,435,019 | 19,818,336 |
| Economic development | -- | -- | -- | -- | -- | 11,244,955 | 10,920,391 | 20,293,239 | 20,002,537 | 11,885,823 |
| Interest on long-term debt | 2,414,349 | 2,090,947 | 3,259,673 | 2,229,468 | 2,306,897 | 2,806,144 | 2,592,730 | 2,333,202 | 2,058,988 | 1,794,690 |
| **Total Governmental Activities Expenses** | 110,630,990 | 106,876,623 | 104,866,875 | 112,142,761 | 123,897,413 | 151,144,816 | 167,841,102 | 177,797,203 | 166,544,284 | 187,966,816 |
| Business-type activities: | | | | | | | | | | |
| Water and Sewer | 24,799,536 | 24,462,318 | 24,335,317 | 24,467,001 | 26,741,734 | 25,899,650 | 27,638,570 | 29,678,332 | 30,768,550 | 36,432,302 |
| Stormwater | 1,660,899 | 1,476,036 | 1,631,007 | 1,546,867 | 1,893,877 | 1,889,375 | 1,861,488 | 2,230,218 | 1,928,660 | 2,623,745 |
| Sanitation | 4,686,520 | 4,677,510 | 6,326,114 | 3,748,162 | 5,195,029 | 6,534,537 | 4,435,509 | 4,505,066 | 4,551,556 | 5,011,087 |
| Municipal Golf Course | 3,060,771 | 3,073,076 | 2,934,725 | 3,098,149 | 2,909,445 | 2,952,039 | 3,072,842 | 2,533,254 | 2,442,025 | 2,847,100 |
| Lakeview Golf Course | 605,393 | 575,059 | 556,711 | 566,898 | 563,587 | 593,209 | 626,703 | 591,710 | 663,202 | 718,357 |
| City Marina | 80,426 | 93,963 | 94,090 | 88,509 | 107,813 | 158,492 | 165,383 | 35,908 | 63,539 | 176,332 |
| Cemetery | -- | -- | -- | -- | 800 | 3,339 | 64,121 | 367,714 | 400,292 | 77,337 |
| **Total Business-type Activities Expenses** | 34,893,545 | 34,357,962 | 35,877,964 | 33,515,586 | 37,412,285 | 38,030,641 | 37,864,616 | 39,942,202 | 40,817,824 | 47,886,260 |
| **Total Primary Government Expenses** | $ 145,524,535 | $ 141,234,585 | $ 140,744,839 | $ 145,658,347 | $ 161,309,698 | $ 189,175,457 | $ 205,705,718 | $ 217,739,405 | $ 207,362,108 | $ 235,853,076 |
| **Program Revenues** | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | $ 5,566,254 | $ 6,104,202 | $ 7,583,178 | $ 7,378,380 | $ 10,451,376 | $ 10,051,233 | $ 10,692,718 | $ 8,896,565 | $ 12,048,045 | $ 18,441,201 |
| Public safety | 8,046,157 | 7,971,996 | 8,912,161 | 9,031,132 | 9,481,433 | 9,362,635 | 11,157,736 | 10,086,236 | 10,640,390 | 11,824,570 |
| Physical environment | 1,753,619 | 1,985,081 | 2,048,277 | 2,063,648 | 1,706,116 | 2,244,409 | 3,351,124 | 2,250,915 | 3,324,106 | 9,485,076 |
| Parks and recreation | 1,766,249 | 1,860,432 | 2,125,935 | 1,825,824 | 1,686,662 | 1,448,739 | 1,856,465 | 1,579,026 | 2,193,262 | 2,182,600 |
| Economic development | -- | -- | -- | -- | -- | 424,354 | 161,313 | 125,106 | 143,469 | 177,097 |
| Operating grants and contributions: | | | | | | | | | | |
| General government | 3,035,452 | 4,031,439 | 3,711,327 | 960,763 | 3,474,068 | 5,825,944 | 6,933,078 | 10,770,073 | 12,553,365 | 8,916,021 |
| Public safety | 2,280,986 | 2,162,469 | 2,717,267 | 2,604,202 | 2,123,336 | 2,310,771 | 2,405,993 | 3,587,887 | 3,879,956 | 2,218,288 |
| Physical environment | 10,000 | -- | -- | -- | -- | -- | -- | -- | -- | 528,692 |
| Parks and recreation | 1,864,383 | 7,334,572 | 102,871 | 210,948 | 24,990 | 81,561 | 171,519 | 168,846 | 847,352 | 110,500 |
| Economic development | -- | -- | -- | -- | -- | 260,589 | 524,571 | 89,331 | 89,331 | -- |
| Capital grants and contributions: | | | | | | | | | | |
| General government | 136,689 | 435,039 | 615,926 | 944,673 | 429,737 | 2,467,808 | 328,922 | 199,779 | 431,800 | 3,335,517 |
| Physical environment | 3,963,421 | 120,248 | -- | -- | -- | -- | -- | -- | -- | -- |
| Economic development | -- | -- | -- | -- | -- | -- | -- | 11,044,131 | 9,001,868 | 2,337,835 |
| **Total Governmental Activities Program Revenues** | $ 28,423,210 | $ 32,005,478 | $ 27,816,942 | $ 25,019,570 | $ 29,377,718 | $ 34,478,043 | $ 37,583,439 | $ 48,797,895 | $ 55,152,944 | $ 59,557,397 |

(Continued)

# CITY OF DELRAY BEACH, FLORIDA

## CHANGES IN NET POSITION (CONTINUED)
## LAST TEN FISCAL YEARS
## ACCRUAL BASIS OF ACCOUNTING

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| **Program Revenues (continued)** | | | | | | | | | | |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water and Sewer | $ 30,771,956 | $ 31,571,968 | $ 32,482,206 | $ 32,815,643 | $ 34,135,162 | $ 33,491,651 | $ 33,564,702 | $ 33,509,707 | $ 34,888,415 | $ 35,980,441 |
| Stormwater | 2,158,887 | 2,128,772 | 2,108,862 | 2,111,117 | 2,160,127 | 2,181,550 | 2,151,690 | 2,133,063 | 2,017,866 | 1,997,739 |
| Sanitation | 5,183,866 | 4,969,127 | 4,693,015 | 4,132,645 | 4,200,945 | 4,348,694 | 4,720,889 | 4,762,445 | 4,700,264 | 4,985,459 |
| Municipal Golf Course | 2,998,040 | 3,005,811 | 3,127,554 | 3,129,388 | 3,113,583 | 2,992,596 | 3,169,381 | 2,423,699 | 2,458,442 | 2,832,596 |
| Lakeview Golf Course | 610,313 | 635,489 | 662,453 | 610,903 | 646,391 | 637,666 | 732,439 | 665,559 | 850,341 | 987,121 |
| City Marina | 209,625 | 243,234 | 219,286 | 223,401 | 239,205 | 252,524 | 139,209 | -- | 78,494 | 260,071 |
| Cemetery | -- | -- | -- | -- | 92,890 | 84,238 | 98,323 | 141,399 | 163,029 | 198,750 |
| Operating grants and contributions: | | | | | | | | | | |
| Water and Sewer | 590,080 | 343,532 | 55,970 | 430,950 | 986,210 | 701,424 | 1,009 | 511,105 | 1,936 | 2,278 |
| Stormwater | 388 | 12,334 | 23,466 | 22,986 | 11,239 | -- | 12,404 | 1,525,589 | -- | 10,473 |
| Sanitation | 229,518 | 207,656 | 206,278 | 254,232 | 235,566 | 427,388 | 111,603 | 202,828 | 1,079,534 | 230,576 |
| Municipal Golf Course | 57,160 | 60,962 | 63,652 | 78,803 | 58,649 | 57,985 | 65,958 | 57,778 | 66,102 | 62,850 |
| Lakeview Golf Course | 5,118 | 4,612 | 5,378 | 8,544 | 5,649 | 5,010 | 5,435 | 4,616 | 5,809 | 5,869 |
| City Marina | 1,914 | 2,570 | 2,281 | 11,743 | 2,543 | 1,115 | 1,160 | 1,450 | 2,440 | 3,060 |
| Cemetery | -- | -- | -- | -- | 600 | -- | -- | -- | -- | 10 |
| Capital grants and contributions: | | | | | | | | | | |
| Water and Sewer | 1,808,752 | 877,588 | 1,354,457 | 1,092,373 | 842,618 | 1,204,893 | 767,550 | 702,276 | 473,921 | 1,372,568 |
| Stormwater | 60,101 | 48,442 | 13,294 | -- | 65,810 | 349,371 | 82,853 | 140,202 | 120,546 | 39,394 |
| Municipal Golf Course | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| **Total Business-type Activities Programs Revenues** | 44,685,718 | 44,112,097 | 45,018,152 | 44,922,728 | 46,797,187 | 46,736,105 | 45,624,605 | 46,781,716 | 46,907,139 | 48,969,255 |
| **Total Primary Government Program Revenues** | $ 73,108,928 | $ 76,117,575 | $ 72,835,094 | $ 69,942,298 | $ 76,174,905 | $ 81,214,148 | $ 83,208,044 | $ 95,579,611 | $ 102,060,083 | $ 108,526,652 |
| **Net (Expense) Revenue** | | | | | | | | | | |
| Governmental activities | $ (82,207,780) | $ (74,871,145) | $ (77,049,933) | $ (87,123,191) | $ (94,519,695) | $ (116,666,773) | $ (130,257,663) | $ (128,999,308) | $ (111,391,340) | $ (128,409,419) |
| Business-type activities | 9,792,173 | 9,754,135 | 9,140,188 | 11,407,142 | 9,384,902 | 8,705,464 | 7,759,989 | 6,839,514 | 6,089,315 | 1,082,995 |
| **Total Primary Government Net Expense** | $ (72,415,607) | $ (65,117,010) | $ (67,909,745) | $ (75,716,049) | $ (85,134,793) | $ (107,961,309) | $ (122,497,674) | $ (122,159,794) | $ (105,302,025) | $ (127,326,424) |
| **General Revenues and Other Changes in Net Position** | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | $ 47,036,144 | $ 47,695,425 | $ 51,971,057 | $ 56,876,767 | $ 59,282,428 | $ 83,602,342 | $ 90,261,662 | $ 95,139,737 | $ 102,996,884 | $ 107,942,352 |
| Franchise fees | 4,640,568 | 5,134,527 | 5,269,680 | 5,132,170 | 5,209,446 | 5,240,982 | 5,317,253 | 5,114,526 | 5,898,386 | 6,218,454 |
| Utility service taxes | 8,958,647 | 9,307,370 | 9,462,152 | 9,383,744 | 9,468,782 | 9,842,605 | 10,032,079 | 9,926,040 | 10,336,932 | 10,580,371 |
| Sales taxes | 1,310,488 | 1,341,267 | 1,397,627 | 1,426,451 | 3,654,505 | 3,561,644 | 3,633,681 | 3,542,170 | 3,447,611 | 3,627,718 |
| Local business tax | 748,768 | 737,231 | 786,579 | 839,208 | 911,668 | 883,112 | 876,577 | 850,765 | 836,610 | 875,656 |
| Intergovernmental, unrestricted | 6,261,001 | 6,795,748 | 7,143,751 | 7,174,725 | 7,381,660 | 7,543,300 | 7,797,976 | 7,561,740 | 8,511,582 | 10,170,930 |
| Investment earnings | 363,285 | 258,802 | 308,589 | 306,237 | 873,235 | 1,852,523 | 4,205,582 | 2,552,908 | 224,418 | 976,616 |
| Gain on disposal of capital assets | 2,240,888 | -- | 29,100 | 37,765 | 28,361 | -- | 48,681 | 20,330 | 1,538,253 | (1,152,186) |
| Miscellaneous | 7,725,615 | 7,533,386 | 12,793,025 | 16,829,794 | 13,411,235 | 12,438,792 | 13,250,807 | 5,652,219 | 6,287,108 | 8,977,858 |
| Transfers | 3,685,290 | 3,724,750 | 3,562,620 | 878,151 | 2,306,510 | 3,475,651 | 4,228,369 | 3,878,812 | 4,299,065 | 3,676,750 |
| **Total Governmental Activities** | 82,970,694 | 82,528,506 | 92,724,180 | 98,885,012 | 102,527,830 | 128,440,951 | 139,652,667 | 134,239,247 | 144,376,849 | 151,894,519 |
| Business-type activities | | | | | | | | | | |
| Investment earnings | 90,795 | 132,999 | 270,617 | 248,146 | 122,629 | 75,389 | 1,179,437 | 1,080,172 | 59,687 | 425,060 |
| Gain (loss) on disposal of capital assets | -- | 16,958 | -- | 15,352 | -- | -- | -- | -- | -- | (118,059) |
| Transfers | (3,685,290) | (3,724,750) | (3,562,620) | (878,151) | (2,306,510) | (3,475,651) | (4,228,369) | (3,878,812) | (4,299,065) | (3,676,750) |
| **Total Business-type Activities** | (3,594,495) | (3,574,793) | (3,292,003) | (614,653) | (2,183,881) | (3,400,262) | (3,048,932) | (2,798,640) | (4,239,378) | (3,369,749) |
| **Total Primary Government** | $ 79,376,199 | $ 78,953,713 | $ 89,432,177 | $ 98,270,359 | $ 100,343,949 | $ 125,040,689 | $ 136,603,735 | $ 131,440,607 | $ 140,137,471 | $ 148,524,770 |

(Continued)

# CITY OF DELRAY BEACH, FLORIDA

## CHANGES IN NET POSITION (CONTINUED)
## LAST TEN FISCAL YEARS
## ACCRUAL BASIS OF ACCOUNTING

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| **Program Revenues (continued)** | | | | | | | | | | |
| **Changes in Net Position** | | | | | | | | | | |
| Governmental activities | $ 3,657,582 | $ 762,914 | $ 7,657,361 | $ 15,674,247 | $ 11,761,821 | $ 8,008,135 | $ 11,774,178 | $ 9,395,004 | $ 5,239,939 | $ 23,485,100 |
| Business-type activities | 4,141,761 | 6,197,678 | 6,179,342 | 5,848,185 | 10,792,489 | 7,201,021 | 5,305,202 | 4,711,057 | 4,040,874 | (2,286,754) |
| **Total Primary Government** | $ 7,799,343 | $ 6,960,592 | $ 13,836,703 | $ 21,522,432 | $ 22,554,310 | $ 15,209,156 | $ 17,079,380 | $ 14,106,061 | $ 9,280,813 | $ 21,198,346 |

# CITY OF DELRAY BEACH, FLORIDA

## GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
## LAST TEN FISCAL YEARS
## ACCRUAL BASIS OF ACCOUNTING

| Fiscal Year | Property Taxes | Tax Increment Revenue [1] | Franchise Fees | Utility Service Taxes | Sales and Use Tax [2] | Local Business Tax | Total |
|---|---|---|---|---|---|---|---|
| 2013 | $ 47,036,144 | $ -- | $ 4,640,568 | $ 8,958,647 | $ 1,310,488 | $ 748,768 | $ 62,694,615 |
| 2014 | 47,695,425 | -- | 5,134,527 | 9,307,370 | 1,341,267 | 737,231 | 64,215,820 |
| 2015 | 51,971,057 | -- | 5,269,680 | 9,462,152 | 1,397,627 | 786,579 | 68,887,095 |
| 2016 | 56,876,767 | -- | 5,132,170 | 9,383,744 | 1,426,451 | 839,208 | 73,658,340 |
| 2017 | 59,282,428 | -- | 5,209,446 | 9,468,782 | 3,654,505 | 911,668 | 78,526,829 |
| 2018 | 63,702,987 | 19,899,355 | 5,240,982 | 9,842,605 | 3,561,644 | 883,112 | 103,130,685 |
| 2019 | 68,084,866 | 22,176,796 | 5,317,253 | 10,032,079 | 3,633,681 | 876,577 | 110,121,252 |
| 2020 | 71,371,233 | 23,768,504 | 5,114,526 | 9,926,040 | 3,542,170 | 850,765 | 114,573,238 |
| 2021 | 76,496,032 | 29,953,112 | 5,898,386 | 10,336,932 | 3,447,611 | 836,610 | 126,968,683 |
| 2022 | 80,357,911 | 31,212,159 | 6,218,454 | 10,580,371 | 3,627,718 | 875,656 | 132,872,269 |

(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

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| **General Fund** | | | | | | | | | | |
| Nonspendable: | | | | | | | | | | |
| Inventories | $ 31,810 | $ 22,270 | $ 20,467 | $ 20,091 | $ 18,465 | $ 52,610 | $ 74,653 | $ 14,064 | $ 19,844 | $ 14,499 |
| Prepaid items | 796,362 | 803,979 | 912,548 | 669,738 | 32,809 | 60,108 | 48,530 | 624,612 | 469,796 | 572,416 |
| Long-term notes receivable | 3,139,659 | 3,139,659 | 7,282,742 | 3,500 | -- | -- | -- | -- | -- | |
| Restricted for: | | | | | | | | | | |
| Capital improvements | 5,984 | 5,984 | 5,984 | 5,985 | 5,984 | 5,985 | 5,985 | 5,985 | 5,985 | 5,985 |
| Committed for: | | | | | | | | | | |
| Economic development | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 500,000 | 500,000 | 500,000 |
| Assigned to: | | | | | | | | | | |
| General government | 209,672 | 373,543 | -- | -- | 152,070 | 1,054,033 | 57,334 | 85,347 | 113,542 | 327,647 |
| Public safety | -- | -- | -- | -- | 578,755 | 399,084 | 267,151 | 133,608 | 175,757 | 357,772 |
| Physical environment | -- | -- | -- | -- | 1,110,890 | 466,039 | 501,087 | 276,013 | 376,106 | 280,343 |
| Parks and recreation | -- | -- | -- | -- | 36,597 | 44,076 | 4,748 | 145,125 | 130,761 | 135,136 |
| Subsequent year's budget | -- | -- | -- | 400,000 | -- | 3,148,441 | 1,034,959 | 5,235,823 | 5,235,823 | 2,500,000 |
| Unassigned | 22,864,687 | 23,700,352 | 31,843,644 | 36,984,767 | 39,273,110 | 37,908,768 | 42,538,044 | 37,992,606 | 42,914,320 | 47,672,066 |
| **Total General Fund** | $ 28,048,174 | $ 29,045,787 | $ 41,065,385 | $ 39,084,081 | $ 42,208,680 | $ 44,139,144 | $ 45,532,491 | $ 45,013,183 | $ 49,941,934 | $ 52,365,864 |
| **All Other Governmental Funds** | | | | | | | | | | |
| Nonspendable: | | | | | | | | | | |
| Prepaid items | $ -- | $ -- | $ 935 | $ 750 | $ -- | $ 29,314 | $ 81,886 | $ -- | $ 5,089 | $ 5,431 |
| Long-term notes receivable | -- | -- | -- | -- | -- | -- | -- | -- | -- | 4,038,931 |
| Restricted for: | | | | | | | | | | |
| Debt service | 520,914 | 519,593 | 1,514,496 | 1,512,898 | 1,555,006 | 1,549,816 | 1,530,068 | 1,564,902 | 1,593,479 | 1,622,104 |
| Law enforcement | 815,232 | 946,004 | 1,195,724 | 1,307,711 | 1,166,924 | 1,109,178 | 1,214,333 | 1,297,619 | 1,334,197 | 1,193,549 |
| Capital improvements | 276,804 | 274,304 | 275,595 | 275,595 | 34,519,980 | 36,078,700 | 35,421,150 | 27,200,787 | 23,534,371 | 22,571,567 |
| Community development | 733,533 | 556,557 | 1,890,147 | 1,995,011 | 1,618,720 | 1,715,729 | 1,637,261 | 1,614,749 | 961,892 | 5,458,000 |
| Committed for: | | | | | | | | | | |
| Economic development | -- | -- | -- | -- | -- | -- | 3,859,229 | 3,823,987 | 4,336,151 | -- |
| Assigned to: | | | | | | | | | | |
| Public safety | 126,383 | 127,523 | 124,615 | 137,876 | 178,284 | 192,590 | 174,553 | 192,709 | 285,132 | 206,665 |
| Physical environment | -- | -- | -- | -- | -- | -- | | -- | -- | -- |
| Parks and recreation | 1,328,551 | 1,404,962 | 1,586,977 | 1,773,431 | 302,628 | 281,695 | 489,693 | 1,058,823 | 976,659 | 1,283,709 |
| Capital improvements | 12,170,799 | 20,530,505 | 22,686,037 | 17,304,033 | 17,041,318 | 24,209,669 | 19,691,591 | 27,287,858 | 31,581,464 | 28,689,368 |
| Subsequent year's budget | -- | -- | -- | -- | -- | 6,977,412 | 16,404,645 | 19,260,521 | 22,679,957 | 30,001,648 |
| Unassigned | | | | | | | | | | |
| Special Revenue Funds (deficit) | (11,483) | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| **Total all Other Governmental Funds** | $ 15,960,733 | $ 24,359,448 | $ 29,274,526 | $ 24,307,305 | $ 56,382,860 | $ 72,144,103 | $ 80,504,409 | $ 83,301,955 | $ 87,288,391 | $ 95,070,972 |

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

# CITY OF DELRAY BEACH, FLORIDA

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
## LAST TEN FISCAL YEARS
## MODIFIED ACCRUAL BASIS OF ACCOUNTING

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | | | | |
| Taxes | $ 58,054,047 | $ 59,081,293 | $ 63,617,415 | $ 68,526,170 | $ 73,317,383 | $ 97,889,703 | $ 104,803,999 | $ 109,458,712 | $ 117,618,037 | $ 123,026,097 |
| Licenses and permits | 9,281,304 | 10,431,335 | 12,124,145 | 11,364,551 | 14,557,921 | 14,150,027 | 14,799,891 | 12,942,583 | 16,544,078 | 10,486,582 |
| Intergovernmental | 13,451,822 | 20,324,228 | 13,675,216 | 10,950,638 | 13,004,054 | 15,761,576 | 17,308,566 | 17,677,610 | 20,821,235 | 27,058,305 |
| Charges for services | 11,300,477 | 11,357,851 | 12,148,312 | 12,468,984 | 12,461,409 | 13,147,960 | 15,689,112 | 13,718,981 | 16,533,044 | 27,920,348 |
| Fines and forfeitures | 1,191,070 | 1,267,052 | 1,666,774 | 1,597,619 | 1,515,703 | 1,474,365 | 2,047,606 | 1,390,810 | 1,170,536 | 1,633,336 |
| Miscellaneous | 8,130,876 | 7,900,378 | 14,592,475 | 17,785,403 | 15,230,734 | 14,891,618 | 17,935,376 | 23,712,529 | 20,836,025 | 15,515,618 |
| **Total Revenues** | 101,409,596 | 110,362,137 | 117,824,337 | 122,693,365 | 130,087,204 | 157,315,249 | 172,584,550 | 178,901,225 | 193,522,955 | 205,640,286 |
| **Expenditures** | | | | | | | | | | |
| Current | | | | | | | | | | |
| General government | 17,639,897 | 21,181,580 | 18,948,238 | 23,125,406 | 24,211,901 | 28,034,121 | 31,145,975 | 30,291,065 | 34,293,485 | 41,086,122 |
| Public safety | 54,885,089 | 56,479,283 | 61,070,530 | 65,947,616 | 67,581,678 | 69,350,959 | 78,484,385 | 81,090,925 | 83,272,983 | 88,075,383 |
| Physical environment | 5,427,738 | 5,474,282 | 5,828,266 | 5,557,126 | 7,371,526 | 10,359,928 | 11,010,999 | 10,027,960 | 9,586,044 | 10,502,266 |
| Parks and recreation | 21,758,749 | 12,942,976 | 11,718,153 | 11,936,500 | 11,973,800 | 12,652,879 | 13,235,662 | 14,432,115 | 14,446,274 | 16,027,183 |
| Economic development | -- | -- | -- | -- | -- | 11,244,955 | 10,920,391 | 20,051,187 | 20,002,537 | 11,885,823 |
| Capital outlay | 5,367,587 | 7,184,219 | 7,950,057 | 9,839,169 | 11,806,866 | 12,658,192 | 10,261,376 | 13,042,023 | 17,365,711 | 21,586,719 |
| Debt service | | | | | | | | | | |
| Principal retirement | 6,932,904 | 5,489,848 | 14,676,629 | 11,197,870 | 3,468,713 | 7,390,732 | 8,533,634 | 8,108,299 | 8,994,808 | 8,890,243 |
| Interest and other fiscal charges | 2,423,784 | 2,128,407 | 2,157,085 | 2,350,249 | 2,151,910 | 2,750,170 | 2,693,240 | 2,477,899 | 2,211,804 | 1,959,236 |
| Bond issue costs | 18,574 | 42,030 | 620,925 | -- | 70,560 | -- | -- | -- | -- | -- |
| **Total Expenditures** | 114,454,322 | 110,922,625 | 122,969,883 | 129,953,936 | 128,636,954 | 154,441,936 | 166,285,662 | 179,521,473 | 190,173,646 | 200,012,975 |
| **Excess of Revenues Over (Under) Expenditures** | (13,044,726) | (560,488) | (5,145,546) | (7,260,571) | 1,450,250 | 2,873,313 | 2,873,313 | (620,248) | 3,349,309 | 5,627,311 |
| **Other Financing Sources (Uses)** | | | | | | | | | | |
| Issuance of bonds | 2,629,000 | 8,810,000 | 42,285,456 | -- | 31,500,000 | 1,250,000 | 1,950,000 | -- | -- | -- |
| Bond anticipation note issued | 11,799,612 | 6,190,036 | 1,799,244 | -- | -- | -- | -- | -- | -- | -- |
| Installment agreement issued | -- | -- | -- | -- | -- | 1,004,607 | -- | -- | 1,011,144 | -- |
| Proceeds from the sale of capital assets | 889 | -- | 934 | 790 | 42,309 | 1,443,597 | 46,013 | 2,870 | 2,007,876 | 652,979 |
| Leases (right of use assets) acquired | -- | -- | -- | -- | -- | -- | -- | -- | -- | 279,549 |
| Redemption of bonds | -- | (8,767,970) | (25,568,032) | -- | -- | -- | -- | -- | -- | -- |
| Transfers in | 8,049,046 | 7,096,181 | 6,159,463 | 10,953,739 | 13,395,520 | 12,559,561 | 9,498,922 | 9,147,019 | 12,206,146 | 13,854,787 |
| Transfers out | (4,396,496) | (3,371,431) | (2,596,843) | (10,644,483) | (11,187,925) | (9,163,070) | (8,040,170) | (6,251,403) | (9,659,288) | (10,208,115) |
| **Total Other Financing Sources (Uses)** | 18,082,051 | 9,956,816 | 22,080,222 | 310,046 | 33,749,904 | 7,094,695 | 3,454,765 | 2,898,486 | 5,565,878 | 4,579,200 |
| **Net Change in Fund Balances** | $ 5,037,325 | $ 9,396,328 | $ 16,934,676 | $ (6,950,525) | $ 35,200,154 | $ 9,968,008 | $ 6,328,078 | $ 2,278,238 | $ 8,915,187 | $ 10,206,511 |
| **Debt Service as a Percentage of Non-Capital Expenditures** | 8.58% | 7.34% | 14.64% | 11.28% | 4.81% | 7.15% | 7.20% | 6.36% | 6.49% | 6.08% |

# CITY OF DELRAY BEACH, FLORIDA

## GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
## LAST TEN FISCAL YEARS
## MODIFIED ACCRUAL BASIS OF ACCOUNTING

| Fiscal Year | Property Taxes | Tax Increment Revenue [1] | Utility Service Taxes | Sales and Use Tax [2] | Local Business Tax | Total |
|---|---|---|---|---|---|---|
| 2013 | $ 47,036,144 | $ -- | $ 8,958,647 | $ 1,310,488 | $ 748,768 | $ 58,054,047 |
| 2014 | 47,695,425 | -- | 9,307,370 | 1,341,267 | 737,231 | 59,081,293 |
| 2015 | 51,971,057 | -- | 9,462,152 | 1,397,627 | 786,579 | 63,617,415 |
| 2016 | 56,876,767 | -- | 9,383,744 | 1,426,451 | 839,208 | 68,526,170 |
| 2017 | 59,282,428 | -- | 9,468,782 | 3,654,505 | 911,668 | 73,317,383 |
| 2018 | 63,702,987 | 19,899,355 | 9,842,605 | 3,561,644 | 883,112 | 97,889,703 |
| 2019 | 68,084,866 | 22,176,796 | 10,032,079 | 3,633,681 | 876,577 | 104,803,999 |
| 2020 | 71,371,233 | 23,768,504 | 9,926,040 | 3,542,170 | 850,765 | 109,458,712 |
| 2021 | 76,496,032 | 29,953,112 | 10,336,932 | 3,447,611 | 836,610 | 121,070,297 |
| 2022 | 80,357,911 | 31,212,159 | 10,580,371 | 3,627,718 | 875,656 | 126,653,815 |

(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 | | | | Less | | | Estimated | Total Taxable Assessed |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Real Property | Personal Property | Centrally Assessed Property | Total | Tax Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate | Actual Value | Value as a % of Estimated Actual Value |
| 2013 | 2012 | 7,694,442,624 | 300,188,574 | 3,534,871 | 7,998,166,069 | 1,791,146,696 | 6,207,019,373 | 7.8033 | 7,432,751,782 | 83.51% |
| 2014 | 2013 | 8,394,493,799 | 303,495,744 | 3,999,617 | 8,701,989,160 | 2,107,124,944 | 6,594,864,216 | 7.5064 | 7,834,736,483 | 84.17% |
| 2015 | 2014 | 9,466,869,392 | 313,309,504 | 4,639,408 | 9,784,818,304 | 2,545,422,652 | 7,239,395,652 | 7.4639 | 8,495,771,769 | 85.21% |
| 2016 | 2015 | 10,791,342,859 | 335,931,328 | 4,706,897 | 11,131,981,084 | 3,150,639,602 | 7,981,341,482 | 7.3367 | 9,266,850,397 | 86.13% |
| 2017 | 2016 | 12,078,341,921 | 350,472,163 | 5,116,264 | 12,433,930,348 | 3,632,397,474 | 8,799,184,526 | 7.2107 | 10,139,528,779 | 86.78% |
| 2018 | 2017 | 13,031,532,052 | 308,798,836 | 5,280,088 | 13,345,610,976 | 3,735,290,582 | 9,610,320,394 | 7.0900 | 11,025,497,279 | 87.16% |
| 2019 | 2018 | 13,745,764,634 | 326,159,163 | 5,440,000 | 14,077,363,797 | 3,661,522,344 | 10,415,841,453 | 6.9719 | 11,877,807,039 | 87.69% |
| 2020 | 2019 | 14,520,154,928 | 331,487,068 | 7,773,129 | 14,859,415,125 | 3,769,536,808 | 11,089,878,317 | 6.8645 | 12,604,762,821 | 87.98% |
| 2021 | 2020 | 15,254,496,718 | 370,020,858 | 7,313,944 | 15,631,831,520 | 3,743,463,842 | 11,888,367,678 | 6.8497 | 13,466,726,469 | 88.28% |
| 2022 | 2021 | 16,033,087,922 | 379,233,767 | 6,918,805 | 16,419,240,494 | 3,917,331,096 | 12,501,909,398 | 6.8403 | 14,107,445,839 | 88.62% |

**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 County, Florida).

# CITY OF DELRAY BEACH, FLORIDA

## PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
## LAST TEN FISCAL YEARS

| Fiscal Year Ending September 30, | General Fund | Debt Service | Total City of Delray Beach | School District | Palm Beach County | Special Taxing Districts | Total All |
|---|---|---|---|---|---|---|---|
| 2013 | 7.1992 | 0.6041 | 7.8033 | 7.7780 | 4.9902 | 2.3154 | 22.8869 |
| 2014 | 7.1611 | 0.3453 | 7.5064 | 7.5859 | 4.9902 | 2.2800 | 22.3625 |
| 2015 | 7.1611 | 0.3028 | 7.4639 | 7.5940 | 4.9729 | 2.1732 | 22.2040 |
| 2016 | 7.0611 | 0.2756 | 7.3367 | 7.5120 | 4.9277 | 2.0974 | 21.8738 |
| 2017 | 6.9611 | 0.2496 | 7.2107 | 7.0700 | 4.9142 | 1.9453 | 21.1402 |
| 2018 | 6.8611 | 0.2289 | 7.0900 | 6.7690 | 4.9023 | 1.7818 | 20.5431 |
| 2019 | 6.7611 | 0.2108 | 6.9719 | 6.5720 | 4.8980 | 1.6920 | 20.1339 |
| 2020 | 6.6611 | 0.2034 | 6.8645 | 7.1640 | 4.8580 | 1.6873 | 20.5738 |
| 2021 | 6.6611 | 0.1886 | 6.8497 | 7.0100 | 4.8124 | 1.6753 | 20.3474 |
| 2022 | 6.6611 | 0.1792 | 6.8403 | 6.8750 | 4.8149 | 1.6386 | 20.1688 |

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, 2022

| | 2022 | | | | 2013 | | | |
|---|---|---|---|---|---|---|---|---|
| | Taxable Assessed Valuation | Taxes Levied | Rank | Percentage of Total Taxes Levied | Taxable Assessed Valuation | Taxes Levied | Rank | Percentage of Total Taxes Levied |
| Florida Power and Light Co. | $ 141,555,340 | 968,281 | 1 | 1.13% | $ 77,319,339 | $ 603,346 | 1 | 1.27% |
| Tenet Healthcare Corp | 125,000,792 | 855,043 | 2 | 1.00% | 37,383,927 | 291,718 | 5 | 0.61% |
| CO BB Delray Owner LLC | 98,172,642 | 671,530 | 3 | 0.79% | | | | |
| Citation Club Investors | 91,835,555 | 628,183 | 4 | 0.73% | 42,925,429 | 334,960 | 4 | 0.70% |
| Granite Worthing LLC | 82,733,990 | 565,925 | 5 | 0.66% | 49,055,015 | 382,791 | 3 | 0.80% |
| CH Realty IX/MF Boca Raton | 78,377,812 | 536,128 | 6 | 0.63% | | | | |
| Lifespace Communities Inc | 66,454,487 | 454,569 | 7 | 0.53% | 29,948,099 | 233,694 | 9 | 0.49% |
| Depot FL Partners LLC | 62,190,539 | 425,402 | 8 | 0.50% | | | | |
| TA Delray Beach LLC | 58,942,206 | 403,182 | 9 | 0.47% | | | | |
| Linton Delray LLC | 57,711,368 | 394,763 | 10 | 0.46% | 35,323,389 | 275,639 | 7 | 0.58% |
| Ocean Properties Ltd. | -- | -- | - | - | 36,541,848 | 285,147 | 6 | 0.60% |
| Fairfield Spring Harbors LLC | -- | -- | - | - | 52,832,263 | 412,266 | 2 | 0.87% |
| Morse Operations Inc. | -- | -- | - | - | 30,098,164 | 234,865 | 8 | 0.49% |
| Investors Warranty of America, Inc. | -- | -- | - | - | 22,413,466 | 174,899 | 10 | 0.37% |
| Totals | $ 862,974,731 | $ 5,903,006 | | 6.90% | $ 413,840,939 | $ 3,229,325 | | 6.78% |

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

| | | |
|---|---|---|
| **Net Tax Levy:** | | |
| Fiscal Year | 2022 | $ 85,518,601 |
| Fiscal Year | 2013 | $ 47,610,690 |
| **City Millage Rate:** | | |
| Fiscal Year | 2022 | 6.8403 |
| Fiscal Year | 2013 | 7.8033 |

# CITY OF DELRAY BEACH, FLORIDA

## PROPERTY TAX LEVIES AND COLLECTIONS
## LAST TEN FISCAL YEARS

| Fiscal Year Ending September 30, | Net Tax Levy* | Current Tax Collections | Percent of Levy Collected | Delinquent Tax Collections | Total Property Tax Collections | Collections as a Percent of Current Levy |
|---|---|---|---|---|---|---|
| 2013 | $ 47,610,690 | $ 46,571,308 | 97.82% | $ 464,836 | $ 47,036,144 | 98.79% |
| 2014 | 54,077,708 | 51,832,318 | 95.85% | 138,739 | 51,971,057 | 96.10% |
| 2015 | 58,557,569 | 56,789,971 | 96.98% | 86,796 | 56,876,767 | 97.13% |
| 2016 | 58,512,469 | 58,688,757 | 100.30% | 593,671 | 59,282,428 | 101.32% |
| 2017 | 63,449,114 | 63,527,367 | 100.12% | 175,620 | 63,702,987 | 100.40% |
| 2018 | 68,138,009 | 68,064,438 | 99.89% | 20,428 | 68,084,866 | 99.92% |
| 2019 | 72,618,995 | 67,980,754 | 93.61% | 104,112 | 68,084,866 | 93.76% |
| 2020 | 76,127,852 | 73,356,606 | 96.36% | 107,922 | 73,464,528 | 96.50% |
| 2021 | 81,433,074 | 78,552,211 | 96.46% | 111,321 | 78,663,532 | 96.60% |
| 2022 | 85,518,601 | 82,464,055 | 96.43% | 57,985 | 82,522,040 | 96.50% |

**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

| | Governmental Activities | | | | Business-type Activities | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year | General Obligation Bonds | Revenue Bonds | Obligation Under Installment Agreements | Capital Leases | Revenue Bonds | Capital Appreciation Bonds | Obligation Under Installment Agreements | Capital Leases | Total Primary Government | Total Debt as a Percentage of Personal Income | Debt Per Capita |
| 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 |
| 2021 | 6,055,000 | 52,745,000 | 1,452,612 | -- | 1,925,000 | -- | 9,772 | -- | 62,187,384 | 1.70% | 872 |
| 2022 | 4,110,000 | 47,415,000 | 923,551 | 177,063 | -- | -- | -- | 169,433 | 52,795,047 | 1.56% | 779 |

# CITY OF DELRAY BEACH, FLORIDA

## RATIOS OF GENERAL BONDED DEBT OUTSTANDING
## LAST TEN FISCAL YEARS

| Fiscal Year | General Obligation Bonds | Less: Amounts Available in Debt Service Fund | Total | Assessed Value of Taxable Property | Debt as a Percentage of Assessed Value of Taxable Property | Population | General Bonded Debt Per Capita |
|---|---|---|---|---|---|---|---|
| 2013 | $ 22,081,834 | $ -- | $ 22,081,834 | $ 6,207,019,373 | 0.36% | 61,801 | $ 357 |
| 2014 | 17,970,000 | -- | 17,970,000 | 6,594,864,216 | 0.27% | 62,700 | 287 |
| 2015 | 16,435,000 | -- | 16,435,000 | 7,239,395,652 | 0.23% | 63,175 | 260 |
| 2016 | 14,845,000 | -- | 14,845,000 | 7,981,341,482 | 0.19% | 63,972 | 232 |
| 2017 | 13,205,000 | 43,762 | 13,161,238 | 8,799,184,526 | 0.15% | 65,804 | 200 |
| 2018 | 11,505,000 | 40,372 | 11,464,628 | 9,610,320,394 | 0.12% | 69,228 | 166 |
| 2019 | 9,755,000 | 22,424 | 9,732,576 | 10,415,841,453 | 0.09% | 69,957 | 139 |
| 2020 | 7,935,000 | 59,058 | 7,875,942 | 11,089,878,317 | 0.07% | 70,767 | 111 |
| 2021 | 6,055,000 | -- | 6,055,000 | 11,888,367,678 | 0.05% | 71,309 | 85 |
| 2022 | 4,110,000 | 87,635 | 4,022,365 | 12,501,909,398 | 0.03% | 67,744 | 59 |

**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, 2022

.

| | Total Outstanding | Percentage Applicable to City of Delray Beach[1] | Amount Applicable to City of Delray Beach |
|---|---|---|---|
| Direct: | | | |
| City of Delray Beach | $ 52,794,562 | 100.00% | $ 52,794,562 |
| Overlapping: | | | |
| Palm Beach County | 26,250,000 | 4.90% | 1,286,250 |
| Palm Beach County School District Certificates of Participation | 1,265,425 | 5.63% | 71,243 |
| Total overlapping debt | 27,515,425 | | 1,357,493 |
| **Total Direct and Overlapping Debt** | $ 80,309,987 | | $ 54,152,055 |
| Population | | | 67,744 |
| Total direct and overlapping debt per capita | | | $ 799 |

[1] Estimates based on 2020 ratio of assessed taxable values.

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

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

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

# CITY OF DELRAY BEACH, FLORIDA

## WATER AND SEWER PLEDGED REVENUE COVERAGE
## LAST TEN FISCAL YEARS

| Fiscal Year | Gross Revenue [1] | Operating Expenses [2] | Revenue Available for Debt Coverage | Current Debt Expenses [3] | Current Coverage [4] |
|---|---|---|---|---|---|
| 2013 | $ 31,418,727 | $ 18,806,440 | $ 12,612,287 | $ 5,882,394 | 2.14 |
| 2014 | 32,002,573 | 18,831,725 | 13,170,848 | 11,480,122 | 1.15 |
| 2015 | 32,717,661 | 19,392,578 | 13,325,083 | 434,399 | 30.67 |
| 2016 | 33,402,805 | 19,693,777 | 13,709,028 | 2,057,854 | 6.66 |
| 2017 | 35,198,510 | 21,903,576 | 13,294,934 | 2,058,376 | 6.46 |
| 2018 | 34,240,093 | 21,342,061 | 12,898,032 | 2,058,364 | 6.27 |
| 2019 | 34,302,655 | 22,759,259 | 11,543,396 | 2,056,789 | 5.61 |
| 2020 | 34,695,476 | 24,598,927 | 10,096,549 | 1,937,403 | 5.21 |
| 2021 | 34,927,566 | 25,128,576 | 9,798,990 | 1,951,329 | 5.02 |
| 2022 | 36,224,251 | 31,055,522 | 5,168,729 | -- | N/A |

(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

| | 2022 | | | 2013 | | |
|---|---|---|---|---|---|---|
| Employer | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Delray Medical Center | 1,280 | 1 | 3.42% | 1,520 | 1 | N/A |
| Palm Beach County School District | 1,029 | 2 | 2.75% | 990 | 2 | N/A |
| City of Delray Beach | 856 | 3 | 2.28% | 803 | - | N/A |
| Publix Supermarkets | 725 | 4 | 1.93% | 586 | 3 | N/A |
| Seo Every Where | 500 | 5 | 1.33% | - | - | - |
| Ed Morse Delray Toyota & Scion | 450 | 6 | 1.20% | 350 | 7 | N/A |
| Annco Services | 400 | 7 | 1.07% | 400 | 6 | N/A |
| Meisner Electric Inc of FL | 370 | 8 | 0.99% | - | - | - |
| Shullman Technology Group | 350 | 9 | 0.93% | - | - | - |
| Home Depot, Inc. | 318 | 10 | 0.85% | 318 | 9 | N/A |
| Palm Beach County | - | - | - | 520 | 4 | N/A |
| Delray Motors | - | - | - | 300 | 10 | N/A |
| Target | - | - | - | 350 | 7 | N/A |
| Jetflite Inc | - | - | - | 425 | 5 | N/A |
| **Totals** | 6,278 | | 16.75% | 6,562 | | N/A |
| Total Employment for Delray Beach: | 37,480 | | | N/A | | |

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

N/A Data is not available for 2013.

# CITY OF DELRAY BEACH, FLORIDA

## DEMOGRAPHIC AND ECONOMIC STATISTICS
## LAST TEN FISCAL YEARS

| Fiscal Year | City Population[1] | County Population[1] | Per Capita Personal Income[2] | Estimated Total Personal Income[3] | Median Age[1] | School Enrollment[4] | Unemployment Rate[1] |
|---|---|---|---|---|---|---|---|
| 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% |
| 2021 | 71,309 | 1,594,618 | 51,190 | 3,650,307,710 | 45.0 | 6,478 | 3.8% |
| 2022 | 67,744 | 1,516,419 | 49,955 | 3,384,151,520 | 47.6 | 7,127 | 5.5% |

**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 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| General Government | 67 | 59 | 63 | 73 | 81 | 74 | 81 | 103 | 79 | 89 |
| Public Safety | | | | | | | | | | |
| Community Improvement | 5 | 5 | 8 | 6 | 12 | 14 | 14 | 15 | 13 | 13 |
| Planning & Zoning | 16 | 13 | 14 | 15 | 16 | 17 | 14 | 16 | 16 | 19 |
| Building Inspection | 20 | 16 | 14 | 19 | 20 | 20 | 22 | 20 | 24 | 28 |
| Code Compliance | 17 | 15 | 19 | 18 | 18 | 17 | 18 | 16 | 19 | 19 |
| Law Enforcement | 229 | 225 | 213 | 217 | 222 | 231 | 229 | 227 | 237 | 217 |
| Fire Control | 160 | 157 | 173 | 183 | 186 | 196 | 196 | 192 | 202 | 194 |
| Community Development | | | | | | | | | | |
| Block Grant | 7 | 6 | 5 | 10 | 6 | 6 | 3 | 2 | 2 | 3 |
| Insurance | 4 | 4 | 3 | 4 | 2 | 2 | 2 | 3 | 3 | 3 |
| City Garage | 12 | 12 | 10 | 13 | 15 | 13 | 11 | 13 | 13 | 13 |
| Physical Environment | | | | | | | | | | |
| Public Works | 26 | 27 | 22 | 21 | 22 | 36 | 39 | 32 | 39 | 58 |
| Engineering | 7 | 7 | 6 | 6 | 7 | 9 | 9 | 8 | 11 | 15 |
| Sanitation | 4 | 4 | 4 | 4 | 4 | 3 | 3 | 3 | 3 | 11 |
| Stormwater Utility | 7 | 6 | 5 | 7 | 7 | 5 | 6 | 6 | 7 | 5 |
| Parks and Recreation | 105 | 136 | 111 | 105 | 107 | 113 | 89 | 75 | 69 | 67 |
| Water & Sewer Utility | 118 | 117 | 111 | 114 | 111 | 92 | 102 | 103 | 102 | 102 |
| **Total** | **803** | **809** | **778** | **813** | **835** | **846** | **838** | **834** | **839** | **856** |

**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 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Public Safety** | | | | | | | | | | |
| **Police** | | | | | | | | | | |
| Stations | 3 | 3 | 3 | 3 | 2 | 2 | 1 | 1 | 1 | 1 |
| Patrol units | 181 | 201 | 209 | 212 | 206 | 214 | 223 | 228 | 212 | 213 |
| **Fire** | | | | | | | | | | |
| Fire stations [(1)] | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Fire trucks | 10 | 10 | 9 | 9 | 12 | 12 | 12 | 12 | 11 | 12 |
| ALS rescue vehicles | 9 | 9 | 9 | 9 | 12 | 12 | 12 | 12 | 11 | 11 |
| **Leisure Services** | | | | | | | | | | |
| Ballfields - lighted | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| Basketball courts | 5 | 5 | 5 | 5 | 5 | 5 | 7 | 7 | 7 | 7 |
| Football/Soccer fields [(2)] | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Tennis courts | 48 | 48 | 48 | 48 | 48 | 48 | 48 | 48 | 48 | 48 |
| Parks [(3)] | 22 | 22 | 23 | 24 | 24 | 59 | 59 | 59 | 59 | 59 |
| **Roads and Streets** | | | | | | | | | | |
| Lane miles [(4)] | 321 | 321 | 308 | 308 | 309 | 310 | 310 | 310 | 310 | 310 |

**Source:** City of Delray Beach departments

The following data is not available:

Sanitation
Roads & Streets
Water/Sewer Utility

(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 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Public Safety** | | | | | | | | | | |
| **Police** | | | | | | | | | | |
| Physical arrests | 2,068 | 2,012 | 2,014 | 1,793 | 2,262 | 2,097 | 2,361 | 2,146 | 1,753 | 1,761 |
| Traffic violations | 10,135 | 10,913 | 19,702 | 19,703 | 17,815 | 18,472 | 22,396 | 17,801 | 21,064 | 16,893 |
| **Fire** | | | | | | | | | | |
| Number of calls | 13,171 | 13,406 | 13,255 | 12,136 | 16,404 | 15,877 | 16,383 | 16,397 | 16,214 | 17,094 |
| **Parks and Recreation** | | | | | | | | | | |
| **Library** | | | | | | | | | | |
| Circulation | 234,029 | 226,938 | 191,759 | 187,400 | 180,989 | 170,969 | 200,348 | 138,977 | 205,534 | 192,329 |
| Programs offered | 975 | 808 | 791 | 756 | 1,506 | 1,982 | 2,612 | 2,276 | 907 | 1,790 |
| Program attendance | 25,052 | 23,055 | 24,488 | 22,232 | 19,663 | 26,894 | 34,891 | 19,205 | 8,590 | 12,113 |
| **Leisure Services (1)** | | | | | | | | | | |
| Youth athletic participants | 20,238 | 38,220 | 35,638 | 29,573 | 24,000 | 36,000 | 2,405 | 2,136 | 1,444 | 1,711 |
| Camp program participants | 525 | 382 | 2,021 | 1,845 | 953 | 900 | 364 | 58 | 250 | 247 |
| Class participants | 54,839 | 59,342 | 50,747 | 49,786 | 36,605 | 25,000 | 21,096 | 20,320 | 9,071 | 5,187 |
| **Water/Sewer Utility** | | | | | | | | | | |
| Water customers | 21,795 | 22,010 | 22,132 | 22,212 | 20,392 | 22,556 | 20,985 | 21,761 | 21,738 | 22,219 |
| Water main breaks | 401 | 374 | 477 | 373 | 305 | 268 | 11 | 13 | 6 | 23 |
| Sewer customers | 20,950 | 20,505 | 20,784 | 20,329 | 20,475 | 19,413 | 19,686 | 20,625 | 20,637 | 20,956 |
| Sewer main breaks | -- | -- | -- | 1 | 1 | 5 | 2 | 2 | 2 | -- |
| Avg daily water consumption (thousands of gallons) | 11,029 | 10,925 | 11,000 | 11,759 | 12,008 | 14,960 | 15,800 | 11,285 | 12,519 | 12,537 |

**Source:** City departments and the Delray Beach Public Library

The following data is not available:

Public Safety
Sanitation
Roads & Streets

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

# REPORTING SECTION

MARCUM
ACCOUNTANTS ▲ ADVISORS

# INDEPENDENT AUDITORS' 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,
City Commission and City Manager
**City of Delray Beach, Florida**

We have audited, in accordance with auditing standards generally accepted in the Unites States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), 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 fiscal year ended September 30, 2022, 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 June 30, 2023.

## *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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item SD 2021-001 that we consider to be a significant deficiency.

***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*.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the finding identifies179 in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***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.

Marcum LLP

West Palm Beach, Florida
June 30, 2023

MARCUM
ACCOUNTANTS ▲ ADVISORS

# INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

## Report on Compliance for Each Major Federal Program

### *Opinion on Each Major Federal Program*

We have audited the City of Delray Beach, Florida (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City's major federal programs for the fiscal year ended September 30, 2022. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended September 30, 2022.

### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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. Accordingly, this report is not suitable for any other purpose.




West Palm Beach, FL
June 30, 2023

## CITY OF DELRAY BEACH, FLORIDA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

| Federal Grantor/ Pass-through Grantor Program or Cluster Title | Assistance Listing Number | Grant Number/ Pass-through Entity Identifying Number | Federal Expenditures |
|---|---|---|---|
| **United States Department of Housing and Urban Development** | | | |
| Direct Programs: | | | |
| CDBG - Entitlement Grants Cluster | | | |
| Community Development Block Grants/Entitlement Grants Cluster | 14.218 | B-20-MC-12-0033 | $ 329,622 |
| Community Development Block Grants/Entitlement Grants Cluster | 14.218 | B-21-MC-12-0033 | 432,907 |
| Community Development Block Grants/Entitlement Grants Cluster | 14.218 | B-20-MW-12-0033 | 229,639 |
| **Total CDBG - Entitlement Grants Cluster** | | | 992,168 |
| **Total United States Department of Housing and Urban Development** | | | **992,168** |
| **United States Department of Justice** | | | |
| Direct Programs: | | | |
| Public Safety Partnership & Community Policing Grants | 16.710 | 2020MHWXK022 | 6,834 |
| **Total United States Department of Treasury** | | | **6,834** |
| **United States Department of Transportation** | | | |
| Indirect Programs: | | | |
| Highway Planning and Construction Cluster | | | |
| Passed through Florida Department of Transportation | | | |
| Highway Planning and Construction (Federal-Aid Highway Program) | 20.205 | G1556 | 96,247 |
| Highway Planning and Construction (Federal-Aid Highway Program) | 20.205 | G1G01 | 114,708 |
| Highway Planning and Construction (Federal-Aid Highway Program) | 20.205 | G1K33 | 282,742 |
| **Total Highway Planning and Construction Cluster** | | | **493,697** |
| Highway Safety Cluster | | | |
| Passed through Florida Department of Transportation | | | |
| State and Community Highway Safety | 20.600 | G2220 | 50,000 |
| National Priority Safety Program | 20.616 | G2208 | 60,000 |
| **Total Highway Safety Cluster** | | | **110,000** |
| **Total United States Department of Transportation** | | | **603,697** |
| **United States Department of Homeland Security** | | | |
| Indirect Program: | | | |
| Passed through Florida Division of Emergency Management: | | | |
| Hurricane Irma Federal Assistance | 97.036 | Z1118 | 556,620 |
| Homeland Security Grant Program | 97.067 | EMW-2020-SS-00035-S01 | 26,300 |
| Passed through Florida Division of Emergency Management: | | | |
| Assistance to Firefighters Grant | 97.083 | EMW-2018-FH-00601 | 451,193 |
| **Total United States Department of Homeland Security** | | | **1,034,113** |
| **United States Department of Treasury** | | | |
| Direct Programs: | | | |
| Coronavirus State and Local Fiscal Recovery Fund Award | 21.027 | | 4,604,502 |
| **Total United States Department of Justice** | | | **4,604,502** |
| **Total Expenditures of Federal Awards** | | | **$ 7,241,314** |

Note: No amounts provided to subrecipients.

***See notes to schedule of expenditures of federal awards.***

# CITY OF DELRAY BEACH, FLORIDA

## NOTES TO SCHEDULE OF EXENDITURES OF FEDERAL AWARDS

## FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

### NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Delray Beach, Florida (the "City") for the fiscal year ended September 30, 2022. The information in this Schedule is presented in accordance with the 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). 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, changes in net position/fund balance or cash flows of the City.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the 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.

The City made no payments to subrecipients from Federal awards for the fiscal year ended September 30, 2022.

### NOTE 3 - INDIRECT COST RATE

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

## SECTION I - SUMMARY OF AUDITORS' RESULTS

### Financial Statements

| | |
|---|---|
| Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: | *Unmodified Opinion* |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | ___ Yes X No |
| Significant deficiency(ies) identified? | X Yes ___ None reported |
| Noncompliance material to financial statements noted? | ___ Yes X No |

### Federal Awards

| | |
|---|---|
| Internal control over major federal program: | |
| Material weakness(es) identified? | ___ Yes X No |
| Significant deficiency(ies) identified that are not considered to be material weaknesses? | ___ Yes X None reported |
| Type of auditor's report issued on compliance for major federal programs: | *Unmodified Opinion* |
| Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a)? | ___ Yes X No |

### Identification of major federal programs:

| ***Major federal award programs*** | **Assistance Listing No.** |
|---|---|
| United States Department of Housing and Urban – Community Development Block Grants – Entitlement Grants Cluster | 14.218 |
| United States Department of Treasury – Coronavirus State and Local Fiscal Recovery Funds | 21.017 |

| | |
|---|---|
| Dollar threshold used to distinguish between Type A and Type B Federal award programs: | $ 750,000 |
| Auditee qualified as low-risk auditee? | X Yes ___ No |

## SECTION II - FINANCIAL STATEMENT FINDINGS

### *SIGNIFICANT DEFICIENCY*

### SD 2021-001 – INTERNAL CONTROLS OVER PAYROLL PROCESS

#### *Criteria*

An accurate time and attendance system should be in place so complete and accurate time sheets are submitted for all employees and controls should be in place to automate the payroll process and provide a proper audit trail.

#### *Condition*

The City's external auditor randomly selected 40 employees and pay periods for testing payroll expenditures during fiscal years 2019 and 2020. In fiscal year 2020, it was 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. This condition was reported as Management Letter Comment 2019-001 (Payroll Processing) in both fiscal years 2019 and 2020. Subsequently, an Internal Audit Report was released by the City's Internal Auditor on May 12, 2022 that reported findings and recommendations to improve payroll processing. The payroll software ERP system as currently configured for payroll, is lacking the adequate audit trail and automation of many sub-processes within payroll are manual processes which increases the possibility of errors. The City utilizes a manual (Excel) timesheets some employees which require manual input by the various City departments. There was also a lack of formal policies and procedures manuals for payroll processing.

#### *Cause*

It appears that inaccurate or incomplete timesheets are being submitted by employees in various City departments for processing. After the payroll is processed, revised or corrected timesheets are submitted and the reported hours for the subsequent pay period are modified to make the corrections. The financial software system as currently configured for payroll, is lacking the adequate audit trail and automation of many sub-processes within payroll, which are in turn defaulted to manual processing and review by staff. Another cause could be the lack of formal policies and procedures for payroll processing.

## SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

### *SIGNIFICANT DEFICIENCY (CONTINUED)*

### SD 2021-001 – INTERNAL CONTROLS OVER PAYROLL PROCESS (CONTINUED)

#### *Effect*

Payroll payments could be incorrectly calculated based on incorrect timesheets. Significant documentation and effort are required by the finance department to reconcile and process payroll entered by the various departments which increases the risk of errors in the City's payroll.

#### *Recommendation*

We recommend that 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. City's Management is also encouraged to implement a time and attendance system to eliminate the manual timesheets currently in place. The City should consider implementing 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.).

#### *Current Year Status*

On August 16, 2022, the City Commission approved an agreement with a third-party vendor for time and attendance solutions and services for effective workforce management. Implementation of the time and attendance software will allow the City to eliminate the manual timesheets that are currently in place. Furthermore, the City also intends to integrate Telestaff with the time and attendance software system which will eliminate the manual entry of payroll data for the Police and Fire departments. The City is currently preparing for end user testing which should occur by the end of July 2023. The projected go-live date for Phase I employees (which consists primarily of administrative non-shift personnel) is for September 30, 2023.

#### *Views Responsible Officials and Planned Corrective Action*

See accompanying Corrective Action Plan.

## SECTION III – FEDERAL AWARD PROGRAMS FINDINGS AND QUESTIONED COSTS

None

**CITY OF DELRAY BEACH, FLORIDA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

## NOTE I – PRIOR YEAR FINANCIAL FINDINGS

SD 2021-001 – Internal Controls Over Payroll Process has not been addressed and is repeated.

## NOTE II – PRIOR YEAR FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

MARCUM
ACCOUNTANTS ▲ ADVISORS

# MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Honorable Mayor,
City Commission and City Manager
**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 fiscal year ended September 30, 2022, and have issued our report thereon dated June 30, 2023.

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.

***Auditors' Responsibility***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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.

***Other Reporting Requirements***

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance; Schedule of Findings and Questioned Costs; Summary Schedule of Prior Audit Findings; and Independent Accountants' Report 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 schedules, which are dated June 30, 2023, should be considered in conjunction with this management letter.

***Prior Audit Findings***

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. 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. | 2021-20 FY Finding No. | 2020-19 FY Finding No. |
|---|---|---|
| 2021-001 | 2021-001 | None |

This management letter comment has not been addressed and requires further action and is reported as part of finding SD 2021-001 in the Schedule of Findings and Questioned Costs.

***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 fiscal year ended September 30, 2022.

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, 2022. 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. Our assessment was performed as of the fiscal year end.

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 which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

***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.

Marcum LLP

West Palm Beach, Florida
June 30, 2023

MARCUM
ACCOUNTANTS ▲ ADVISORS

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE PURSUANT TO SECTION 218.415 FLORIDA STATUTES

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

We have examined the City of Delray Beach, Florida (the "City") compliance with Section 218.415, Florida Statutes, Local Government Investment Policies for the fiscal year ended September 30, 2022. Management of 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 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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

In our opinion, the City complied, in all material respects, with Section 218.415, Florida Statutes, as of and for the fiscal year ended September 30, 2022.

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

Marcum LLP

West Palm Beach, Florida
June 30, 2023

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

DELRAY BEACH FLORIDA
All-America City
1993
2001

## CORRECTIVE ACTION PLAN

### SD 2021-001 – INTERNAL CONTROLS OVER PAYROLL PROCESS

Management concurs with the finding. Management has created a task force from the various department within the City to address the recommendations. Management is reviewing options for time and attendance reporting systems and implementation is expected approximately nine months after the City chooses a time and attendance software. Management is updating policies and procedures and expects to develop revised policy and procedures by September 2023.

Delray Beach Florida
All-America City
1993 · 2001 · 2017

**CITY OF DELRAY BEACH**
**Finance Department**

100 N.W. 1ST AVENUE ~ DELRAY BEACH, FLORIDA 33444 ~ (561) 243-7115

BEFORE ME, the undersigned authority, personally appeared Hugh B. Dunkley who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of City of Delray Beach which is a local Municipality of the State of Florida;

2. City of Delray Beach adopted Ordinance No. 9.92 implementing an impact fee; and

3. City of Delray Beach has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT

Hugh B. Dunkley

STATE OF FLORIDA

COUNTY OF PALM BEACH

SWORN TO AND SUBSCRIBED before me this 22 day of June, 2023.

Notary Public State of Florida
Nereida Martinez
My Commission
HH 267424
Exp. 5/23/2026

NOTARY PUBLIC

Print Name Nereida Martinez

Personally known ✓ or produced identification _____

Type of identification produced: In person

My Commission Expires: 5/23/2024




*Village By the Sea*

100 NW 1st Ave Delray Beach, FL 33444
(561) 243-7000
MyDelrayBeach.com