



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For Fiscal Year Ended
September 30, 2025



ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF DELRAY BEACH, FLORIDA

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Prepared by the

Finance Department

**Henry M. Dachowitz, Chief Financial Officer
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Jose Perez, Senior Accountant**

CITY OF DELRAY BEACH, FLORIDA

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INTRODUCTORY SECTION



May 28, 2026

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, 2025. 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.

CBIZ CPAs P.C., have issued unmodified opinions on the financial statements of the City of Delray Beach for the fiscal year ended September 30, 2025. The independent auditors' report is located at the front of the financial section of this document. Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' 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 72,352 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 some of the 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).

The City was recently recognized by *Government Technology with the Digital Cities Award* for its innovative efforts and technology projects impacting residents communitywide. Delray Beach was among last year's list of winners, following recent efforts to increase digital citizen engagement and access to information about city services and programs, making this the second time the City has received this honor and shows our commitment to improving our technology to serve the residents best. The City has also received multiple awards and recognition for its prestigious beach, including being named the #1 Best Beach in Florida by the 10Best Readers' Choice Awards for two consecutive years. The City has also been granted the prestigious Blue Flag Award for the fourth consecutive year. Our City is one of the three beaches in the continental United States to win this award. 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 ranked the 5th best city for small businesses in the U.S. by Verizon Business. Coastal Living Magazine has named it America's Happiest Seaside Town and one of Florida's 10 Best Little Beach Towns. 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, 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. 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) and the Delray Beach Downtown Development Authority (DDA). The South Central Regional Wastewater Treatment and Disposal Board (SCRWTDB) is also included in this report. 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 a fiscally healthy community with a diverse and modestly growing population, stable property values, favorable trends in economic activity, sound fiscal controls and appropriate balances maintained in the City's reserve fund. For fiscal year 2026, taxable values increased to \$19.6 billion, representing a 8.5% increase over the 2025 taxable values of \$18.1 billion. The City's total property tax rate for fiscal year 2026 increased from 5.9400 mills to 6.1920 mills after twelve (12) straight years of decline. S&P Global Ratings recently assigned its 'AA+' long-term rating to the City's \$32.2 million Public Improvement Revenue Bonds, Series 2025 (Golf Course Project). The City also received a rating of Aa1 from Moody's Investors Service for the transaction.

MAJOR INITIATIVES

As in years past, the City has allocated significant resources to major capital projects. The City has undertaken or substantially completed the following major capital projects during fiscal year 2024-25:

- TPA - Lawson Boulevard/SW 10th Street Pedestrian Bridge, Roadway & Bicycle Improvements
- TPA - Lindell Boulevard Bike / Pedestrian Improvements
- Replacement of Fire Station No. 113
- N. Swinton Roadway Improvements
- Police Department – Real Time Crime Center
- Parks – Leon Weekes Restoration

Economic Development During fiscal year 2025, the City continued its robust pace of office, hotel and commercial redevelopment. Some of the dynamic projects taking shape in the downtown area are: Sundy Village, a mixed-use development totaling approximately 129,000 gross square feet of office, retail, and restaurant in a historic campus, with 267 subterranean parking spaces; Phase II of 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; Parks of Delray, a mixed use community located along South Congress Avenue with the residential phases under construction consisting of 693 apartments in

garden-style four-and five-story buildings and 54 townhomes for a total of 747 multifamily units of which 75 units will be reserved for workforce housing; the Alexan, just north of Parks of Delray on Congress Avenue, is building 267 multi-family residential units (of which 54 units will be reserved for workforce housing) on a 6.74-acre site. The Alton, the City's first Live Local Act project is in for permitting with 386 multifamily units, of which 154 units will be reserved for workforce housing. In addition, the downtown area continues to have numerous infill development on smaller properties. New Commercial/Industrial development added \$59.2 million in construction value and new Residential development added \$162 million in construction value.

LONG-TERM STRATEGIC PLANNING

During fiscal year 2025, the City Commission and the City's Executive Leadership Team 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 and state 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, 2025 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, 2023. This was the 41st 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.

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, 2025. 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 award represents the 30th 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. Carmen Aleman, Deputy Chief Financial 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,

A handwritten signature in blue ink, reading "Henry M. Dachowitz". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Henry M. Dachowitz, CPA, MBA
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, 2023

Christopher P. Morill

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Delray Beach
Florida**

For the Fiscal Year Beginning

October 01, 2024

Christopher P. Morill

Executive Director

**CITY OF DELRAY BEACH
LIST OF PRINCIPAL OFFICIALS
September 30, 2025**

CITY COMMISSION

Mayor – Thomas F. Carney, Jr

Vice-Mayor – Robert Long

Deputy Vice-Mayor – Angela Burns

Commissioner – Juli Casale

Commissioner – Tom Markert

CITY STAFF

City Manager – Terrence R. Moore

Assistant City Manager - Jeff Oris

City Attorney – Lynn Gelin

City Clerk – Alexis Givings

Communications Director – Gina Carter

Development Services Director – Anthea Gianniotis

Chief Financial Officer – Henry M. Dachowitz

Fire Chief – Ronald Martin

Human Resources Director – Duane D’Andrea

Chief Technology Officer – Jay Stacy

Neighborhood & Community Services Director – Jeri Pryor

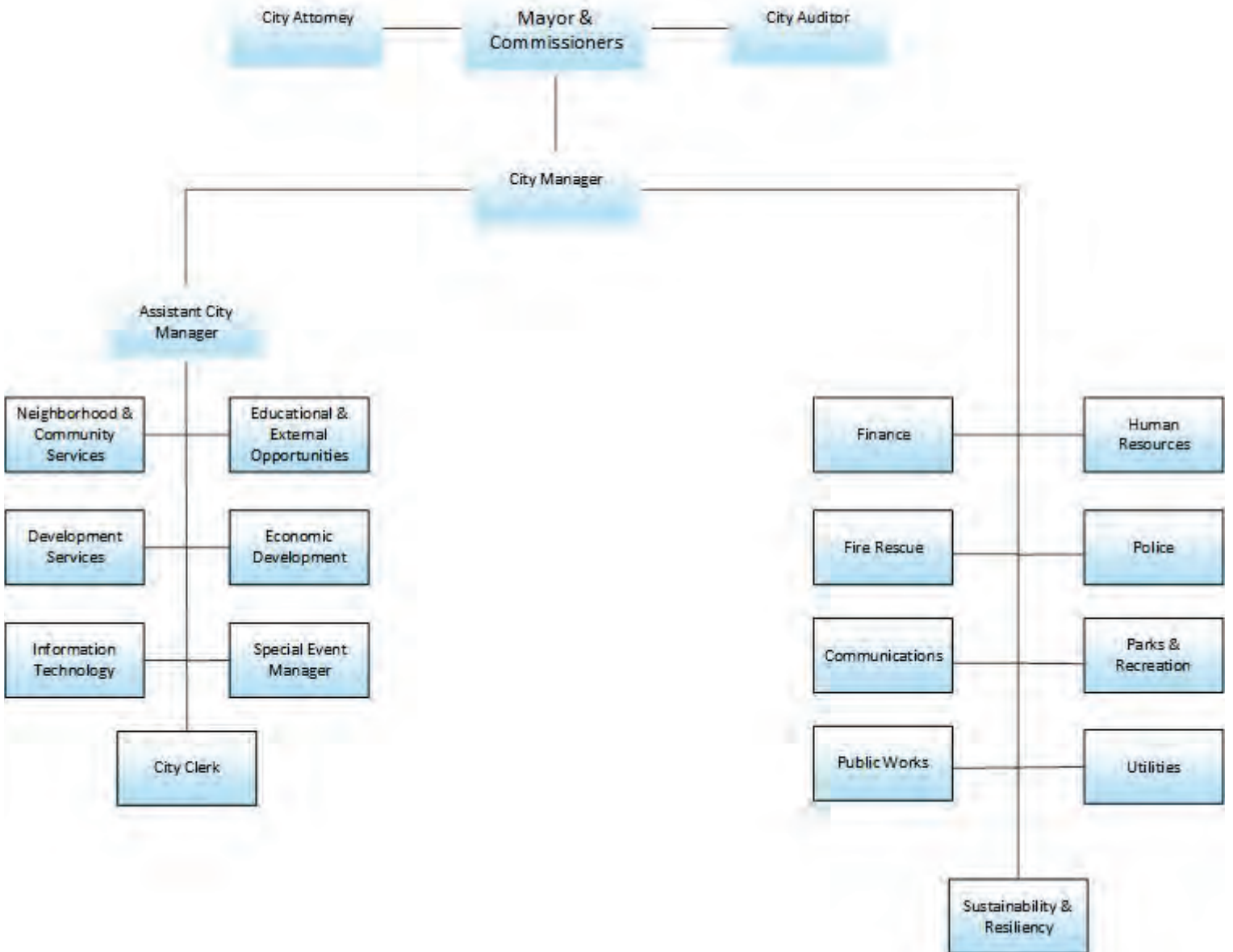
Parks & Recreation Director – Samuel Metott

Police Chief – Darrell Hunter

Public Works Director – Missie Barletto

Utilities Director – Hassan Hadjimiry

City of Delray Beach Organizational Chart



INDEPENDENT AUDITORS' REPORT



CBIZ CPAs P.C.

2255 Glades Road
Suite #321A
Boca Raton, FL 33431

P: 561.994.5050

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 aggregate 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, 2025, 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, 2025, 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 4 to 17, the budgetary comparison information on pages 111 to 116, the pension information on pages 117 to 126 and the other postemployment benefits information on pages 127 to 129 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 GAAS, 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* (Uniform Guidance), 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 GAAS. In our opinion, the combining and individual fund financial statements and schedules, the other supplementary information, and the schedule of expenditures of federal awards is 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 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 May 28, 2026 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 the City's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

Boca Raton, Florida
May 28, 2026

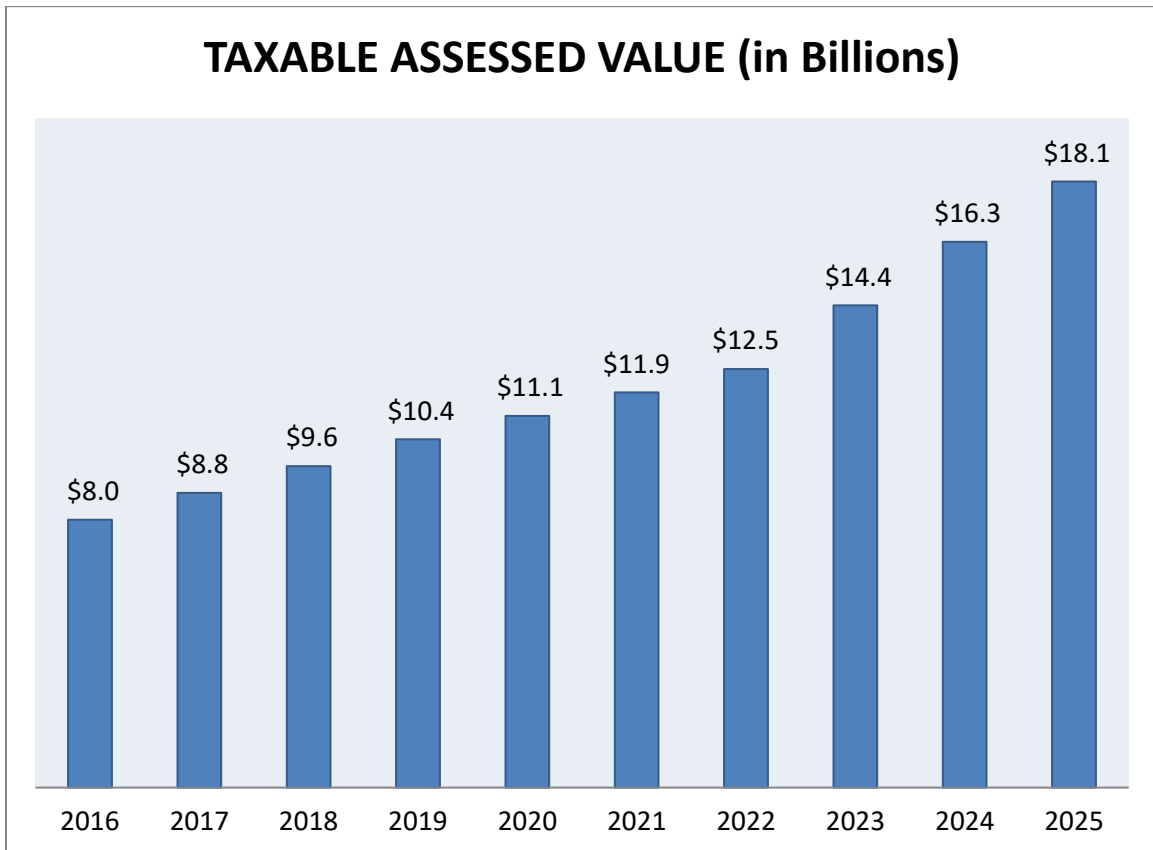
MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2025. 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 \$16.3 billion for 2024 to \$18.1 billion for 2025, or 11.04%.

- The assets and deferred outflows of the City (Primary Government) exceeded its liabilities and deferred inflows (Total Net Position) at September 30, 2025, by \$521.6 million. Of this amount, (\$13.6) million (Unrestricted Net Position) may be used to meet the City’s ongoing obligations to citizens and creditors.
- In 2025, the net position of governmental activities increased by \$55.4 million. The increase in the governmental activities is approximately \$0.8 million or 1.5% greater than the prior year increase in net position attributable to operations.
- In 2025, the net position of the business-type activities increased by \$6.5 million. The increase in the business-type activities is approximately \$2.0 million or 45.6% more than the prior year increase in net position attributable to operations.
- The unrestricted net position of the governmental activities reflects a deficit balance of \$67.7 million at September 30, 2025 as compared to \$21.5 million for the prior year.
- At September 30, 2025, the City’s governmental funds reported combined ending fund balances of \$189.5 million, which decreased \$2.1 million from the prior year. The decrease is primarily attributable to the increase in capital outlays related to Federal Aid Highway Program in the Capital Improvement Funds of \$10.5 million. A total of \$48.8 million (Unassigned Fund Balance and Assigned Fund Balance) or 26% of the combined ending fund balance is available for spending. Of this amount, \$49.9 million is in the General Fund.
- At September 30, 2025, Unassigned Fund Balance for the General Fund was \$49.1 million or 27.4% of total General Fund expenditures of \$179.1 million. This is a decrease of \$1.7 million or 3.3% from the prior year. General Fund revenues decreased by 1.0% while expenditures increased by \$4.7 million or 2.7% over the prior year. The City has a Fund Balance/Net Position Policy effective October 17, 2024. The General Fund's Unassigned Fund Balance shall have a reserve balance of 21% to 25% of the current fiscal year's budgeted operating expenditures. The 2026 approved budget for the General Fund is \$201,106,067. The 2025 fiscal year end General Fund Unassigned Fund balance of \$49,131,000 represents 24.4% of budgeted expenditures.

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 required and 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 18 and 19 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 19 individual governmental funds during 2025. Information is presented separately for the General Fund, Neighborhood Services Fund, Community Redevelopment Agency Fund and Capital Improvement 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 20 through 23 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 Fund and the Stormwater Fund, which are the major enterprise funds of the City, and five non-major funds which are combined into a single, aggregated presentation in the proprietary fund financial statements. Conversely, the two 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* in the Combining and Individual Fund Statements and Schedules section of this report. The City's proprietary fund financial statements can be found on pages 24 to 26 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 27 to 28 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 29 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 111 through 129 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 130 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The net position of the City is presented in detail on page 18 and summarized in Table A-1 below.

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

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other	\$ 246.5	\$ 236.0	\$ 232.4	\$ 82.9	\$ 478.9	\$ 318.9
Capital assets	285.6	253.6	125.3	108.7	410.9	362.3
Net pension asset	<u>21.8</u>	<u>18.2</u>	<u>7.4</u>	<u>6.2</u>	<u>29.2</u>	<u>24.4</u>
Total Assets	553.9	507.8	365.1	197.8	919.0	705.6
Deferred Outflows	<u>23.2</u>	<u>19.5</u>	<u>2.1</u>	<u>1.5</u>	<u>25.3</u>	<u>21.0</u>
Liabilities						
Current liabilities	29.6	23.5	12.8	7.3	42.4	30.8
Noncurrent liabilities	<u>153.0</u>	<u>172.1</u>	<u>159.1</u>	<u>3.4</u>	<u>312.1</u>	<u>175.5</u>
Total Liabilities	<u>182.6</u>	<u>195.6</u>	<u>171.9</u>	<u>10.7</u>	<u>354.5</u>	<u>206.3</u>
Deferred Inflows	<u>59.1</u>	<u>51.7</u>	<u>9.1</u>	<u>8.9</u>	<u>68.2</u>	<u>60.6</u>
Net Position						
Net investment in capital assets	241.9	220.5	124.6	108.6	366.5	329.1
Restricted	161.2	38.0	7.4	6.2	168.6	44.2
Unrestricted	<u>(67.7)</u>	<u>21.5</u>	<u>54.2</u>	<u>64.9</u>	<u>(13.5)</u>	<u>86.4</u>
Total Net Position	<u>\$ 335.4</u>	<u>\$ 280.0</u>	<u>\$ 186.2</u>	<u>\$ 179.7</u>	<u>\$ 521.6</u>	<u>\$ 459.7</u>

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 \$61.9 million or approximately 13.5% from \$459.7 million to \$521.6 million. The increase in net position was a result of an increase from operations in the governmental activities (\$55.4 million) and an increase in the business-type activities (\$6.5 million).

A significant portion of the City's net position at September 30, 2025 (\$366.5 million or 70% of the Total Net Position) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), net of the related debt and any related deferred inflow/outflow and unspent bond proceeds that are 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 (32%) represents resources that are subject to restrictions on how they may be used. The balance in restricted net position reflects a increase of \$124.4 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 unrestricted net position balance is a negative \$13.5 million in 2025 as compared to \$86.4 million in 2024.

The changes in net position of the City are reported in the Statement of Activities on page 19 and are summarized in Table A-2 below.

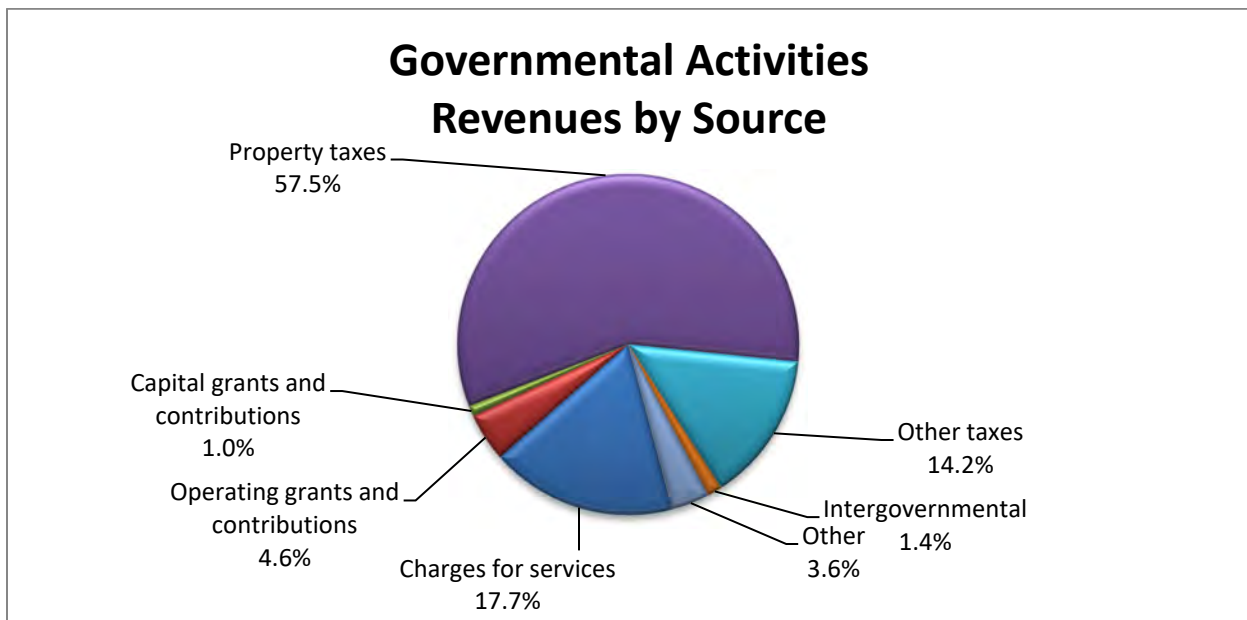
Table A-2
Changes in Net Position
Condensed Statement of Activities (\$ in millions)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues:						
Charges for services	\$ 43.8	\$ 44.5	\$ 64.3	\$ 59.4	\$ 108.1	\$ 103.9
Operating grants, contributions	11.3	12.1	2.0	-	13.3	12.1
Capital grants, contributions	2.4	1.2	1.8	0.4	4.2	1.6
General revenues:						
Property taxes	142.4	138.8	-	-	142.4	138.8
Other taxes	35.2	34.5	-	-	35.2	34.5
Intergovernmental	3.4	3.4	-	-	3.4	3.4
Other	8.8	8.6	2.6	3.7	11.4	12.3
Total Revenues	<u>247.3</u>	<u>243.1</u>	<u>70.7</u>	<u>63.5</u>	<u>318.0</u>	<u>306.6</u>
Expenses						
General government	52.4	48.6	-	-	52.4	48.6
Public safety	97.9	97.7	-	-	97.9	97.7
Physical environment	16.0	16.7	-	-	16.0	16.7
Parks and recreation	19.6	20.4	-	-	19.6	20.4
Economic development	10.5	9.1	-	-	10.5	9.1
Interest on long-term debt	1.7	1.6	-	-	1.7	1.6
Water and sewer	-	-	40.1	38.1	40.1	38.1
Stormwater	-	-	4.5	2.5	4.5	2.5
Sanitation	-	-	9.0	8.4	9.0	8.4
Municipal golf course	-	-	3.3	3.3	3.3	3.3
Lakeview golf course	-	-	1.0	1.1	1.0	1.1
City marina	-	-	0.1	0.1	0.1	0.1
Cemetery	-	-	-	-	-	-
Total Expenses	<u>198.1</u>	<u>194.1</u>	<u>58.0</u>	<u>53.5</u>	<u>256.1</u>	<u>247.6</u>
Change in net position						
before transfers	49.2	49.0	12.7	10.0	61.9	59.0
Transfers	<u>6.2</u>	<u>5.6</u>	<u>(6.2)</u>	<u>(5.6)</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>55.4</u>	<u>54.6</u>	<u>6.5</u>	<u>4.4</u>	<u>61.9</u>	<u>59.0</u>
Net Position - Beginning	<u>280.0</u>	<u>225.4</u>	<u>179.7</u>	<u>175.3</u>	<u>459.7</u>	<u>400.7</u>
Net Position - Ending	<u>\$ 335.4</u>	<u>\$ 280.0</u>	<u>\$ 186.2</u>	<u>\$ 179.7</u>	<u>\$ 521.6</u>	<u>\$ 459.7</u>

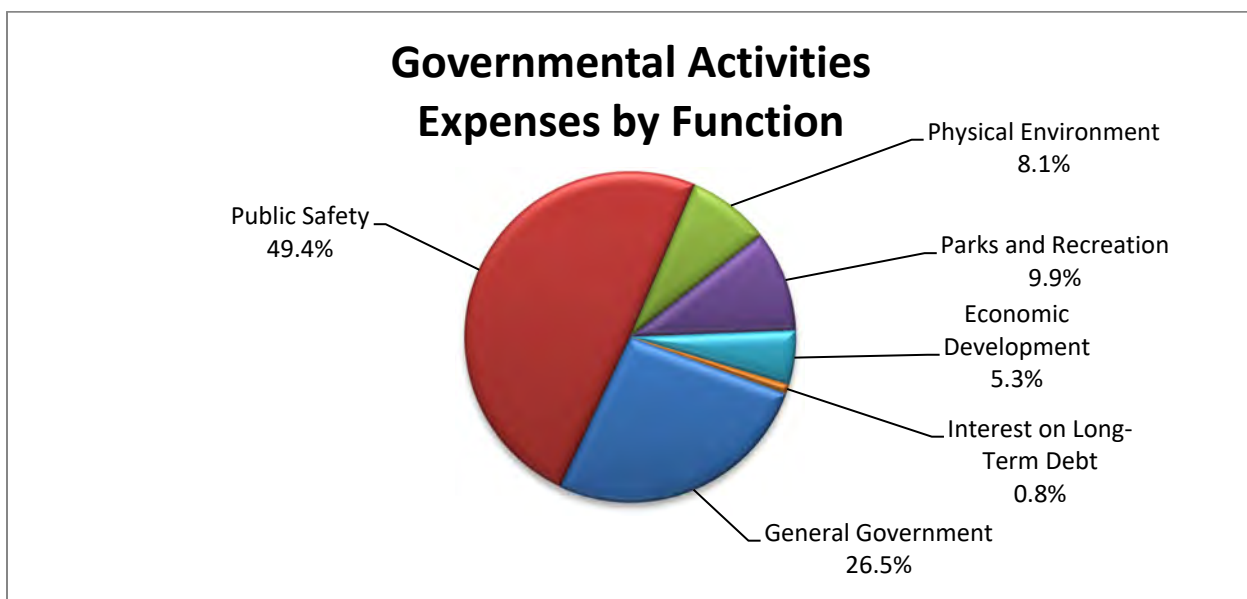
Governmental activities increased the City’s net position by \$55.4 million, which was primarily due to an increase in property taxes attributable to higher property values. Expenses increased by \$4.0 million, primarily due to increases in General Government, Public Safety and Economic Development.

Business-type activities net position increased \$6.5 million, which was primarily attributable to water and sewer and sanitation operations. Charges for Services increased approximately \$4.9 million attributable to increases in rates for water & sewer and sanitation services. Operating grants and contributions increased by \$2.0 million, and capital grants and contributions increased by \$1.4 million.

Governmental Activities revenues by source for 2025 are summarized as follows:



Expenses by function for 2025 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 20-23. 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		Capital Improvement Fund	
	2025	2024	2025	2024	2025	2024	2025	2024
Revenues	\$ 174.0	\$ 175.7	\$ 1.1	\$ 1.3	\$ 39.6	\$ 37.4	\$ 7.3	\$ 5.2
Expenditures	(179.1)	(174.4)	(2.0)	(2.1)	(17.5)	(17.0)	(17.9)	(10.4)
Other financing sources (uses)	2.4	(6.6)	0.3	0.3	-	-	(5.5)	8.3
Change in Fund Balance	<u>\$ (2.7)</u>	<u>\$ (5.3)</u>	<u>\$ (0.6)</u>	<u>\$ (0.5)</u>	<u>\$ 22.1</u>	<u>\$ 20.4</u>	<u>\$ (16.1)</u>	<u>\$ 3.1</u>

General Fund

The General Fund, which is the primary operating fund of the City and is not supported by user fees, recognized \$174.0 million in total revenues offset with \$179.1 million in expenditures and \$2.4 million in net other financing sources. This resulted in a decrease in fund balance of \$2.7 million. Total Fund Balance decreased from \$53.4 million in 2024 to \$50.8 million in 2025. Of that amount, \$49.1 million is Unassigned Fund Balance which represents 27.4% of the 2025 expenditure levels as compared to 29.1% of the 2024 expenditure levels. The City has a Fund Balance/Net Position Policy effective October 17, 2024. The General Fund's Unassigned Fund Balance shall have a reserve balance of 21% to 25% of the current fiscal year's budgeted operating expenditures. FY2026 approved budget for the General Fund is \$201,106,067. The 2025 fiscal year-end General Fund Unassigned Fund balance of \$49,131,000 represents 24.4% of budgeted expenditures.

Neighborhood Services Fund

The Neighborhood Services Fund is used to account for revenue received from federal, state and local governments under numerous grant programs which are used for various community development and improvement projects within the City. The Neighborhood Services Fund recognized \$1.1 million in total revenues, \$2.0 million in total expenditures and \$0.3 million in net other financing sources. This resulted in a decrease of \$0.6 million change in fund balance. Total Fund Balance decreased from \$3.8 million in 2024 to \$3.2 million in 2025, 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 2025. 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 \$39.6 million in total revenues offset by \$17.5 million in expenditures. This resulted in an increase in fund balance of \$22.1 million. Total Fund Balance increased from \$74.5 million in 2024 to \$96.6 million in 2025 primarily due to an increase in tax increment revenues attributable to higher property valuations.

Capital Improvement Fund

The Capital Improvement Fund is used to account for the construction of capital facilities financed by the 2015 Utilities Tax Bond and projects not accounted for in the City’s other capital projects funds. The Capital Improvement Fund recognized \$7.3 million in total revenues offset by \$17.9 million in expenditures. There was a decrease in the fund balance of \$16.1 million, primarily attributable to capital outlay related to Federal Aid Highway Program and transfers out to Beach Restoration Fund.

Proprietary Funds

	(\$ in Millions)			
	Operating Income (Loss)		Change in Net Position	
	2025	2024	2025	2024
Enterprise Funds				
Water and Sewer	\$ 10.0	\$ 3.9	\$ 7.9	\$ 2.3
Stormwater	(0.5)	1.3	(1.0)	1.2
Sanitation	(0.3)	0.2	(0.3)	0.5
Municipal Golf Course	(0.4)	(0.5)	(0.4)	(0.5)
Lakeview Golf Course	0.1	(0.2)	-	(0.2)
City Marina	0.1	0.2	0.2	0.2
Cemetery	0.1	0.1	0.1	0.2
Internal Service Funds				
Insurance	(0.1)	3.6	0.3	5.9
Central Garage	(0.1)	(0.4)	1.4	0.8

Water and Sewer Fund

Operating revenues were approximately \$ 6.3 million higher than 2024 and operating expenses were approximately \$ 0.2 million higher than 2024. Lower nonoperating revenues of \$1.8 million, higher capital contribution of \$1.3 million, and higher net transfers out of approximately \$0.1 million resulted in an increase of approximately \$7.9 million in net position in 2025.

Stormwater Fund

The Stormwater Fund had an operating loss this year of approximately \$0.5 million compared to an operating income of \$1.3 million last year.

Other Enterprise Funds

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

The **Sanitation Fund** had an operating loss this year of approximately \$298,000 compared to an operating income of \$222,000 last year.

The **Municipal Golf Course** had an operating loss this year of approximately \$350,000 compared to \$538,000 last year.

The **Lakeview Golf Course** had operating income of approximately \$55,000 versus an operating loss of \$175,000 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 operating income this year of approximately \$142,000 compared to \$151,000 last year.

The **City Cemetery Fund** had operating income this year of approximately \$90,000 versus \$125,000 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 workers' compensation claims were approximately \$8.1 million for 2025, an increase of approximately \$1.0 million from the prior year. All required reserves are determined by outside actuaries. The Insurance Fund has \$6.7 million in Unrestricted Net Position.

The **Central Garage Fund** had an operating loss of approximately \$52,000 for 2025 compared to \$377,000 for 2024. This was primarily due to an increase in operating revenues of approximately \$0.8 million while operating expenses increased by \$0.4 million.

BUDGETARY HIGHLIGHTS

General Fund: The difference between the original and final amended budgeted revenues and other financing sources and expenditures, encumbrances, and other financing uses in 2025 was an increase of approximately \$2.2 million. Final amended budget total revenue and other financing sources of \$189,162,877 included budgeted \$9,851,835 of prior year surplus. Excluding the prior year surplus, the final amended budget total (\$179,311,042) was not exceeded, as actual revenues amounted to \$178,542,752, which was \$768,290 less than the final budget. Actual total expenditures, encumbrances, and other financing uses were less than the final budget by approximately \$8.8 million. Current year revenues shortfalls compared to budget were primarily attributable to unfavorable variances of approximately \$1.2 million in intergovernmental revenues, \$1.3 million in miscellaneous revenues, and \$0.3 million in taxes. The largest portion of the favorable budget variances for expenditures related to non-departmental (\$1.2 million) and debt service (\$0.7 million).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2025, the City had \$410.9 million invested in a variety of capital assets, as reflected in Table A-3 below, which represents a net increase of \$48.6 million from the previous fiscal year. Additional information can be found in Note 8 - Capital Assets beginning on page 65.

Capital asset activity for 2025 is summarized below:

	Beginning				Ending
	Balance			Transfers	Balance
	10/1/2024	Increases	Decreases		9/30/2025
Governmental Activities					
Land	\$ 75.4	\$ 5.7	\$ (0.1)	\$ -	\$ 81.0
Construction in progress	43.4	33.5	-	(1.0)	75.9
Non-Depreciable Assets	<u>118.8</u>	<u>39.2</u>	<u>(0.1)</u>	<u>(1.0)</u>	<u>156.9</u>
Buildings	58.5	0.4	-	-	58.9
Improvements other	199.0	0.8	-	1.0	200.8
Equipment	61.3	7.3	(4.1)	-	64.5
Leases (right to use assets)	0.2	-	-	-	0.2
Subscription based (right to use assets)	7.0	0.1	(0.3)	-	6.8
Less: accumulated depreciation and amortization	<u>(191.2)</u>	<u>(15.6)</u>	<u>4.3</u>	<u>-</u>	<u>(202.5)</u>
Depreciable Assets, Net	<u>134.8</u>	<u>(7.0)</u>	<u>(0.1)</u>	<u>1.0</u>	<u>128.7</u>
Governmental Capital Assets	<u>\$ 253.6</u>	<u>\$ 32.2</u>	<u>\$ (0.2)</u>	<u>\$ -</u>	<u>\$ 285.6</u>

	Beginning Balance 10/1/2024	Increases	Decreases	Transfers	Ending Balance 9/30/2025
Business-type Activities					
Land	\$ 5.7	\$ -	\$ -	\$ -	\$ 5.7
Construction in progress	11.3	21.0	-	(1.6)	30.7
Non-Depreciable Assets	17.0	21.0	-	(1.6)	36.4
Buildings	13.8	-	-	-	13.8
Improvements other	200.9	0.7	-	1.6	203.2
Equipment	22.1	0.5	(0.4)	-	22.2
Leases (right to use assets)	0.2	-	-	-	0.2
Less: accumulated depreciation	(145.3)	(5.6)	0.4	-	(150.5)
Depreciable Assets, Net	91.7	(4.4)	-	1.6	88.9
Business-type Capital Assets	\$ 108.7	\$ 16.6	\$ -	\$ -	\$ 125.3

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

Major capital asset changes during the fiscal year 2025 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, 2025, the City had total debt and long-term liabilities outstanding of \$229.0 million compared to \$70.7 million as of September 30, 2024. The following are the key components of outstanding debt:

- \$30.3 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,
- \$9.3 million is general obligation bond debt which is debt backed by the full faith and credit of the City,
- \$8.4 million in installment agreements,
- \$12.4 million is for compensated absences,
- \$8.0 million is for insurance claims liabilities,
- \$148.0 million is Business-type 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,
- \$0.1 million is for capital leases and \$1.8 million relates to subscription liabilities.

Noncurrent liabilities activity for 2025 is summarized as follows:

	Beginning			Ending
	Balance			Balance
	10/1/2024	Increases	Decreases	9/30/2025
Governmental Activities				
Revenue bonds	\$ 36.2	\$ -	\$ (5.9)	\$ 30.3
General Obligation bonds	9.5	-	(0.2)	9.3
Unamortized Premium	<u>1.9</u>	<u>-</u>	<u>(0.2)</u>	<u>1.7</u>
Total Bonds Payable	<u>47.6</u>	<u>-</u>	<u>(6.3)</u>	<u>41.3</u>
Installment Agreements	-	8.9	(0.5)	8.4
Capital lease for equipment	0.1	-	-	0.1
Subscription liability	3.2	0.1	(1.5)	1.8
Compensated absences	11.4	1.0	-	12.4
Insurance claims payable	<u>7.2</u>	<u>16.5</u>	<u>(15.7)</u>	<u>8.0</u>
Governmental Activities	<u>69.6</u>	<u>26.5</u>	<u>(24.0)</u>	<u>72.0</u>
Business-type Activities				
Revenue bonds	\$ -	\$ 148.0	\$ -	\$ 148.0
Unamortized Premium	<u>-</u>	<u>7.7</u>	<u>-</u>	<u>7.7</u>
Total Bonds Payable	<u>-</u>	<u>155.7</u>	<u>-</u>	<u>155.7</u>
Capital lease for equipment	0.1	-	-	0.1
Compensated absences	<u>1.0</u>	<u>0.2</u>	<u>-</u>	<u>1.2</u>
Business-type Activities	<u>1.1</u>	<u>155.9</u>	<u>-</u>	<u>157.0</u>
Total Debt Outstanding	<u>\$ 70.7</u>	<u>\$ 182.4</u>	<u>\$ (24.0)</u>	<u>\$ 229.0</u>

S&P Global Ratings assigned its 'AAA' long-term rating to the City's \$148 million Series 2025 Water and Sewer Revenue Improvement Bonds. The City also received a credit upgrade of its issuer rating from Aa2 to Aa1 from Moody's Investors Service. For more detailed information regarding the City's debt and debt financing activity, refer to Note 11 - Noncurrent Liabilities beginning on page 70.

ECONOMIC FACTORS AND FY 2025-2026 BUDGET AND RATES

- The Florida legislature is considering various proposals which could have a significant impact on local government's revenues 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 2025-2026 totals \$201,106,067 as compared to the prior year's final amended budget of \$189,162,877.
- While the City's budget has increased in FY2026, the current total millage rate also increased 4.2% from 5.9400 mills for 2025 to 6.1920 mills for 2026. The operating portion increased from 5.9063 mills in 2025 to 6.1611 mills in 2026, while the debt service portion decreased from 0.0337 mills to 0.0309 mills.
- The City's water rates increased by 2.03% starting in fiscal year 2025. This will help fund the new water plant and upgrades to existing infrastructure.

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, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
Assets				
Cash and cash equivalents	\$ 134,513,656	\$ 18,290,611	\$ 152,804,267	\$ 865,728
Investments	72,152,341	194,342,595	266,494,936	--
Receivables:				
Accounts, net	2,815,558	4,553,420	7,368,978	9,770
Unbilled accounts	--	1,474,610	1,474,610	--
Notes receivable	12,612,352	--	12,612,352	--
Leases receivable	2,538,622	2,193,872	4,732,494	--
Interest receivable	445,761	370,488	816,249	--
Due from other governments	5,199,134	--	5,199,134	--
Internal balances	8,465,992	(8,465,992)	--	--
Inventories	165,761	273,169	438,930	--
Prepaid expenses	3,525,915	190,325	3,716,240	44,451
Other assets	5,941	--	5,941	--
Deposits	--	--	--	12,390
Restricted cash	4,088,398	--	4,088,398	--
Restricted investments	--	3,285,027	3,285,027	--
Investment in regional plant (joint venture)	--	15,873,830	15,873,830	--
Capital assets:				
Non-depreciable capital assets	156,965,765	36,415,387	193,381,152	--
Depreciable capital assets, net	128,588,507	88,885,942	217,474,449	341,246
Other asset:				
Net pension asset	21,779,021	7,434,959	29,213,980	--
Total Assets	553,862,724	365,118,243	918,980,967	1,273,585
Deferred Outflows of Resources				
Deferred charges on refundings	648,307	--	648,307	--
Deferred amount related to OPEB	4,012,369	723,490	4,735,859	21,127
Deferred amount related to pensions	18,553,413	1,398,931	19,952,344	--
Total Deferred Outflows of Resources	23,214,089	2,122,421	25,336,510	21,127
Liabilities				
Accounts payable and accrued expenses	13,475,944	10,862,557	24,338,501	268,524
Deposits payable	1,792,904	933,499	2,726,403	--
Unearned revenue	13,811,782	968,335	14,780,117	--
Accrued interest on long-term debt	508,195	--	508,195	--
Noncurrent liabilities:				
Due within one year:				
Bonds and notes payable	6,215,000	--	6,215,000	--
Installment agreements	1,133,000	--	1,133,000	--
Lease liability	--	35,915	35,915	65,771
Subscription liability	1,202,709	--	1,202,709	--
Compensated absences	824,310	99,152	923,462	19,506
Insurance claims payable	3,281,426	--	3,281,426	--
Due in more than one year:				
Bonds and notes payable	35,228,921	155,719,101	190,948,022	--
Installment agreements	7,262,000	--	7,262,000	--
Lease liability	--	--	--	278,040
Subscription liability	565,921	--	565,921	--
Compensated absences	11,503,637	1,229,497	12,733,134	--
Insurance claims payable	4,771,000	--	4,771,000	--
Total OPEB liability	15,464,269	2,083,547	17,547,816	14,700
Net pension liability	65,605,442	--	65,605,442	--
Total Liabilities	182,646,460	171,931,603	354,578,063	646,541
Deferred Inflows of Resources				
Deferred amount related to OPEB	11,836,872	1,994,689	13,831,561	17,511
Deferred amount related to pensions	44,727,916	4,938,451	49,666,367	--
Deferred amount related to leases	2,510,393	2,156,832	4,667,225	--
Total Deferred Inflows of Resources	59,075,181	9,089,972	68,165,153	17,511
Net Position				
Net investment in capital assets	241,848,472	124,630,317	366,478,789	(2,565)
Restricted for:				
Net pension asset	21,779,021	7,434,959	29,213,980	--
Debt service	1,695,736	--	1,695,736	--
Law enforcement	1,525,732	--	1,525,732	--
Capital improvements	9,900,243	--	9,900,243	--
Community development	102,710,186	--	102,710,186	--
Building enforcement	14,917,396	--	14,917,396	--
Parks and recreation	8,721,398	--	8,721,398	--
Unrestricted	(67,743,012)	54,153,813	(13,589,199)	633,225
Total Net Position	\$ 335,355,172	\$ 186,219,089	\$ 521,574,261	\$ 630,660

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, 2025

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Downtown Development Authority (DDA)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental Activities								
General government	\$ 52,348,782	\$ 17,113,715	\$ 1,954,965	\$ 2,432,215	\$ (30,847,887)	\$ --	\$ (30,847,887)	\$ --
Public safety	97,928,340	6,178,775	3,195,501	--	(88,554,064)	--	(88,554,064)	--
Physical environment	16,072,209	4,614,064	6,011,254	--	(5,446,891)	--	(5,446,891)	--
Parks and recreation	19,644,364	13,865,864	121,081	--	(5,657,419)	--	(5,657,419)	--
Economic development	10,479,232	1,974,658	--	--	(8,504,574)	--	(8,504,574)	--
Interest on long-term debt	1,664,104	--	--	--	(1,664,104)	--	(1,664,104)	--
Total Governmental Activities	198,137,031	43,747,076	11,282,801	2,432,215	(140,674,939)	--	(140,674,939)	--
Business-type Activities								
Water and sewer	40,098,200	47,439,332	1,727,321	1,708,828	--	10,777,281	10,777,281	--
Stormwater	4,472,212	3,982,932	123,809	133,619	--	(231,852)	(231,852)	--
Sanitation	9,069,288	8,766,174	3,911	--	--	(299,203)	(299,203)	--
Municipal golf course	3,278,204	2,799,198	94,231	--	--	(384,775)	(384,775)	--
Lakeview golf course	951,507	956,206	49,305	--	--	54,004	54,004	--
City marina	113,841	255,535	20	--	--	141,714	141,714	--
Cemetery	6,053	95,275	838	--	--	90,060	90,060	--
Total Business-type Activities	57,989,305	64,294,652	1,999,435	1,842,447	--	10,147,229	10,147,229	--
Total Primary Government	\$ 256,126,336	\$ 108,041,728	\$ 13,282,236	\$ 4,274,662	(140,674,939)	10,147,229	(130,527,710)	--
Component Unit								
Downtown Development Authority (DDA)	\$ 3,207,761	\$ 800,975	\$ 509,047	\$ --	--	--	--	(1,897,739)
General Revenues								
Taxes:								
Property taxes					142,402,967	--	142,402,967	1,864,563
Franchise fees based on gross receipts					6,954,637	--	6,954,637	--
Utility service taxes					12,641,231	--	12,641,231	--
Sales taxes					14,882,635	--	14,882,635	--
Local business tax					702,890	--	702,890	--
Intergovernmental not restricted to specific programs					3,435,851	--	3,435,851	--
Investment earnings					5,237,390	2,467,499	7,704,889	2,802
Gain on disposal of capital assets					117,826	--	117,826	--
Miscellaneous					3,479,259	104,526	3,583,785	--
Transfers					6,228,051	(6,228,051)	--	--
Total general revenues and transfers					196,082,737	(3,656,026)	192,426,711	1,867,365
Change in net position					55,407,798	6,491,203	61,899,001	(30,374)
Net position - October 1, 2024					279,947,374	179,727,886	459,675,260	661,034
Net position - September 30, 2025					\$ 335,355,172	\$ 186,219,089	\$ 521,574,261	\$ 630,660

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

CITY OF DELRAY BEACH, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS**

SEPTEMBER 30, 2025

	Major Funds				Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Neighborhood Services Fund	Community Redevelopment Agency Fund	Capital Improvement Fund		
Assets						
Cash and cash equivalents	\$ 2,750,621	\$ 4,004,581	\$ 94,505,736	\$ 6,713,012	\$ 20,797,002	\$ 128,770,952
Investments	33,758,527	--	8,511	6,074,987	16,721,014	56,563,039
Accounts receivable, net	2,611,797	77	--	--	187,288	2,799,162
Notes receivable	--	7,661,664	4,950,688	--	--	12,612,352
Leases receivable	962,387	--	1,576,235	--	--	2,538,622
Interest receivable	217,575	--	--	48,965	53,430	319,970
Due from other governments	771,326	258,749	--	3,432,603	736,456	5,199,134
Due from other funds	19,034,546	17,131	--	950,198	7,305,483	27,307,358
Inventories	27,751	--	--	--	--	27,751
Prepaid items	389,208	--	136,391	--	234,895	760,494
Other assets	--	--	5,941	--	--	5,941
Total Assets	\$ 60,523,738	\$ 11,942,202	\$ 101,183,502	\$ 17,219,765	\$ 46,035,568	\$ 236,904,775
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable and accrued liabilities	\$ 5,672,189	\$ 168,606	\$ 909,120	\$ 3,440,005	\$ 2,602,814	\$ 12,792,734
Deposits payable	1,757,963	--	19,412	--	15,529	1,792,904
Due to other funds	250,000	--	2,071,852	12,294,315	1,778,254	16,394,421
Total Liabilities	7,680,152	168,606	3,000,384	15,734,320	4,396,597	30,980,059
Deferred Inflows of Resources						
Unavailable revenue	1,108,906	8,548,418	--	2,324,439	1,907,167	13,888,930
Leases	934,158	--	1,576,235	--	--	2,510,393
Total Deferred Inflows of Resources	2,043,064	8,548,418	1,576,235	2,324,439	1,907,167	16,399,323
Fund Balances						
Nonspendable:						
Inventories	27,751	--	--	--	--	27,751
Prepaid items	389,208	--	136,391	--	234,895	760,494
Restricted for:						
Debt service	--	--	--	--	1,695,736	1,695,736
Law enforcement	--	--	--	--	1,525,732	1,525,732
Capital improvements	5,985	--	--	--	9,894,258	9,900,243
Community development	--	3,225,178	96,470,492	--	3,014,516	102,710,186
Building enforcement	--	--	--	--	14,917,396	14,917,396
Parks and recreation	--	--	--	--	8,721,398	8,721,398
Committed for:						
Economic development	500,000	--	--	--	--	500,000
Assigned to:						
General government	210,089	--	--	--	--	210,089
Public safety	240,093	--	--	--	--	240,093
Physical environment	203,773	--	--	--	--	203,773
Parks and recreation	92,623	--	--	--	--	92,623
Capital improvements	--	--	--	--	261,540	261,540
Unassigned	49,131,000	--	--	(838,994)	(533,667)	47,758,339
Total Fund Balances	50,800,522	3,225,178	96,606,883	(838,994)	39,731,804	189,525,393
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 60,523,738	\$ 11,942,202	\$ 101,183,502	\$ 17,219,765	\$ 46,035,568	\$ 236,904,775

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, 2025

Total Fund Balances - Governmental Funds		\$ 189,525,393
<p>Amounts reported for <i>governmental activities</i> in the statement of net position are different because:</p> <p>Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.</p>		
Capital assets	\$ 446,265,512	
Less accumulated depreciation	<u>(172,479,969)</u>	273,785,543
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.</p>		
Long-term receivables	77,148	
Net pension asset	<u>20,727,317</u>	20,804,465
<p>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.</p>		
Deferred outflows related to other postemployment benefits	3,922,468	
Deferred outflows related to pensions	18,355,529	
Deferred inflows related to other postemployment benefits	(11,589,011)	
Deferred inflows related to pensions	<u>(44,029,354)</u>	(33,340,368)
<p>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.</p>		
Deferred charges on refundings	648,307	
Bond premium	<u>(1,683,921)</u>	(1,035,614)
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.</p>		
Accrued interest payable	(508,195)	
Bonds, notes, leases and installment agreements payable	(39,760,000)	
Subscription liability	(1,728,328)	
Compensated absences	(12,128,107)	
Total OPEB liability	(15,205,367)	
Net pension liability	<u>(65,605,442)</u>	(134,935,439)
<p>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.</p>		
Net position	19,555,678	
Adjustment for amount allocated to business-type activities	<u>995,514</u>	20,551,192
Total Net Position - Governmental Activities		<u>\$ 335,355,172</u>

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, 2025

	Major Funds				Formally Major	Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Neighborhood Services Fund	Community Redevelopment Agency Fund	Capital Improvement Fund	One-Cent Sales Tax Fund		
Revenues							
Taxes	\$ 116,544,657	\$ --	\$ 38,611,499	\$ --	\$ --	\$ 2,046,056	\$ 157,202,212
Licenses and permits	9,899,774	--	--	--	--	--	9,899,774
Intergovernmental	14,731,802	948,019	--	5,732,914	--	6,875,359	28,288,094
Charges for services	14,357,184	--	269,534	--	--	10,800,994	25,427,712
Fines and forfeitures	1,080,742	--	--	--	--	193,297	1,274,039
Miscellaneous	17,421,145	147,794	754,926	1,578,522	--	1,725,475	21,627,862
Total Revenues	174,035,304	1,095,813	39,635,959	7,311,436	--	21,641,181	243,719,693
Expenditures							
Current:							
General government	40,157,365	2,033,059	1,611,901	1,538,023	--	8,190,149	53,530,497
Public safety	104,592,938	--	--	--	--	131,624	104,724,562
Physical environment	11,851,521	--	--	--	--	1,643,999	13,495,520
Parks and recreation	20,204,003	--	--	--	--	1,142,909	21,346,912
Economic development	--	--	10,472,819	--	--	--	10,472,819
Capital outlay	1,561,867	--	5,442,768	15,575,460	--	16,403,922	38,984,017
Debt service:							
Principal retirement	697,534	--	--	704,782	--	6,158,104	7,560,420
Interest and fiscal charges	21,763	--	--	43,227	--	1,510,449	1,575,439
Total Expenditures	179,086,991	2,033,059	17,527,488	17,861,492	--	35,181,156	251,690,186
Excess of Revenues Over (Under)							
Expenditures	(5,051,687)	(937,246)	22,108,471	(10,550,056)	--	(13,539,975)	(7,970,493)
Other Financing Sources (Uses)							
Subscriptions based financing arrangements	99,172	--	--	--	--	--	99,172
Transfers in	7,702,949	285,215	--	477,082	--	10,872,423	19,337,669
Transfers out	(5,406,363)	--	--	(6,059,657)	--	(2,064,139)	(13,530,159)
Total Other Financing Sources (Uses)	2,395,758	285,215	--	(5,582,575)	--	8,808,284	5,906,682
Net Change in Fund Balances	(2,655,929)	(652,031)	22,108,471	(16,132,631)	--	(4,731,691)	(2,063,811)
Fund balances - October 1, 2024							
as originally reported	53,456,451	3,877,209	74,498,412	15,293,637	13,836,829	30,626,666	191,589,204
Change within financial reporting entity (major to nonmajor fund)	--	--	--	--	(13,836,829)	13,836,829	--
Fund Balances - October 1, 2024 as restated	53,456,451	3,877,209	74,498,412	15,293,637	--	44,463,495	191,589,204
Fund Balances - September 30, 2025	\$ 50,800,522	\$ 3,225,178	\$ 96,606,883	\$ (838,994)	\$ --	\$ 39,731,804	\$ 189,525,393

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, 2025

Net Change in Fund Balances - Total Governmental Funds		\$ (2,063,811)
Amounts reported for <i>governmental activities</i> 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	\$ 38,984,017	
Depreciation/amortization expense	<u>(11,488,807)</u>	
		27,495,210
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.		
		(230,328)
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	2,432,215	
		2,432,215
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	(30,781)	
Compensated absences expense	(921,029)	
Pension expense	18,702,764	
Change in other postemployment benefits	<u>680,847</u>	
		18,431,801
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.		
Issuance of subscriptions	(99,172)	
Principal paid	7,560,420	
Amortization of debt premiums and deferred charges on refundings	<u>107,360</u>	
		7,568,608
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.		
Net income	1,738,612	
Adjustment for business type activities	<u>35,491</u>	
		<u>1,774,103</u>
Change in Net Position of Governmental Activities		<u><u>\$ 55,407,798</u></u>

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

CITY OF DELRAY BEACH, FLORIDA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025**

	Business-Type Activities				Governmental
	Major Funds		Non-Major	Total	Internal
	Water and Sewer Fund	Stormwater Fund	Enterprise Funds	Enterprise Funds	Service Funds
Assets					
Current Assets					
Cash and cash equivalents	\$ 16,518,693	\$ 69,849	\$ 1,702,069	\$ 18,290,611	\$ 5,742,704
Investments	178,539,474	8,708,239	7,094,882	194,342,595	15,589,302
Accounts receivable, net	3,429,941	4,286	1,119,193	4,553,420	16,396
Unbilled accounts receivable	1,474,610	--	--	1,474,610	--
Leases receivable	--	--	2,193,872	2,193,872	--
Interest receivable	212,154	70,196	88,138	370,488	125,791
Due from other governments	--	--	--	--	--
Inventories	171,168	--	102,001	273,169	138,010
Prepaid expenses	--	--	190,325	190,325	2,765,421
Restricted assets:					
Cash and cash equivalents	--	--	--	--	4,088,398
Investments	3,285,027	--	--	3,285,027	--
Total Current Assets	203,631,067	8,852,570	12,490,480	224,974,117	28,466,022
Noncurrent Assets					
Property, land and equipment:					
Land	974,755	1,271,853	3,422,217	5,668,825	--
Buildings	9,419,364	1,904,722	2,440,398	13,764,484	88,185
Improvements other than buildings	180,888,724	18,922,057	3,324,436	203,135,217	--
Equipment	19,130,381	1,239,006	2,025,512	22,394,899	41,509,575
Construction in progress	20,158,545	9,558,122	1,029,895	30,746,562	--
Subscription based IT arrangements	--	--	--	--	154,342
Accumulated depreciation and amortization	(131,399,417)	(12,230,996)	(6,778,245)	(150,408,658)	(29,983,373)
Other assets:					
Investment in regional plant joint venture	15,873,830	--	--	15,873,830	--
Net pension asset	6,859,443	335,961	239,555	7,434,959	1,051,704
Total Noncurrent Assets	121,905,625	21,000,725	5,703,768	148,610,118	12,820,433
Total Assets	325,536,692	29,853,295	18,194,248	373,584,235	41,286,455
Deferred Outflows of Resources					
Deferred amount related to OPEB	642,151	42,810	38,529	723,490	89,901
Deferred amount related to pensions	1,290,644	63,213	45,074	1,398,931	197,884
Total Deferred Outflows of Resources	1,932,795	106,023	83,603	2,122,421	287,785
Liabilities					
Current Liabilities					
Accounts payable and accrued expenses	2,571,773	7,151,386	1,139,398	10,862,557	683,210
Unearned revenue	9,435	956,323	2,577	968,335	--
Current maturity of installment agreements	--	--	--	--	1,133,000
Current lease liability	--	--	35,915	35,915	--
Current portion of subscription liability	--	--	--	--	40,302
Current portion of compensated absences	96,507	1,909	736	99,152	25,440
Current portion of insurance claims payable	--	--	--	--	3,281,426
Due to other funds	--	6,744,935	725,543	7,470,478	3,442,459
Refundable deposits payable	904,583	--	28,916	933,499	--
	3,582,298	14,854,553	1,933,085	20,369,936	8,605,837
Noncurrent Liabilities					
Revenue bonds payable, net	155,719,101	--	--	155,719,101	--
Installment agreements	--	--	--	--	7,262,000
Compensated absences payable	1,026,484	90,932	112,081	1,229,497	174,400
Insurance claims payable	--	--	--	--	4,771,000
Total OPEB liability	1,849,302	123,287	110,958	2,083,547	258,902
Total Noncurrent Liabilities	158,594,887	214,219	223,039	159,032,145	12,466,302
Total Liabilities	162,177,185	15,068,772	2,156,124	179,402,081	21,072,139
Deferred Inflows of Resources					
Deferred amount related to OPEB	1,770,434	118,029	106,226	1,994,689	247,861
Deferred amount related to pensions	4,556,182	223,152	159,117	4,938,451	698,562
Deferred amount related to leases	--	--	2,156,832	2,156,832	--
Total Deferred Inflows of Resources	6,326,616	341,181	2,422,175	9,089,972	946,423
Net Position					
Net investment in capital assets	98,537,255	20,664,764	5,428,298	124,630,317	7,462,127
Restricted for:					
Net pension asset	6,859,443	335,961	239,555	7,434,959	1,051,704
Unrestricted	53,568,988	(6,451,360)	8,031,699	55,149,327	11,041,847
Total Net Position	\$ 158,965,686	\$ 14,549,365	\$ 13,699,552	\$ 187,214,603	\$ 19,555,678
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				(960,023)	
Current year adjustment				(35,491)	
Net Position of Business-Type Activities, Statement of Net Position				\$ 186,219,089	

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, 2025

	Business-Type Activities					Governmental
	Major Funds		Formerly	Non-Major	Total	Internal
	Water and Sewer Fund	Stormwater Fund	Major Fund Sanitation Fund	Enterprise Funds	Enterprise Funds	Service Funds
Operating Revenues						
Charges for services						
Water sales	\$ 26,710,609	\$ --	\$ --	\$ --	\$ 26,710,609	\$ --
Sewer and stormwater fees	20,728,723	3,982,932	--	--	24,711,655	--
Golf fees	--	--	--	3,755,404	3,755,404	--
Marina fees	--	--	--	255,535	255,535	--
Sanitation fees	--	--	--	8,766,174	8,766,174	--
Cemetery fees	--	--	--	95,275	95,275	--
Risk management	--	--	--	--	--	23,596,021
Fleet management	--	--	--	--	--	3,023,238
Other operating revenue	1,727,321	23,809	--	144,394	1,895,524	6,121,161
Total Operating Revenues	49,166,653	4,006,741	--	13,016,782	66,190,176	32,740,420
Operating Expenses						
Personal services	11,811,807	1,020,003	--	608,836	13,440,646	2,250,805
Other operating expenses	22,697,056	2,860,376	--	12,479,453	38,036,885	26,525,103
Depreciation and amortization	4,682,334	589,096	--	289,507	5,560,937	4,120,179
Total Operating Expenses	39,191,197	4,469,475	--	13,377,796	57,038,468	32,896,087
Operating Income (Loss)	9,975,456	(462,734)	--	(361,014)	9,151,708	(155,667)
Nonoperating Revenues (Expenses)						
Investment earnings	1,566,680	480,015	--	420,804	2,467,499	853,452
Intergovernmental	--	100,000	--	3,911	103,911	--
Rent revenue	--	--	--	104,526	104,526	--
Share of regional plant joint venture net loss	(54,928)	--	--	--	(54,928)	--
Interest expense	--	--	--	(2,405)	(2,405)	(165,244)
Bond issuance costs	(794,244)	--	--	(30,479)	(824,723)	--
Gain (loss) on disposal of equipment	(13,542)	--	--	--	(13,542)	229,207
Investment expense	(19,748)	--	--	--	(19,748)	--
Total Nonoperating Revenues (Expenses)	684,218	580,015	--	496,357	1,760,590	917,415
Income (Loss) Before Capital Contributions and Transfers	10,659,674	117,281	--	135,343	10,912,298	761,748
Capital contributions	1,708,828	133,619	--	--	1,842,447	556,323
Transfers in	128,113	--	--	--	128,113	556,819
Transfers out	(4,612,044)	(1,202,468)	--	(541,652)	(6,356,164)	(136,278)
Change In Net Position	7,884,571	(951,568)	--	(406,309)	6,526,694	1,738,612
Net Position - October 1, 2024, as originally reported	151,081,115	15,500,933	4,142,607	9,963,254		17,817,066
Change within financial reporting entity (major to nonfund fund)	--	--	(4,142,607)	4,142,607		
Net Position - October 1, 2024, as restated	151,081,115	15,500,933	--	14,105,861		17,817,066
Net Position - September 30, 2025	\$ 158,965,686	\$ 14,549,365	\$ --	\$ 13,699,552		\$ 19,555,678
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds					(35,491)	
Change In Net Position as reported on the Statement of Activities for Business-type Activities					<u>\$ 6,491,203</u>	

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, 2025

	Business-Type Activities				Governmental
	Major Funds		Non-Major	Total	Internal
	Water and Sewer Fund	Stormwater Fund	Enterprise Funds	Enterprise Funds	Service Funds
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 49,201,457	\$ 4,015,974	\$ 13,077,134	\$ 66,294,565	\$ 27,852,918
Receipts from others	--	--	20,023	20,023	--
Payments to suppliers	(23,797,051)	4,152,305	(13,214,468)	(32,859,214)	(25,478,536)
Payments to employees	(13,151,158)	(1,087,347)	(656,609)	(14,895,114)	(2,496,418)
Net Cash Provided by (Used in) Operating Activities	12,253,248	7,080,932	(773,920)	18,560,260	(122,036)
Cash Flows from Noncapital Financing Activities					
Grants	159,148	100,000	--	259,148	--
Transfers from other funds	128,113	--	--	128,113	556,819
Transfers to other funds	(4,612,044)	(1,202,468)	(541,652)	(6,356,164)	(136,278)
Net Cash Provided by (Used in) Noncapital Financing Activities	(4,324,783)	(1,102,468)	(541,652)	(5,968,903)	420,541
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(11,380,472)	(8,323,548)	(659,735)	(20,363,755)	(5,561,127)
Proceeds from the sale of capital assets	--	--	--	--	327,725
Capital contributions	--	--	--	--	--
Bond proceeds	155,719,101	--	--	155,719,101	--
Principal paid on capital debt	--	--	(46,267)	(46,267)	8,395,000
Principal paid on subscription liability	--	--	--	--	1,264
Interest paid on capital debt	--	--	(2,405)	(2,405)	(165,244)
Bond issuance costs	(794,244)	--	(30,479)	(824,723)	--
Net Cash Provided by (Used in) Capital and Related Financing Activities	143,544,385	(8,323,548)	(738,886)	134,481,951	2,997,618
Cash Flows from Investing Activities					
Purchase of investments	(149,787,393)	1,895,201	1,525,093	(146,367,099)	3,337,990
Interest on investments	1,537,349	473,570	436,381	2,447,300	883,638
Net Cash Provided by (Used in) Investing Activities	(148,250,044)	2,368,771	1,961,474	(143,919,799)	4,221,628
Net Increase (Decrease) in Cash and Cash Equivalents	3,222,806	23,687	(92,984)	3,153,509	7,517,751
Cash and Cash Equivalents - Beginning	13,295,887	46,162	1,795,053	15,137,102	2,313,351
Cash and Cash Equivalents - Ending	\$ 16,518,693	\$ 69,849	\$ 1,702,069	\$ 18,290,611	\$ 9,831,102
Reconciliation of Cash and Cash Equivalents to Statement of Net Position:					
Unrestricted cash and cash equivalents	\$ 16,518,693	\$ 69,849	\$ 1,702,069	\$ 18,290,611	\$ 5,742,704
Restricted cash and cash equivalents	--	--	--	--	4,088,398
Cash and Cash Equivalents - End of Year	\$ 16,518,693	\$ 69,849	\$ 1,702,069	\$ 18,290,611	\$ 9,831,102
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ 9,975,456	\$ (462,734)	\$ (361,014)	\$ 9,151,708	\$ (155,667)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization expense	4,682,334	589,096	289,507	5,560,937	4,120,179
Provision for doubtful accounts	(279,523)	(1,216)	--	(280,739)	--
Return of cart fees	--	--	--	--	--
Intergovernmental	--	--	3,911	3,911	--
Rent revenue	--	--	104,526	104,526	--
Change in assets, deferred outflows/inflows and liabilities:					
Accounts receivable	346,790	1,217	81,945	429,952	1,672
Lease receivable	--	--	141,342	141,342	--
Due from other funds	--	--	--	--	--
Inventories	21,204	--	(11,540)	9,664	4,235
Prepaid expenses	--	--	133,327	133,327	--
Deferred amount related to OPEB	234,798	13,171	11,854	259,823	21,456
Deferred amount related to pensions	(514,381)	(25,193)	(17,964)	(557,538)	(78,868)
Deferred amount related to leases	--	--	(155,744)	(155,744)	--
Accounts payable and accrued expenses	(1,121,199)	7,012,681	(334,769)	5,556,713	152,808
Unearned revenue	--	--	--	--	--
Due to other funds	--	9,232	(607,585)	(598,353)	(4,889,174)
Refundable deposits payable	(32,463)	--	(10,053)	(42,516)	--
Compensated absences payable	188,273	13,571	10,091	211,935	26,712
Insurance claims payable	--	--	--	--	889,524
Total OPEB liability	(128,530)	(14,062)	(12,657)	(155,249)	(43,267)
Net pension asset	(1,119,511)	(54,831)	(39,097)	(1,213,439)	(171,646)
Total adjustments	2,277,792	7,543,666	(412,906)	9,408,552	33,631
Net Cash Provided by (Used in) Operating Activities	\$ 12,253,248	\$ 7,080,932	\$ (773,920)	\$ 18,560,260	\$ (122,036)
Non-Cash Capital and Related Financing and Investing Activities					
Contributions of capital assets	\$ 1,708,828	\$ 133,619	\$ --	\$ 1,842,447	\$ 556,323
Change in fair value of investments	60,546	23,307	16,321	100,174	35,863

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, 2025

	Pension Trust Funds
Assets	
Cash	\$ 432,911
Investments:	
Money market mutual funds	12,277,182
Fixed income	95,553,369
Equity securities	276,060,988
Pooled domestic equity index funds	151,137,892
Real estate investment funds	19,082,160
Fixed income alternative investment fund	19,925,616
Total Investments	574,037,207
Interest and dividends receivable	63,744
Pending trades receivable	438,922
Total Assets	574,972,784
Liabilities	
Accounts payable	296,818
Pending trades payable	774,275
Refunds due to members	11,742
Total Liabilities	1,082,835
Net Position	
Restricted for pension benefits	\$ 573,889,949

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, 2025

	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 21,278,387
State	3,195,501
Plan members	4,476,546
Total contributions	<u>28,950,434</u>
Investment earnings	
Net appreciation in fair value of investments	44,140,577
Interest, dividends and investment fund income	16,233,914
Other investment income	67
	<u>60,374,558</u>
Less investment expenses	<u>(1,926,499)</u>
Net investment earnings	<u>58,448,059</u>
Total Additions	87,398,493
Deductions	
Benefits	31,673,524
Refunds of contributions	681,864
Administrative expenses	502,235
Total Deductions	<u>32,857,623</u>
Change In Plan Net Position	54,540,870
Net Position Restricted for Pension Benefits - October 1, 2024	<u>519,349,079</u>
Net Position Restricted for Pension Benefits - September 30, 2025	<u><u>\$ 573,889,949</u></u>

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

NOTES TO FINANCIAL STATEMENTS

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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 revenues. 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 restricted 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.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Capital Improvement Fund – This capital projects fund is used to account for the construction of capital facilities financed by the 2015 Utilities Tax Bond and projects not accounted for in the City's other capital project funds.

The City reports the following major proprietary funds:

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

Stormwater Fund – This fund is used to account for the 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.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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. 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 fiscal 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

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES RECEIVABLE (CONTINUED)

will remeasure the lease receivables and deferred inflows if certain changes occur that are expected to significantly affect the amount of the lease receivables.

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/expenses 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, 2025. 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*.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INTRA-ENTITY TRANSACTIONS (CONTINUED)

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.

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.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS (CONTINUED)

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.

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

SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The City has entered into contracts that convey control of the right to use information technology software and has recorded subscription-based information technology arrangements (“SBITA”) assets and liabilities. The SBITA assets are initially measured at an amount equal to the initial measurement of the related SBITA liability plus any SBITA payments made prior to the subscription term, less SBITA incentives, plus any ancillary charges necessary to place the SBITA into service. Subsequently, the SBITA liability is reduced by the principal portion of payments made. The SBITA assets are amortized on a straight-line basis over the life of the related contract.

The cost of normal maintenance and repairs that do not add to the value of the assets or extend the asset lives are not capitalized and are expense as incurred. The City monitors changes in circumstances that would require a remeasurement of its SBITA's and will do so if certain changes occur that would be expected to significantly affect the amount of the lease liability.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (CONTINUED)

SBITA assets are reported with capital assets and SBITA lease liabilities are reported with long-term debt on the statement of net position of the government-wide financial statements and in the proprietary fund financial statements.

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. 101, *Compensated Absences*. The liability for such balances are reported as incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements. The City's policy regarding the accumulation of compensated absences is summarized as follows:

Vacation Leave - Employees become eligible to use accrued vacation after one year of continuous service and may then use vacation as it is earned. The maximum vacation days allowed to be accumulated is 18, 24-hour days for fire department personnel and 36, 8-hour days for all other full-time personnel. Upon termination in good standing, employees are compensated for all accrued vacation leave at their pay rate on the date of termination.

Sick Leave - Employees earn hours of sick leave per month based on their scheduled work hours; 8 hours per month for 40-hour work week employees and 9.6 hours per month for 48-hour work week employees. If an employee retires with 20 years or more of service, sick leave is paid up to a maximum of 1,120 hours for general employees and police officers or 1,344 hours for 48-hour work week firefighter employees. Upon retirement with less than 20 years of service or resignation, employees are compensated for unused sick leave at their pay rate on the date of termination, up to 560 hours (70 days) for general employees and police officers and 672 hours (84 days) for firefighters according to the following vesting schedule:

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COMPENSATED ABSENCES (CONTINUED)

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.

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 assets 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

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED OUTFLOWS / INFLOWS OF RESOURCES (CONTINUED)

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 assets 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 leases receivable. 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.

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.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND BALANCE/NET POSITION (CONTINUED)

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 a Fund Balance/Net Position Policy effective October 17, 2024. The General Fund's Unassigned Fund Balance shall have a reserve balance of 21% to 25% of the current fiscal year's budgeted operating expenditures.

Net Position

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

Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balance of any bonds, notes or other borrowings and deferred inflows/outflow 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.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND BALANCE/NET POSITION (CONTINUED)

Restricted – This component of net position consists of constraints placed on the use of net position by external restrictions imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

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

PROPERTY TAXES

Ad valorem property taxes are assessed on property valuations as of January 1 and levied the following October. Property taxes are due March 31 and become delinquent April 1. Ad valorem property taxes are collected by Palm Beach County and remitted to the City. Revenue is recognized at the time monies are received from Palm Beach County when the amount is both measurable and available and, accordingly, unpaid delinquent taxes are not recorded by the City as receivable. Delinquent property taxes must be advertised within 45 days after delinquency, and after May 1, delinquent tax certificates are sold by the County Tax Collector and become a lien on the property on June 1. State Statutes permit municipalities to levy property taxes at a maximum rate of 10 mills (\$10.00 for each \$1,000 of assessed valuation).

During 2007, the Florida Legislature passed property tax reform legislation limiting the property tax levies of local governments in the State of Florida. Local governments that adopt a property tax levy in excess of the limit under State law will lose their Half-Cent Sales Tax distribution from the State for the succeeding twelve months. The maximum tax levy allowed by a majority vote of the governing body is generally based on a percentage change applied to the prior year (2023/2024) 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, 2025, the City adopted an operating millage rate of 5.9063 and a debt service millage of 0.0337, resulting in a net tax levy of \$106,696,015 for 2025. Property tax growth is generally limited to the annual growth rate of per capita personal income plus the value of new construction.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$3,195,501 for the fiscal year ended September 30, 2025.

USE OF 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.

IMPLEMENTATION OF NEW GASB STATEMENTS

The City considered the new accounting standards which effective dates are applicable for the fiscal year ended September 30, 2025. The implementation of GASB Statement No. 101, *Compensated Absences* and GASB Statement No. 102, *Certain Risk Disclosures*, did not have a significant impact on the City's financial statements.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CHANGE WITHIN THE FINANCIAL REPORTING ENTITY (RECLASSIFICATION OF MAJOR FUNDS)

The One-Cent Sales Tax Fund was reported as a major governmental fund and the Sanitation Fund was reported as a major proprietary fund, respectively, as of September 30, 2024. These funds did not meet the GAAP requirements to be reported as a major funds during the current fiscal year. Accordingly, the One-Cent Sales Tax Fund is reported within the aggregate nonmajor governmental funds column and the Sanitation Fund is reported in the aggregate nonmajor proprietary funds column, respectively, for the fiscal year ended September 30, 2025. The reclassification for the One-Cent Sales Tax Fund had no effect on total governmental funds fund balance and the reclassification of the Sanitation Fund had no effect on the proprietary fund balance and the reclassification of these funds had no effect on governmental or business type activities net position or changes in net position.

Reporting Unit	September 30, 2024 (As previously Reported)	Adjustment to beginning Fund Balance or Net Position	September 30, 2024 (As Restated)
Governmental Funds			
One-Cent Sales Tax Fund (major)	\$ 13,836,829	\$ (13,836,829)	\$ --
Total Non-Major Governmental Funds	<u>30,626,666</u>	<u>13,836,829</u>	<u>44,463,495</u>
	<u>\$ 44,463,495</u>	<u>\$ --</u>	<u>\$ 44,463,495</u>
Proprietary Funds			
Sanitation Fund (major)	\$ 4,142,607	(4,142,607)	--
Total Non-Major Proprietary Funds	<u>9,963,254</u>	<u>4,142,607</u>	<u>14,105,861</u>
	<u>\$ 14,105,861</u>	<u>\$ --</u>	<u>\$ 14,105,861</u>

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments of the City and its pension trust funds at September 30, 2025, 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	\$ 97,670,234	\$ 432,911	\$ 98,103,145
Cash equivalents and investments	<u>329,002,394</u>	<u>574,037,207</u>	<u>903,039,601</u>
Total Cash, Cash Equivalents and Investments	<u>\$ 426,672,628</u>	<u>\$ 574,470,118</u>	<u>\$ 1,001,142,746</u>
 Reported in the Financial Statements			
Cash and cash equivalents	\$ 156,892,665	\$ 432,911	\$ 157,325,576
Investments	<u>269,779,963</u>	<u>574,037,207</u>	<u>843,817,170</u>
Total Cash, Cash Equivalents and Investments	<u>\$ 426,672,628</u>	<u>\$ 574,470,118</u>	<u>\$ 1,001,142,746</u>

DEPOSITS WITH FINANCIAL INSTITUTIONS

At September 30, 2025, the City’s cash included deposits with financial institutions of \$97,643,342 and petty cash of \$26,892 and the pension trust funds had deposits in brokerage accounts of \$432,911. 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.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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, 2025, includes deposits with financial institutions with a bank balance of \$999,396 and a book balance of \$865,728. The DDA's deposits were with financial institutions that were qualified public depositories under Florida law and are considered to be fully insured or collateralized.

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

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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, 2025:

	City Primary Government	Fiduciary Funds Pension Trust	Total
Cash Equivalents			
Florida governmental investment pools	\$ 83,904,115	\$ --	\$ 83,904,115
Investments			
Money market mutual funds	148,293,705	12,277,182	160,570,887
U.S. Government securities	35,907,130	--	35,907,130
Collateralized mortgage obligations	--	--	--
Domestic and international corporate bonds & notes	60,897,444	--	60,897,444
Fixed income mutual funds	--	95,553,369	95,553,369
Equity securities and foreign stocks	--	287,853,366	287,853,366
Pooled domestic equity index funds	--	139,345,514	139,345,514
Real estate investment funds	--	19,082,160	19,082,160
Fixed income alternative investment funds	--	19,925,616	19,925,616
Total Investments	<u>245,098,279</u>	<u>574,037,207</u>	<u>819,135,486</u>
Total Cash Equivalents and Investments	<u>\$ 329,002,394</u>	<u>\$ 574,037,207</u>	<u>\$ 903,039,601</u>

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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

INVESTMENTS (CONTINUED)

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

Fair Value of Investments: The City 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.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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

INVESTMENTS (CONTINUED)

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

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

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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

INVESTMENTS (CONTINUED)

Investments measured at net asset value (NAV): Pooled domestic equity index funds and alternative investment funds investing in real estate and fixed income are valued at the unadjusted NAV per share at September 30, 2025, 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. Real estate values are based upon periodic independent appraisals performed for assets held by the funds. The fair value of real estate is the price that would be received if the asset was sold to a market participant assuming the highest and best use of each asset at the measurement date. The fixed income investment fund and pooled domestic equity index funds are not publicly traded and invest in various types of fixed income and equity securities. These investment funds may hold certain investments valued by a single market maker and while the fund managers use their best judgment in estimating the fair value of the 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, 2025.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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

INVESTMENTS (CONTINUED)

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, 2025. Investments in money market mutual funds are reported at amortized cost and included in the following fair value schedule for reconciliation purposes only. The fair value of investments at September 30, 2025 is summarized as follows:

	Fair Value at September 30, 2025			
	Level 1	Level 2	Level 3	Total
Fixed Income Securities				
U.S. Government securities	\$ --	\$ 35,907,130	\$ --	\$ 35,907,130
Domestic and international corporate bonds & notes	--	60,897,444	--	60,897,444
Fixed income mutual funds	95,553,369	--	--	95,553,369
Total Fixed Income Securities	95,553,369	96,804,574	--	192,357,943
Equity Investments				
Domestic and foreign equity securities	276,060,988	--	--	276,060,988
Total Equity Securities	276,060,988	--	--	276,060,988
Total Investments at Fair Value	\$ 371,614,357	\$ 96,804,574	\$ --	468,418,931
Investment Measured at Amortized Cost				
Money market mutual funds				160,570,887
Investment Measured at NAV				
Alternative investment funds:				
Pooled equity index funds				151,137,892
Real estate investment funds				19,082,160
Fixed income investment alternative funds				19,925,616
Total Investments at NAV				190,145,668
Total Investments				\$ 819,135,486

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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

INVESTMENTS (CONTINUED)

At September 30, 2025, certain alternative investment funds had future funding commitments of approximately \$16,361,034. No withdrawals are permitted during the term of certain alternative investment funds which range from 2026 to 2027.

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, 2025, 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, 2025, 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.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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

INVESTMENTS (CONTINUED)

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, 2025.

	NRSRO Rating	Fair Value
Primary Government		
Florida governmental investment pools	AAAm	\$ 83,904,115
Money market mutual funds	Unrated	148,293,704
U.S. Government securities	AA	35,907,130
Domestic and international corporate notes and bonds	A-BBB+	60,897,444
Pension Trust Funds		
Money market mutual funds	AAAm	\$ 12,277,184
Fixed income mutual funds	Unrated	95,553,369
Fixed income alternative investment funds	Unrated	19,925,616

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	4.0	\$ 35,907,130
Supranational Agency notes	4.4	1,987,428
Mortgage and asset backed securities	4.7	21,865,404
Collateralized mortgage obligations	4.3	6,807,141
Corporate obligations	4.7	30,237,471
Pension Trust Funds		
Fixed income mutual funds	6.4	\$ 95,553,369
Fixed income alternative investment funds	Not available	19,925,616

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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

INVESTMENTS (CONTINUED)

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, 2025.

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, 2025:

	Governmental Activities	Business-type Activities
Accounts Receivable		
General Fund - Intergovernmental	\$ 5,457,609	\$ --
Neighborhood Services Fund	77	--
Water and Sewer Fund	--	6,602,022
Stormwater Fund	--	19,041
Non-Major Funds	187,288	1,119,193
Internal Services Funds	16,396	--
Allowance for doubtful accounts	<u>(2,845,812)</u>	<u>(1,712,226)</u>
Total Accounts Receivable	<u>\$ 2,815,558</u>	<u>\$ 6,028,030</u>

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 5 – LEASES RECEIVABLE

The City was engaged in six (6) 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 Statement No. 87.

The following are leases in the governmental activities, excluding the CRA 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, 2025, the value of the lease receivable is \$2,624. 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, 2025 was \$2,632.

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, 2025, the value of the lease receivable is \$36,622. 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, 2025 was \$34,238.

Barwick Park – The City entered into an 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, 2025, the value of the lease receivable is \$117,277. 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, 2025 was \$108,785. 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, 2025, the value of the lease receivable is \$25,577. The lessee is required to make annual variable principal and interest payments of \$979, which increases annually 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, 2025 was \$25,042.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 5 – LEASES RECEIVABLE (CONTINUED)

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, 2025, the value of the lease receivable is \$236,365. 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, 2025 was \$218,070. The lessee has one (1) extension option for an additional 60-month term.

City Dock – The City entered into a 60-month lease as Lessor with Delray Yacht Cruises for the use of the City dock located at Veterans Park. An initial lease receivable was recorded in the amount of \$571,755. As of September 30, 2025, the value of the lease receivable is \$543,921. The lessee is required to make monthly fixed payments of \$10,000. The lease has an interest rate of 2.41%. The value of the deferred inflow of resources as of September 30, 2025 was \$545,391.

During the fiscal year ended September 30, 2025, the City recognized the following related to these lease agreements:

Lease revenue	\$ 174,304
Interest Income	<u>8,317</u>
Total	<u>\$ 182,621</u>

Future principal and interest payment requirements related to the City’s leases receivable at September 30, 2025 for governmental activities excluding the CRA leases are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Principal Receipt</u>	<u>Interest Income</u>	<u>Future Minimum Rent</u>
2026	\$ 216,580	\$ 17,067	\$ 233,647
2027	183,128	13,381	196,509
2028	189,097	9,678	198,775
2029	165,900	5,950	171,850
2030	141,247	2,376	143,623
2031 - 2035	46,683	2,136	48,819
2036 - 2040	3,306	1,589	4,895
2041 - 2045	3,601	1,294	4,895
2046 - 2050	3,922	973	4,895
2051 - 2055	4,272	624	4,896
2056 - 2060	<u>4,651</u>	<u>243</u>	<u>4,894</u>
Total	<u>\$ 962,387</u>	<u>\$ 55,311</u>	<u>\$ 1,017,698</u>

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 5 – LEASES RECEIVABLE (CONTINUED)

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, 2025, the value of the lease receivable is \$2,068,764. 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, 2025 was \$2,040,918.

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, 2025, the value of the lease receivable is \$125,108. 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, 2025 was \$115,914. The lessee has one extension option for an additional 60-month term.

During the fiscal year ended September 30, 2025, the City recognized the following related to these lease agreements:

Lease revenue	\$ 140,581
Interest Income	<u>32,388</u>
Total	<u>\$ 172,969</u>

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 5 – LEASES RECEIVABLE (CONTINUED)

Future principal and interest payment requirements related to the City’s leases receivable at September 30, 2025 for business-type activities are as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Principal Receipt</u>	<u>Interest Income</u>	<u>Future Minimum Rent</u>
2026	\$ 143,216	\$ 32,188	\$ 175,404
2027	145,907	30,112	176,019
2028	148,653	27,999	176,652
2029	151,457	25,847	177,304
2030	154,319	23,656	177,975
2031 - 2035	709,916	86,414	796,330
2036 - 2040	<u>740,404</u>	<u>33,457</u>	<u>773,861</u>
Total	<u>\$ 2,193,872</u>	<u>\$ 259,673</u>	<u>\$ 2,453,545</u>

BLENDED COMPONENT UNIT – DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY

The CRA, as a Lessor, leases a real property and land pursuant to both ground leases and 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, 2025 that meet the criteria of a lease receivable pursuant to GASB 87.

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, expiring September 2061. 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 carrying value of the land/land improvements at September 30, 2025 was approximately \$365,000. The lease receivable is \$1,171,550 at September 30, 2025.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 5 – LEASES 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 initial lease term was 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. A new lease agreement was approved for a four year period, commencing on October 1, 2025 through expiration on September 30, 2029. The carrying value of the leased property at September 30, 2025 was approximately \$98,000. The lease receivable is \$75,494 at September 30, 2025.

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 was 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 lease was terminated as of February 1, 2025. The carrying value of the leased property at September 30, 2025 was approximately \$382,000. The lease receivable is \$0 at September 30, 2025.

Rabbit Hole Delray, LLC

On March 10, 2024, the CRA entered into an agreement to lease the property located at 98 NW 5th Avenue Unit 101, to Rabbit Hole Delray, LLC. The lease term is for a four-year period, commencing on May 1, 2024 with a monthly base rent amount of \$100 during the ten month build out period, then \$1,272 per month through the first anniversary date with an increase of 6% to the monthly base rent thereafter through expiration on April 30, 2028. The carrying value of the leased property at September 30, 2025 was approximately \$260,000. The lease receivable is \$39,260 at September 30, 2025.

Touch of Posh Salon, LLC

On May 23, 2024, the CRA entered into an agreement to lease the property located at 98 NW 5th Avenue Unit 102, to Touch of Post Salon, LLC. The lease term is for a four-year period, commencing on June 1, 2024 with a monthly base rent amount of \$100 during the three month build out period, then \$975 per month through the first anniversary date with an increase of 6% to the monthly base rent thereafter through expiration on May 30, 2028. The carrying value of the leased property at September 30, 2025 was approximately \$247,000. The lease receivable is \$30,638 at September 30, 2025.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 5 – LEASES RECEIVABLE (CONTINUED)

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

The Atlantic Current, LLC

On March 8, 2024, the CRA entered into an agreement to lease the property located at 98 NW 5th Avenue Unit 105, to The Atlantic Current, LLC. The lease term is for a four-year period, commencing on March 6, 2024 with a monthly base rent amount of \$100 during the two month build out period, then \$996 per month through the first anniversary date with an increase of 6% to the monthly base rent thereafter through expiration on March 6, 2028. The carrying value of the leased property at September 30, 2025 was approximately \$253,000. The lease receivable is \$31,713 at September 30, 2025.

Skulls and Stilettos, LLC d/b/a Stella Mix

On August 27, 2025, the CRA entered into an agreement to lease the property located at 98 NW 5th Avenue Unit 103, to Skulls and Stilettos, LLC d/b/a Stella Mix. The lease term is for a four-year period, commencing on September 1, 2025 with a monthly base rent amount of \$975 per month through the first anniversary date with an increase of 6% to the monthly base rent thereafter through expiration on August 30, 2029. The carrying value of the leased property at September 30, 2025 was approximately \$247,000. The lease receivable is \$46,513 at September 30, 2025.

Sun Up Skin, LLC

On September 22, 2025, the CRA entered into an agreement to lease the property located at 98 NW 5th Avenue Unit 104, to Sun Up Skin, LLC. The lease term is for a four-year period, commencing on September 22, 2025 with a monthly base rent amount of \$100 during the six month build out period, then \$975 per month through the first anniversary date with an increase of 6% to the monthly base rent thereafter through expiration on September 21, 2029. The carrying value of the leased property at September 30, 2025 was approximately \$247,000. The lease receivable is \$42,872 at September 30, 2025.

Visual Adjective, LLC

On April 29, 2025, the CRA entered into an agreement to lease the property located at 186 NW 5th Avenue, to Visual Adjective, LLC. The lease term is for a four-year period, commencing on May 1, 2025 with a monthly base rent amount of \$100 during the three month build out period, then \$1,800 per month through the third anniversary date with an increase of \$1 per square foot upon the third and all subsequent anniversaries through expiration on April 30, 2029. The carrying value of the leased property at September 30, 2025 was approximately \$167,000. The lease receivable is \$76,278 at September 30, 2025.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 5 – LEASES RECEIVABLE (CONTINUED)

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

Jackson Hewitt, LLC (Formerly Factual Multi Services, LLC)

The CRA entered into an agreement to lease the property located at 135 NW 5th Avenue, Unit C6 to Factual Multi Services, LLC for \$1,094 monthly base rent plus \$402 monthly condominium assessment commencing January 10, 2014 and extending through January 9, 2018. The lease was further extended from January 10, 2018 through January 10, 2023 for \$800 monthly base rent plus \$402 monthly condominium assessment. The amount of the monthly condominium assessment may be adjusted during the term of the lease. The lease was extended through from January 10, 2023 through July 11, 2023 for a monthly base rental amount of \$1,496. The lease was transferred to Jackson Hewitt Tax Service, LLC. The new agreement is for a four-year period, commencing on December 10, 2024 with a monthly base rent of \$1,531 with an increase of 6% to the monthly base rent on each anniversary through expiration on December 9, 2028. The carrying value of the leased property was approximately \$98,000 at September 30, 2025. The lease receivable is \$61,917 at September 30, 2025.

During the fiscal year ended September 30, 2025, the CRA recognized the following related to these lease agreements:

Lease revenue	\$ 79,635
Interest Income	<u>82,700</u>
Total	<u><u>\$ 162,335</u></u>

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 5 – LEASES RECEIVABLE (CONTINUED)

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

Future principal and interest payment requirements related to the CRA’s leases receivable at September 30, 2025 are as follows:

Fiscal Year Ending September 30,	Principal Receipt	Interest Income	Minimum Rent
2026	\$ 99,460	\$ 13,805	\$ 113,265
2027	114,426	42,924	157,349
2028	104,509	39,682	144,191
2029	39,437	37,190	76,627
2030	4,813	36,191	41,004
2031 - 2035	5,533	182,419	187,952
2036 - 2040	83,119	175,846	258,965
2041 - 2045	143,024	158,657	301,681
2046 - 2050	208,790	132,535	341,325
2051 - 2055	290,787	95,389	386,176
2056 - 2060	391,993	44,749	436,742
2061	90,344	992	91,336
Total	\$ 1,576,235	\$ 960,378	\$ 2,536,613

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 6 – NOTES RECEIVABLE

Notes receivable consist of the following at September 30, 2025:

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.

\$ 7,661,664

CRA notes receivable

4,950,688

Total Governmental Activities

\$ 12,612,352

BLENDING COMPONENT UNIT – DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY

The CRA's outstanding notes receivable at September 30, 2025 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, 2025, the total advances receivable from the CLT were \$175,249 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 pay \$250,000 to the CRA over 15 years. The Chamber executed a promissory note to

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 6 – NOTES RECEIVABLE

BLENDING COMPONENT UNIT – DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY (CONTINUED)

the CRA for \$250,000 payable in 180 equal monthly installments of \$1,849, including interest at 4.0%, beginning April 1, 2014, through maturity. The Chamber also executed a release and termination of its existing lease on the Chamber Property, thereby allowing the CRA to redevelop the property. The agreement was amended in October 2020, and no payments of principal or interest are due for the months of June 2020 through December 2021, with payments resuming January 1, 2022, and with a revised maturity date that was extended to October 1, 2030. Interest was waived through November 30, 2021 and began accruing on December 1, 2021. At September 30, 2025, the balance of the note receivable from the Chamber was \$89,362. For the fiscal year ended September 30, 2025, the CRA earned \$3,972 in interest revenue.

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, 2025 was \$2,550,000.

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. On 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

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 6 – NOTES RECEIVABLE

BLENDING COMPONENT UNIT – DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY (CONTINUED)

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

3.0% on the total draw amounts received by the borrower until such time as the borrower 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 payments for 83 months until the 84th 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, 2024 was \$1,340,123. For the fiscal year ended September 30, 2025, the CRA earned \$15,621 in interest revenue.

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, 2025, the amount of the individual second mortgages originated in 2008 through 2021, ranged from \$23,500 to \$80,000 and all borrowers were in compliance with the terms of the second mortgage. The loans receivable totaled \$795,954 as of September 30, 2025.

NOTE 7 – DUE FROM OTHER GOVERNMENTS

The total amount due from other governments of \$5,199,134 at September 30, 2025, represents the amount due from federal, state and local sources for intergovernmental revenues and grant reimbursements in the General Fund, Neighborhood Services Fund, Capital Improvement Fund, and the One-Cent Sales Tax Fund for Governmental Activities.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 8 – CAPITAL ASSETS

The major components of capital assets for the City are summarized as follows at September 30, 2025:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Governmental Activities					
Capital Assets Not Being Depreciated					
Land	\$ 75,468,505	\$ 5,677,489	\$ (109,208)	\$ --	\$ 81,036,786
Construction in progress	43,379,754	33,506,269	--	(957,044)	75,928,979
Total capital assets not being depreciated	<u>118,848,259</u>	<u>39,183,758</u>	<u>(109,208)</u>	<u>(957,044)</u>	<u>156,965,765</u>
Capital assets being depreciated/amortized					
Buildings	58,437,206	370,799	--	--	58,808,005
Improvements other than buildings	198,995,811	760,694	--	957,044	200,713,549
Equipment	61,268,366	7,346,581	(4,102,484)	--	64,512,463
Leases (right-to-use assets)	226,412	--	--	--	226,412
Subscription based (right-to-use assets)	7,008,981	99,172	(316,733)	--	6,791,420
Total capital assets being depreciated/amortized	<u>325,936,776</u>	<u>8,577,246</u>	<u>(4,419,217)</u>	<u>957,044</u>	<u>331,051,849</u>
Less: accumulated depreciation for					
Buildings	(33,231,617)	(1,592,897)	--	--	(34,824,514)
Improvements other than buildings	(109,444,497)	(6,511,838)	--	--	(115,956,335)
Equipment	(45,432,383)	(5,652,456)	4,022,759	--	(47,062,080)
Less: accumulated amortization					
Leases (right-to-use assets)	(214,498)	(11,914)	--	--	(226,412)
Subscription based (right-to-use assets)	(2,870,853)	(1,839,881)	316,733	--	(4,394,001)
Total accumulated depreciation and amortization	<u>(191,193,848)</u>	<u>(15,608,986)</u>	<u>4,339,492</u>	<u>--</u>	<u>(202,463,342)</u>
Capital assets, net of accumulated					
Depreciation and amortization	<u>134,742,928</u>	<u>(7,031,740)</u>	<u>(79,725)</u>	<u>957,044</u>	<u>128,588,507</u>
Total Capital Assets, Net	<u>\$ 253,591,187</u>	<u>\$ 32,152,018</u>	<u>\$ (188,933)</u>	<u>\$ --</u>	<u>\$ 285,554,272</u>

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 8 – CAPITAL ASSETS (CONTINUED)

	Beginning		Deletions		Ending
	Balances	Additions	Deletions	Transfers	Balances
Business-Type Activities					
Capital assets not being depreciated					
Land	\$ 5,668,825	\$ --	\$ --	\$ --	\$ 5,668,825
Construction in progress	11,377,307	21,002,974	--	(1,633,719)	30,746,562
Total capital assets not being depreciated	<u>17,046,132</u>	<u>21,002,974</u>	<u>--</u>	<u>(1,633,719)</u>	<u>36,415,387</u>
Capital assets being depreciated					
Building	13,764,484	--	--	--	13,764,484
Improvements other than buildings	200,837,061	664,437	--	1,633,719	203,135,217
Machinery and equipment	22,047,389	525,249	(357,625)	--	22,215,013
Leases (right-to-use assets)	179,886	--	--	--	179,886
Total capital assets being depreciated	<u>236,828,820</u>	<u>1,189,686</u>	<u>(357,625)</u>	<u>1,633,719</u>	<u>239,294,600</u>
Less: accumulated depreciation for					
Buildings	(11,617,985)	(240,320)	--	--	(11,858,305)
Improvements other than buildings	(118,596,055)	(3,866,530)	--	--	(122,462,585)
Equipment	(14,886,883)	(1,409,066)	357,625	--	(15,938,324)
Less: accumulated amortization					
Leases (right-to-use assets)	(104,423)	(45,021)	--	--	(149,444)
Total accumulated depreciation and amortization	<u>(145,205,346)</u>	<u>(5,560,937)</u>	<u>357,625</u>	<u>--</u>	<u>(150,408,658)</u>
Capital assets, net of accumulated					
Depreciation and amortization	91,623,474	(4,371,251)	--	1,633,719	88,885,942
Total Capital Assets, Net	<u>\$ 108,669,606</u>	<u>\$ 16,631,723</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 125,301,329</u>

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 8 – CAPITAL ASSETS (CONTINUED)

Depreciation/amortization expense for the fiscal year ended September 30, 2025, was charged to functions/programs of the primary government as follows:

Governmental Activities

General government	\$ 3,464,924
Public safety	863,305
Physical environment	5,341,465
Parks and recreation	1,819,112
Internal services funds	<u>4,120,180</u>

Total Depreciation/Amortization Expense - Governmental Activities \$ 15,608,986

Business-type Activities

Water and sewer	\$ 4,682,334
Stormwater	589,096
Municipal Golf Course	187,232
Lakeview Golf Course	98,556
City marina	<u>3,719</u>

Total Depreciation/Amortization Expense - Business-type Activities \$ 5,560,937

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.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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, 2025, accounts payable of the Water and Sewer Fund and business-type activities included \$352,409 due to the Board. For the fiscal year ended September 30, 2025, the City paid \$3,616,990 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, 2025, the City's 50% equity interest in the net position of the Board totaled \$15,873,830 and has been reported as "Investment in regional plant (joint venture)" in the City's financial statements.

The Board issues separate financial statements. 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, 2025, is as follows:

Net Position	
Current and other assets	\$ 8,073,000
Capital assets, net	<u>35,546,000</u>
Total Assets	<u>43,619,000</u>
Current liabilities	2,650,000
Noncurrent liabilities	<u>7,754,000</u>
Total Liabilities	<u>10,404,000</u>
Deferred inflows of resources	<u>1,467,000</u>
Net Position	<u>\$ 31,748,000</u>
Change in Net Position	
Charges for services	\$ 8,848,000
Operating grants and contributions	1,200,000
Capital grants and contributions	<u>1,500,000</u>
Total Program Revenues	11,548,000
Program expenses	<u>11,842,000</u>
Net Program Expenses	(294,000)
Investment income	69,000
Miscellaneous	<u>115,000</u>
Change in Net Position	<u>\$ (110,000)</u>

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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, 2025:

	Due From Other Funds	Due To Other Funds	Transfers In	Transfers Out
Major Governmental Funds				
General fund	\$ 19,034,546	\$ 250,000	\$ 7,702,949	\$ 5,406,363
Neighborhood services	17,131	--	285,215	--
Community Redevelopment Agency	--	2,071,852	--	--
Capital improvement	950,198	12,294,315	477,082	6,059,657
Non-major Governmental Funds				
Special Revenue Fund:				
Beautification	--	30,643	1,621,866	--
Local option gas tax	--	572,778	--	1,707,510
Building permit	7,305,483	--	--	356,629
Caron Foundation	--	920,055	--	--
Debt Service Fund:				
Utilities tax	--	--	3,434,900	--
Capital Projects Fund:				
Beach restoration	--	--	5,815,657	--
One-cent sales tax	--	--	--	--
2004 GO Bond	--	2,257	--	--
Recreation GO Bond	--	160,351	--	--
Public Safety GO Bond	--	92,170	--	--
Total Governmental Funds	<u>\$ 27,307,358</u>	<u>\$ 16,394,421</u>	<u>\$ 19,337,669</u>	<u>\$ 13,530,159</u>
Major Proprietary Funds				
Water and sewer	\$ --	\$ --	\$ 128,113	\$ 4,612,044
Stormwater	--	6,744,935	--	1,202,468
Non-major Proprietary Funds				
Municipal Golf Course	--	83,304	--	32,362
Lakeview Golf Course	--	--	--	19,522
City Marina	--	--	--	64,164
Sanitation	--	600,071	--	337,323
Cemetery	--	42,168	--	88,281
Internal Service Fund:				
Insurance	--	--	--	136,278
Central garage	--	3,442,459	556,819	--
Total Proprietary Funds	<u>--</u>	<u>10,912,937</u>	<u>684,932</u>	<u>6,492,442</u>
Total Primary Government	<u>\$ 27,307,358</u>	<u>\$ 27,307,358</u>	<u>\$ 20,022,601</u>	<u>\$ 20,022,601</u>

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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.

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, 2025 were as follows:

	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
Governmental Activities					
Revenue bonds	\$ 36,235,000	\$ --	\$ (5,865,000)	\$ 30,370,000	\$ 6,050,000
General obligation bonds	9,545,000	--	(155,000)	9,390,000	165,000
Unamortized bond premium	<u>1,891,020</u>	<u>--</u>	<u>(207,099)</u>	<u>1,683,921</u>	<u>--</u>
Total Bonds Payable, Net	47,671,020	--	(6,227,099)	41,443,921	6,215,000
Installment agreements	--	8,930,000	(535,000)	8,395,000	1,133,000
Lease liability	11,977	--	(11,977)	--	--
Subscription liability	3,197,901	99,172	(1,528,443)	1,768,630	1,202,709
Compensated absences	11,387,473	940,474	--	12,327,947	824,310
Insurance claims payable	<u>7,162,902</u>	<u>16,542,688</u>	<u>(15,653,164)</u>	<u>8,052,426</u>	<u>3,281,426</u>
Total Governmental Activities	<u>\$ 69,431,273</u>	<u>\$ 26,512,334</u>	<u>\$ (23,955,683)</u>	<u>\$ 71,987,924</u>	<u>\$ 12,656,445</u>

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 11 – NONCURRENT LIABILITIES (CONTINUED)

	Beginning			Ending	Due Within
	Balances	Additions	Reductions	Balances	One Year
Business-type Activities					
Revenue bonds	\$ --	\$ 148,040,000	\$ --	\$ 148,040,000	\$ --
Unamortized bond premium	<u>--</u>	<u>7,679,101</u>	<u>--</u>	<u>7,679,101</u>	<u>--</u>
Total Bonds Payable, Net	--	155,719,101	--	155,719,101	--
Lease liability	82,182	--	(46,267)	35,915	35,915
Compensated absences	<u>1,116,714</u>	<u>211,935</u>	<u>--</u>	<u>1,328,649</u>	<u>99,152</u>
Total Business-type Activities	<u>\$ 1,198,896</u>	<u>\$ 155,931,036</u>	<u>\$ (46,267)</u>	<u>\$ 157,083,665</u>	<u>\$ 135,067</u>

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

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 11 – NONCURRENT LIABILITIES (CONTINUED)

Revenue Bonds	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
<p>\$39,020,000 Utilities Tax Revenue Refunding and Improvement Bonds, issued April 1, 2015 (Series 2015), due in principal amounts of \$930,000 to \$3,225,000 through June 1, 2035, with semi-annual interest payments at 3% to 5%, due June 1 and December 1, through June 1, 2035. The Bonds were issued to refund a portion of the Utility Tax Revenue Bonds, Series 2007; to pay a portion of the Bond Anticipation Revenue Improvement Note, Series 2013; and, to finance the costs of rebuilding Fire Station No. 3 and certain beach amenity projects.</p>	\$ 23,480,000	\$ --
<p>\$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%.</p>	6,890,000	--
<p>\$148,040,000 Water and Sewer Revenue Improvement Bonds, issued September 23, 2025 (Series 2025), due in principal amounts of \$500,000 to \$45,600,000 through October 1, 2055, with semi-annual interest payments at 5.00% through October 1, 2045 and 5.25% thereafter, due October 1 and April 1, through October 1, 2055. The Bonds were issued to finance the cost of improvements to the Water and Sewer System.</p>	--	<u>148,040,000</u>
Total Revenue Bonds	30,370,000	148,040,000
Unamortized Bond Premium	<u>1,248,553</u>	<u>7,679,101</u>
Total Revenue Bonds, Net	<u>\$ 31,618,553</u>	<u>\$ 155,719,101</u>

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 11 – NONCURRENT LIABILITIES (CONTINUED)

General Obligation Bonds	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
<p>\$9,545,000 General Obligation Bonds issued June 6, 2024 (Series 2024), due in annual principal installments of \$155,000 to \$555,000 through July 1, 2053, with semi-annual interest payments at 5.00%, due January 1 and July 1, through July 1, 2053. The bonds were issued for various recreation park projects.</p>	\$ 9,390,000	\$ --
Total General Obligation Bonds	9,390,000	--
Unamortized Bond Premium	<u>435,368</u>	<u>--</u>
Total General Obligation Bonds, Net	<u>\$ 9,825,368</u>	<u>\$ --</u>
Installment agreements	\$ 8,395,000	\$ --
Lease liability	--	35,915
Subscription liability	1,768,630	--
Compensated absences payable	12,327,947	1,328,649
Insurance claims payable (see Note 14)	<u>8,052,426</u>	<u>--</u>
Total Noncurrent Liabilities, including Current Portion	<u>\$ 71,987,924</u>	<u>\$ 157,083,665</u>

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.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 11 – NONCURRENT LIABILITIES (CONTINUED)

GOVERNMENTAL ACTIVITIES (CONTINUED)

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 \$27,094,850 at September 30, 2025. Principal and interest paid during the current year was \$2,520,000 and \$914,900, 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 \$7,025,730 at September 30, 2025. Non-ad valorem revenues received for the current year were approximately \$101.9 million. Principal and interest paid for the current year was \$3,345,000 and \$167,825, 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.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 11 – NONCURRENT LIABILITIES (CONTINUED)

GOVERNMENTAL ACTIVITIES (CONTINUED)

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, 2025 were \$1,648,778 and \$1,617,997, respectively, all of which was expensed.

Debt Maturities: The annual requirements to pay principal and interest to maturity on the governmental activities bonds outstanding are as follows as of September 30, 2025:

Fiscal Year Ending September 30,	Revenue Bonds		General Obligation Bonds		
	Principal	Interest	Principal	Interest	Total
2026	\$ 6,050,000	\$ 890,526	\$ 165,000	\$ 411,700	\$ 7,517,226
2027	6,260,000	691,004	175,000	403,450	7,529,454
2028	2,855,000	573,500	185,000	394,700	4,008,200
2029	2,945,000	487,850	195,000	385,450	4,013,300
2030	3,030,000	399,500	205,000	375,700	4,010,200
2031-2035	9,230,000	708,200	1,180,000	1,714,750	12,832,950
2036-2040	--	--	1,505,000	1,388,750	2,893,750
2041-2045	--	--	1,880,000	1,011,200	2,891,200
2046-2050	--	--	2,295,000	603,400	2,898,400
2051-2053	--	--	1,605,000	130,000	1,735,000
Total	\$ 30,370,000	\$ 3,750,580	\$ 9,390,000	\$ 6,819,100	\$ 50,329,680

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 11 – NONCURRENT LIABILITIES (CONTINUED)

INSTALLMENT AGREEMENTS

The installment agreements financed the purchase of equipment. On March 28, 2025, the City completed a Master Lease Agreement for Vehicles and Fire Apparatus Equipment in the amount of \$8,930,000. A total of \$4,841,602 was paid to the City for reimbursement of previously purchased vehicles and related costs of issuance and \$4,088,398 was held in escrow for future expenditures. The City made principal and interest payments during the fiscal year of \$535,000 and \$141,942 respectively. The outstanding balance at September 30, 2025 was \$8,395,000. The cost of the equipment currently held under these agreements was approximately \$8,930,000 and the accumulated amortization was approximately \$114,487. Amortization expense related to equipment purchased under the installment agreements is included in depreciation expense in the accompanying financial statements.

LEASES (RIGHT-TO-USE ASSETS)

The City has 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, 2025, the lease liability is \$0 as the final payment was made during the fiscal year. The leases have interest rate of 0.19% to 3.94%. The value of the right to use asset and the offsetting amount of accumulated amortization was \$0 as of September 30, 2025.

SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The City has entered into various subscription-based information technology agreements for software programs. The agreements require annual payments varying from \$8,236 to \$586,904 over two to five years with an interest rate of 2.36% to 3.30% and final payments due September 30, 2028. During the fiscal year ended September 30, 2025, principal and interest paid were \$1,528,443 and \$91,701 respectively. Future principal and interest payments as of September 30, 2025, are as follows:

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,202,709	\$ 47,907	\$ 1,250,616
2027	317,474	13,336	330,810
2028	228,611	5,399	234,010
2029	<u>19,836</u>	<u>--</u>	<u>19,836</u>
Total	<u>\$ 1,768,630</u>	<u>\$ 66,642</u>	<u>\$ 1,835,272</u>

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 11 – NONCURRENT LIABILITIES (CONTINUED)

BUSINESS-TYPE ACTIVITIES

Pledged Revenues – Series 2025 Bonds: The City has pledged net revenues and allowable system development charges as defined to repay the outstanding Water and Sewer Revenue Improvement Bonds, Series 2025 issued to finance a portion of the cost of certain additions, extensions and improvements to the City’s combined water and sewer system. The Water and Sewer Revenue Improvement Bonds are payable solely from the net revenues and allowable development charges as defined received by the City and are payable through 2055. Total principal and interest remaining to be paid on the Water and Sewer Revenue Improvement Bonds which is allocated to business type activities/proprietary funds, was \$304,393,221 at September 30, 2025. There was no principal and interest paid during the current fiscal year.

Debt Maturities: The annual requirements to pay principal and interest to maturity on the business-type activities bonds outstanding are as follows as of September 30, 2025:

Fiscal Year Ending September 30,	Revenue Bonds		
	Principal	Interest	Total
2026	\$ ---	\$ 7,773,259	\$ 7,773,259
2027	--	7,604,275	7,604,275
2028	--	7,604,275	7,604,275
2029	500,000	7,604,275	8,104,275
2030	1,500,000	7,579,275	9,079,275
2031-2035	16,030,000	36,077,375	52,107,375
2036-2040	21,575,000	31,461,375	53,036,375
2041-2045	27,525,000	25,501,875	53,026,875
2046-2050	35,310,000	17,720,588	53,030,588
2051-2055	45,600,000	7,426,649	53,026,649
Total	\$ 148,040,000	\$ 156,353,221	\$ 304,393,221

LEASES (RIGHT-TO-USE ASSETS)

The City has 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, 2025, the lease liability is \$35,915. The leases have an interest rate of 3%. The value of the right to use asset as of September 30, 2025 of \$180,085 with accumulated amortization of \$149,445.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 11 – NONCURRENT LIABILITIES (CONTINUED)

LEASES (RIGHT-TO-USE ASSETS) (CONTINUED)

Fiscal Year Ending September 30	Principal	Interest	Total
2026	\$ 35,915	\$ 592	\$ 36,507
Total	\$ 35,915	\$ 592	\$ 36,507

Interest Expense: Total interest costs incurred and paid on business-type activities debt for the fiscal year ended September 30, 2025 was \$2,407.

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' Retirement 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. The General Employees' Retirement Plan is administered by a retirement committee and the Firefighters' and Police Officers' Plans are administered by an independent Board and are 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' Retirement Plan - The benefit provisions and all other requirements of the General Employees' Retirement 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' Retirement Plan Retirement Committee, which consists the City's Chief Financial Officer and four additional members appointed by the City Commission.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 12 – EMPLOYEE RETIREMENT PLANS (CONTINUED)

DESCRIPTION OF THE PLANS (CONTINUED)

Vesting - Benefits vest 50% after five years of service plus 10% each additional year up to 100% at 10 years.

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

Annual Retirement Benefit - 2.5% of average monthly compensation times years of service with a maximum benefit of 75% of average monthly compensation. Effective October 5, 2010, the normal form of benefit changed from a 60% joint and survivor annuity to a life annuity. This change did not apply to members who were within ten years of normal retirement eligibility as of October 5, 2010. Effective July 2005, participants have the option of a 3% multiplier with a maximum benefit of 90%. Employees selecting this option will contribute an additional 3.45% of earnings. There is also the option to purchase all or a portion of prior service at the increased multiplier.

Deferred Retirement Option Plan (“DROP”) - Employees with 10 years of credited service and eligible for normal retirement have the option of entering the DROP. When entering the 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 \$4,872,524 at September 30, 2025.

Other Benefits - The plan 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.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 12 – EMPLOYEE RETIREMENT PLANS (CONTINUED)

DESCRIPTION OF THE PLANS (CONTINUED)

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

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

The City's Code of Ordinances provides, in general, that funds are to be accumulated from employee contributions, City contributions, state appropriations and income from investment of accumulated funds. Florida Statutes provide that, should the accumulated funds at any time be insufficient to meet and pay the benefits due, the City shall supplement the fund by an appropriation from current funds or from any revenues which may lawfully be used for said purposes in an amount sufficient to make up the deficiency. The operations of the System are administered and managed by the Police Officers' Retirement System Board, consisting of two outside members appointed by the City Commission, two full-time City police officers elected by active members and a fifth member chosen by a majority of the other four members.

Vesting - Benefits fully vest after 10 years of service.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 12 – EMPLOYEE RETIREMENT PLANS (CONTINUED)

DESCRIPTION OF THE PLANS (CONTINUED)

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.

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 (subject to a maximum annual benefit of 87.5% of average final compensation).
 - 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).
- B) Police officers hired after July 7, 2015 receive 3.00% times the police officer's final average monthly earnings for continuous service on or after October 25, 2022. The benefit multiplier for service earned before October 25, 2022 will remain at 2.75%. Compensation times all years of credited services (subject to a maximum annual benefit of \$108,000 and further subject to a maximum of 75.00% of their average final compensation).
- D) Police Officers hired after April 9, 2013 may not elect the enhanced multiplier.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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 \$12,290,128 at September 30, 2025.

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 salary (members hired after July 7, 2015 are required to contribute 10% of salary). 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.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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 as increased 2% each October 1 beginning October 1, 2016, 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 as increased 2% each October 1 beginning October 1, 2016, 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 as increased 2% each October 1 beginning October 1, 2016, but not less than 2.0% times average final compensation for each year of credited service).

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 12 – EMPLOYEE RETIREMENT PLANS (CONTINUED)

DESCRIPTION OF THE PLANS (CONTINUED)

D) Firefighters hired after April 9, 2013 may not elect the enhanced multiplier.

Deferred Retirement Option Plan (“DROP”) - Firefighters who have met normal retirement eligibility have the option of entering the DROP. When entering the DROP, the firefighter continues employment with the City, but will cease accruing a pension benefit under the plan, and the monthly benefit as of the DROP election date will be directed to the firefighter’s self-administered 401(a) plan. After a maximum of 96 months, the firefighter must terminate employment with the City. The balance of amounts held pursuant to DROP was \$19,459,852 at September 30, 2025.

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. The Firefighters participating in the DROP contribute 4% of annual compensation.

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, 2025:

	General Employees' Pension Plan	Police Officers' Retirement System	Firefighters' Retirement System	Total
Net pension asset	\$ 29,213,980	\$ --	\$ --	\$ 29,213,980
Net pension liability	\$ --	\$ 31,431,029	\$ 34,174,413	\$ 65,605,442
Deferred outflows of resources	\$ 5,496,780	\$ 793,163	\$ 13,662,401	\$ 19,952,344
Deferred inflows of resources	\$ 19,404,523	\$ 11,788,342	\$ 18,473,502	\$ 49,666,367
Pension expense (income)	\$ (3,935,224)	\$ 2,676,079	\$ 5,285,822	\$ 4,026,677

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 12 – EMPLOYEE RETIREMENT PLANS (CONTINUED)

MEMBERSHIP

Membership data of the City’s pension plans as of October 1, 2024, the date of the most recent actuarial valuations, is summarized as follows:

	General Employees' Pension Plan	Police Officers' Retirement System	Firefighters' Retirement System
Inactive plan members and beneficiaries receiving benefits	379	168	163
Inactive plan members entitled to benefits but not receiving them	92	11	3
Active plan members	460	151	118
Total	931	330	284

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.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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, 2025 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%
Domestic bonds	18.0%	20.0%	17.5%
Real estate	--	10.0%	10.0%
Alternative	10.5%	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 10.58%, 10.18% and 11.95%, respectively, for the fiscal year ended September 30, 2025. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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, 2025, the measurement date, were as follows:

	General Employees' Pension Plan	Police Officers' Retirement System	Firefighters' Retirement System
Total pension liability	\$ 179,407,817	\$ 197,312,963	\$ 233,560,631
Less: Plan fiduciary net position	<u>(208,621,797)</u>	<u>(165,881,934)</u>	<u>(199,386,218)</u>
Net pension liability (asset)	<u>\$ (29,213,980)</u>	<u>\$ 31,431,029</u>	<u>\$ 34,174,413</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>116.3%</u>	<u>84.1%</u>	<u>85.4%</u>

Actuarial Assumptions: The total pension liability for the City’s pension plans was determined by actuarial valuations as of October 1, 2024, based on the following actuarial assumptions:

	General Employees Pension Plan	Police Officers' Retirement System	Firefighters' Retirement System
Measurement date	September 30, 2025	September 30, 2025	September 30, 2025
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	24 years	19 years	19 years
Asset valuation	5 year Smoothed Market	5 year Smoothed Market	5 year Smoothed Market
Actuarial assumptions:			
Investment rate of return	6.75%	6.75%	6.25%
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%

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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, 2025 (see the discussion of each pension plan's investment policy) are summarized in the following table:

Asset Class	Long-term Expected Rate of Return		
	General Employees' Pension Plan	Police Officers' Retirement System	Firefighters' Retirement System
Domestic equity	7.5%	7.5%	7.5%
International equity	8.5	8.5	8.5
Domestic bonds	2.5	2.5	2.5
International bonds	3.5	3.5	3.5
Real estate	4.5	4.5	4.5
Alternatives	6.6	6.2	6.2

Discount Rate: The discount rates used to measure the total pension liability was 6.75%, 6.75% and 6.25%, 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.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 12 – EMPLOYEE RETIREMENT PLANS (CONTINUED)

CHANGES IN THE NET PENSION LIABILITY (ASSET)

The changes in the net pension liability/(asset) 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, 2025:

General Employees' Pension Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at October 1, 2024	<u>\$ 168,711,123</u>	<u>\$ 193,157,170</u>	<u>\$ (24,446,047)</u>
Changes for the current year:			
Service cost	4,173,720	--	4,173,720
Interest	11,341,962	--	11,341,962
Difference between actual and expected experience	4,892,550	--	4,892,550
Contributions - City	--	3,023,430	(3,023,430)
Contributions - employee	--	1,691,595	(1,691,595)
Net investment income (loss)	--	20,627,134	(20,627,134)
Benefit payments, including refunds of employee contributions	(9,711,538)	(9,711,538)	--
Administration expenses	--	(165,994)	165,994
Net Changes	<u>10,696,694</u>	<u>15,464,627</u>	<u>(4,767,933)</u>
Balances at September 30, 2025	<u>\$ 179,407,817</u>	<u>\$ 208,621,797</u>	<u>\$ (29,213,980)</u>

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 12 – EMPLOYEE RETIREMENT PLANS (CONTINUED)

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Police Officers' Retirement System			
Balances at October 1, 2024	<u>\$ 191,428,779</u>	<u>\$ 150,153,001</u>	<u>\$ 41,275,778</u>
Changes for the current year:			
Service cost	3,608,697	--	3,608,697
Interest	12,795,243	--	12,795,243
Difference between actual and expected experience	436,877	--	436,877
Contributions - City	--	8,487,846	(8,487,846)
Contributions - State of Florida	--	1,198,300	(1,198,300)
Contributions - employee	--	1,278,028	(1,278,028)
Net investment income (loss)	--	15,890,736	(15,890,736)
Benefit payments, including refunds of employee contributions	(10,956,633)	(10,956,633)	--
Administration expenses	<u>--</u>	<u>(169,344)</u>	<u>169,344</u>
Net Changes	<u>5,884,184</u>	<u>15,728,933</u>	<u>(9,844,749)</u>
Balances at September 30, 2025	<u><u>\$ 197,312,963</u></u>	<u><u>\$ 165,881,934</u></u>	<u><u>\$ 31,431,029</u></u>

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 12 – EMPLOYEE RETIREMENT PLANS (CONTINUED)

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Firefighters' Retirement System			
Balances at October 1, 2024	\$ 219,794,020	\$ 176,038,908	\$ 43,755,112
Changes for the current year:			
Service cost	4,398,206	--	4,398,206
Interest	13,638,131	--	13,638,131
Difference between actual and expected experience	7,694,536	--	7,694,536
Change of assumptions	--	--	--
Contributions - City	--	10,044,155	(10,044,155)
Contributions - State of Florida	--	1,997,201	(1,997,201)
Contributions - employee	--	1,506,923	(1,506,923)
Net investment income (loss)	--	21,930,190	(21,930,190)
Benefit payments, including refunds of employee contributions	(11,964,262)	(11,964,262)	--
Administration expenses	--	(166,897)	166,897
Net Changes	<u>13,766,611</u>	<u>23,347,310</u>	<u>(9,580,699)</u>
Balances at September 30, 2025	<u>\$ 233,560,631</u>	<u>\$ 199,386,218</u>	<u>\$ 34,174,413</u>

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 12 – EMPLOYEE RETIREMENT PLANS (CONTINUED)

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

Sensitivity of the Net Pension Liability (Asset) 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	<u>\$ (8,623,077)</u>	<u>\$ 56,594,323</u>	<u>\$ 62,647,766</u>
Current discount rate	<u>\$ (29,213,980)</u>	<u>\$ 31,431,029</u>	<u>\$ 34,174,413</u>
One percentage point higher than current discount rate	<u>\$ (46,538,812)</u>	<u>\$ 10,757,178</u>	<u>\$ 10,822,774</u>

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

For the fiscal year ended September 30, 2025, the City recognized pension expense/(income) of (\$3,935,224), \$2,676,079 and \$5,285,822 for the General Employees’ Pension Plan, the Police Officers’ Retirement System and the Firefighters’ Retirement System, respectively. At September 30, 2025, 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 Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 5,496,780	\$ 3,610
Net difference between projected and actual investment earnings on pension plan investments	<u> --</u>	<u>19,400,913</u>
Total	<u>\$ 5,496,780</u>	<u>\$ 19,404,523</u>

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 12 – EMPLOYEE RETIREMENT PLANS (CONTINUED)

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

	Deferred Outflows	Deferred Inflows
<hr/>		
Police Officers' Retirement System		
Differences between expected and actual experience	\$ 793,163	\$ --
Net difference between projected and actual investment earnings on pension plan investments	<u> --</u>	<u>11,788,342</u>
Total	<u>\$ 793,163</u>	<u>\$ 11,788,342</u>
	Deferred Outflows	Deferred Inflows
<hr/>		
Firefighters' Retirement System		
Differences between expected and actual experience	\$ 8,174,960	\$ --
Changes in assumptions	5,487,441	--
Net difference between projected and actual investment earnings on pension plan investments	<u> --</u>	<u>18,473,502</u>
Total	<u>\$ 13,662,401</u>	<u>\$ 18,473,502</u>

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

Fiscal Year Ending September 30	General Employees' Pension Plan	Police Officers' Retirement System	Firefighters' Retirement System
2026	\$ 376,210	\$ 623,347	\$ 3,526,270
2027	(7,195,493)	(5,913,646)	(3,732,545)
2028	(5,675,547)	(4,609,692)	(3,127,637)
2029	<u>(1,412,913)</u>	<u>(1,095,188)</u>	<u>(1,477,189)</u>
Total	<u>\$ (13,907,743)</u>	<u>\$ (10,995,179)</u>	<u>\$ (4,811,101)</u>

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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, 2025, are as follows:

Statements of Fiduciary Net Position			
	General Employees' Pension Plan	Police Officers' Retirement System	Firefighters' Retirement System
Assets			
Cash	\$ 129,574	\$ 143,372	\$ 159,965
Investments:			
Money market mutual funds	7,399,812	1,538,564	3,338,806
Fixed Income	43,150,142	14,735,985	37,667,242
Equity securities	87,058,069	79,877,244	120,918,053
Pooled domestic equity index funds	65,395,818	49,808,817	24,140,879
Real estate investment funds	--	8,856,696	10,225,464
Fixed income alternative investment fund	5,733,992	11,096,266	3,095,358
Interest and dividends receivable	24,979	8,017	30,748
Pending trades receivable	184,188	7,121	247,613
Total Assets	209,076,574	166,072,082	199,824,128
Accounts payable	183,770	41,278	71,770
Refunds due to members	--	11,742	--
Pending trades payable	271,007	137,128	366,140
Total Liabilities	454,777	190,148	437,910
Fiduciary Net Position - Restricted for Pension Benefits	\$ 208,621,797	\$ 165,881,934	\$ 199,386,218

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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	\$ 2,746,386	\$ 8,487,846	\$ 10,044,155
State of Florida	--	1,198,300	1,997,201
Plan members	1,691,595	1,278,028	1,506,923
Total contributions	4,437,981	10,964,174	13,548,279
Investment earnings:			
Net appreciation in fair value of investments	15,665,958	11,869,218	16,605,401
Interest, dividends and investment fund income	5,333,623	4,924,335	5,975,956
Other investment income	4	63	--
	20,999,585	16,793,616	22,581,357
Less: investment expenses	(372,451)	(902,881)	(651,167)
Net investment earnings	20,627,134	15,890,735	21,930,190
Total Additions	25,065,115	26,854,909	35,478,469
Deductions			
Benefits	9,175,332	10,623,473	11,864,719
Refunds of contributions	259,162	333,159	99,543
Administrative expenses	165,994	169,344	166,897
Total Deductions	9,600,488	11,125,976	12,131,159
Change in Fiduciary Net Position	15,464,627	15,728,933	23,347,310
Net Position Restricted for Pension Benefits at October 1, 2024	193,157,170	150,153,001	176,038,908
Net Position Restricted for Pension Benefits at September 30, 2025	\$ 208,621,797	\$ 165,881,934	\$ 199,386,218

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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.

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.

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, 2025, is summarized as follows:

Balance at October 1, 2024	\$ 4,312,051
Employer contributions	414,889
Employee contributions	414,889
Investment gain, net of expenses	314,578
Distributions	<u>(583,884)</u>
Balance at September 30, 2025	<u>\$ 4,872,523</u>

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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 \$740 for single coverage to a maximum of \$1,561 for family coverage.

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

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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

DESCRIPTION OF THE PLANS (CONTINUED)

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

PLAN MEMBERSHIP

The membership in the City's OPEB Plan and the Retiree Benefit Fund as of October 1, 2024 and September 30, 2025, respectively, which are the dates of the most recent actuarial valuations, is summarized as follows:

	<u>City OPEB Plan</u>	<u>Retiree Benefit Plan</u>
Inactive employees or beneficiaries receiving benefit payments	373	198
Inactive employees entitled to but not yet receiving benefit payments	--	--
Active employees	<u>888</u>	<u>323</u>
Total Members	<u>1,261</u>	<u>521</u>

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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

OPEB LIABILITY

The City's OPEB liability, deferred outflows/inflows of resources related to OPEB and OPEB expense for both OPEB plans are summarized as follows at September 30, 2025:

	City OPEB Plan	Retiree Benefit Fund	Total
Net OPEB liability	\$ 12,356,610	\$ 5,191,206	\$ 17,547,816
Deferred outflows of resources	\$ 4,311,341	\$ 424,518	\$ 4,735,859
Deferred inflows of resources	\$ 12,032,023	\$ 1,799,538	\$ 13,831,561
OPEB expense	\$ 802,496	\$ 291,360	\$ 1,093,856

The City's OPEB liability of \$17,547,816 was measured as of September 30, 2025 for the City OPEB Plan and the Retiree Benefit Plan as determined by actuarial valuations as of October 1, 2024 and September 30, 2025, respectively.

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

	City OPEB Plan	Retiree Benefit Fund
Valuation date	October 1, 2024	September 30, 2025
Measurement date	September 30, 2025	September 30, 2025
Actuarial cost method	Entry Age Normal	Entry Age Normal
Post-retirement benefit increases	None	None
Health care cost trend rates	6% per year initially, reduced to an ultimate rate of 3.94% in 2075	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	10 years	20 years
Asset valuation method	N/A ⁽¹⁾	Market Value of Assets

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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

OPEB LIABILITY (CONTINUED)

	City OPEB Plan	Retiree Benefit Fund
Actuarial assumptions:		
Discount rate	4.90% ⁽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-2021 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.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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

INVESTMENTS

Investment Policy (Retiree Benefit Fund): 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.

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, 2025 are summarized in the following table:

Asset Class	Asset Allocation	Long-term Expected Rate of Return
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

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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

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, 2025 were as follows:

	City OPEB Plan	Retiree Benefit Fund	Total
Total OPEB Liability			
Total OPEB liability at September 30, 2024	\$ 13,734,945	\$ 15,791,879	\$ 29,526,824
Changes in the total OPEB liability for the year:			
Service cost	529,438	225,063	754,501
Interest	585,281	1,165,853	1,751,134
Changes in expected and actual experience	807,430	(552,003)	255,427
Changes of assumptions and other inputs	(2,635,579)	485,882	(2,149,697)
Benefit payments	(664,905)	(961,852)	(1,626,757)
Change in total OPEB liability	(1,378,335)	362,943	(1,015,392)
OPEB Liability at September 30, 2025	<u>12,356,610</u>	<u>16,154,822</u>	<u>28,511,432</u>
Fiduciary Net Position			
Balances at October 1, 2024	--	9,629,096	9,629,096
Changes in fiduciary net position for the current year:			
Employer contributions	664,905	1,027,035	1,691,940
Net investment income	--	1,310,951	1,310,951
Benefit payments	(664,905)	(961,852)	(1,626,757)
Administrative expenses	--	(41,614)	(41,614)
Changes in fiduciary net position	--	1,334,520	1,334,520
Total Fiduciary Net Position at September 30, 2024	--	<u>10,963,616</u>	<u>10,963,616</u>
OPEB Liability balances at September 30, 2025	<u>\$ 12,356,610</u>	<u>\$ 5,191,206</u>	<u>\$ 17,547,816</u>

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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

CHANGES IN THE TOTAL OPEB LIABILITY (CONTINUED)

Changes of Assumptions: Effective October 1, 2024, the discount rate for the City OPEB Plan was increased from 3.97% to 4.90%.

Sensitivity of the OPEB Liability to Changes in the Discount Rate: The following table presents the 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	\$ 14,112,663	\$ 6,899,147
Current discount rate	\$ 12,356,610	\$ 5,191,206
One percentage point higher than current discount rate	\$ 10,925,801	\$ 3,743,240

Sensitivity of the OPEB Liability to Changes in the Healthcare Cost Trend Rate: The following table presents the OPEB liability of the City OPEB Plan and the Retiree Benefit Fund, respectively, calculated using the current healthcare cost trend rates of 6.0% decreasing to 3.94%, as well as what the 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	\$ 11,720,343	N/A
Current healthcare cost trend rate	\$ 12,356,610	N/A
One percentage point higher than current trend rate	\$ 13,115,665	N/A

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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

CHANGES IN THE OPEB LIABILITY (CONTINUED)

For the fiscal year ended September 30, 2025, the City recognized OPEB expense of \$815,786 and \$291,360 for the City OPEB Plan and the Retiree Benefit Fund, respectively. At September 30, 2025, the City reported deferred inflows/outflows of resources related to the City OPEB Plan and the Retiree Benefit Fund from the following sources:

	Deferred Outflows	Deferred Inflows
City OPEB Plan		
Differences between projected and actual experience	\$ 676,989	\$ --
Changes in assumptions and other inputs	3,634,352	12,032,020
Total	\$ 4,311,341	\$ 12,032,020
 Retiree Benefit Fund		
Differences between projected and actual experience	\$ 17,004	\$ 563,952
Net difference between projected and actual earnings	--	1,023,684
Changes in assumptions and other inputs	407,514	211,902
Total	\$ 424,518	\$ 1,799,538

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

Fiscal Year Ending September 30,	City OPEB Plan	Retiree Benefit Fund
2026	\$ (312,223)	\$ --
2027	(622,141)	(228,464)
2028	(1,153,506)	(603,670)
2029	(1,381,002)	(402,909)
2030	(1,381,002)	(127,181)
Thereafter	(2,870,805)	(12,796)
Total	\$ (7,720,679)	\$ (1,375,020)

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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 recently transferred its general and auto coverage to a Fully Insured Liability Program. 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 amount of settlements did not exceed insurance coverage for any of the past three years. The City also maintains a self-insured health plan with Cigna Healthcare as the third-party administrator. The City is self-insured up to an individual stop loss of \$200,000 per individual every fiscal year. In addition, the City has aggregate stop loss insurance should claims exceed 120% of \$14,337,552 per fiscal year. Any claims in excess would be reimbursed to the City.

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, 2025, charges of \$23,596,021 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 \$8,052,426 (\$3,281,426 current and \$4,771,000 noncurrent) at September 30, 2025, which is an increase of approximately \$890,000 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).

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 14 – RISK MANAGEMENT (CONTINUED)

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, 2023	\$	8,676,135
Claims incurred		13,274,481
Claims paid		<u>(14,787,714)</u>
Balance at September 30, 2024		7,162,902
Claims incurred		16,542,688
Claims paid		<u>(15,653,164)</u>
Balance at September 30, 2025	\$	<u>8,052,426</u>

The claims liability at September 30, 2025 and 2024, is summarized as follows:

	2025	2024
Current	\$ 3,281,426	\$ 3,177,902
Noncurrent	<u>4,771,000</u>	<u>3,985,000</u>
Total	<u>\$ 8,052,426</u>	<u>\$ 7,162,902</u>

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 14 – RISK MANAGEMENT (CONTINUED)

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, 2025, the CRA's tax increment revenues include \$16,696,784 received from the City. CRA expenditures for the fiscal year ended September 30, 2025, include charges of \$5,168,041 for contractual and other services provided by the City to the CRA in connection with various administrative and redevelopment activities, \$2,352,685 for construction services related to redevelopment projects, and \$905,000 for sponsorship of City tennis tournaments.

At September 30, 2025, the City had a receivable from the CRA of \$2,071,852 for various administrative services. These amounts are included in due from/due to other funds. The CRA also entered into an interlocal agreement with the City to provide funding for certain construction projects and related professional services totaling \$62,860,600. As of September 30, 2025, approximately \$56,192,000 of the commitment was still outstanding.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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, 2025, were as follows:

Capital Projects Funds	\$ 76,766,550
Water and Sewer Fund	6,581,697
Stormwater Fund	5,011,178
Community Redevelopment Agency Fund	<u>57,422,363</u>
Total Contract Commitments	<u>\$ 145,781,788</u>

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.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 16 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

BLENDING COMPONENT UNIT – DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY

Grant Funding Commitments: The CRA also entered into agreements with the following organizations to provide funding for their operations during the year ended September 30, 2025:

EPOCH dba Spady Cultural	\$ 109,000
Delray Beach Community Land Trust, Inc.	239,810
Creative City Collaborative / Arts Garage	275,000
Delray Beach Public Library	443,000
Delray Beach Historical Society	<u>100,000</u>
Total Grant Commitments	<u>\$ 1,166,810</u>

NOTE 17 – EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the General Fund, expenditures exceeded appropriations by \$1,249,653 for nondepartmental and \$719,297 for debt service for the fiscal year ended September 30, 2025. For the CRA, expenditures exceeded appropriations by \$45,206 for General Government and \$20,256 for Economic Development.

NOTE 18 – SUBSEQUENT EVENTS

On October 21, 2025, the City approved Resolution No. 257-25 for the issuance of \$32,190,000 in Public Improvement Revenue Bonds, Series 2025 (Golf Course Project) (“Series 2025 Bonds”) to finance the cost of renovations and improvements to the City’s 18-hole public municipal golf course, clubhouse and related facilities (the “Golf Course Project”). The Series 2025 Bonds require annual principal payments of \$300,000 to \$1,955,000 through June 1, 2055, with semi-annual interest payments at 4% to 5%, due June 1 and December 1, through June 1, 2055. The Series 2025 Bonds are payable from a lien and pledge of certain non-ad valorem revenues.

In October 2025, the City approved Resolution No. 247-25 to award a construction contract in the amount of approximately \$28.6 million to a contractor for Golf Course Project renovations and improvements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DELRAY BEACH, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 116,866,690	\$ 116,866,690	\$ 116,544,657	\$ (322,033)
Fees and permits	9,808,708	9,808,708	9,899,774	91,066
Intergovernmental	12,702,580	12,702,580	11,536,301	(1,166,279)
Charges for services	13,195,397	13,195,397	14,357,184	1,161,787
Fines and forfeitures	1,122,298	1,122,298	1,080,742	(41,556)
Miscellaneous	18,140,445	18,711,805	17,421,145	(1,290,660)
Transfers in	6,815,283	6,903,564	7,702,949	799,385
Prior year surplus	8,328,588	9,851,835	--	(9,851,835)
Total Revenues	186,979,989	189,162,877	178,542,752	(10,620,125)
Expenditures				
General government				
City commission	651,047	617,647	476,049	141,598
City manager	1,524,536	1,584,536	1,378,160	206,376
Economic development	558,255	558,255	443,047	115,208
Human resources	1,209,508	1,271,058	1,269,214	1,844
City clerk	680,530	684,496	585,981	98,515
Finance	3,417,991	3,529,071	3,230,981	298,090
Information technology	6,161,619	6,316,918	5,167,270	1,149,648
Subscriptions	--	--	99,172	(99,172)
City attorney	1,696,992	1,696,992	1,694,581	2,411
Nondepartmental	2,728,841	2,728,137	3,977,790	(1,249,653)
Transfers to component units	21,990,282	21,990,282	21,914,715	75,567
Public safety				
Police	50,268,456	50,758,201	50,170,288	587,913
Fire	48,890,019	49,254,309	45,069,216	4,185,093
Development services	2,927,992	3,005,672	2,710,178	295,494
Neighborhood & community services	4,541,100	4,755,925	4,386,175	369,750
Physical environment				
Public works	12,251,740	12,483,244	11,627,859	855,385
Parks and recreation	21,877,432	22,254,913	20,011,953	2,242,960
Debt service	--	--	719,297	(719,297)
Transfers out	5,603,649	5,673,221	5,406,363	266,858
Total Expenditures	186,979,989	189,162,877	180,338,289	8,824,588
Excess of Revenues Over (Under) Expenditures	\$ --	\$ --	(1,795,537)	\$ (1,795,537)
Fund Balance - October 1, 2024			53,456,451	
Difference between GAAP and budgetary basis			(860,392)	
Fund Balance - September 30, 2025			\$ 50,800,522	

See notes to budgetary comparison schedules.

CITY OF DELRAY BEACH, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
NEIGHBORHOOD SERVICES FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
Revenues				
Intergovernmental	\$ 955,642	\$ 955,642	\$ 948,019	\$ (7,623)
Miscellaneous	658,881	658,881	147,794	(511,087)
Transfers in	285,215	285,215	285,215	--
Total Revenues	<u>1,899,738</u>	<u>1,899,738</u>	<u>1,381,028</u>	<u>(518,710)</u>
Expenditures				
General government				
Personal services	558,479	560,479	535,452	25,027
Operating	3,969,127	5,410,993	1,209,128	4,201,865
Grants and aid	617,198	631,291	79,113	552,178
State Housing Initiatives Program (SHIP)	509,832	849,661	209,366	640,295
Total Expenditures	<u>5,654,636</u>	<u>7,452,424</u>	<u>2,033,059</u>	<u>5,419,365</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,754,898)</u>	<u>(5,552,686)</u>	<u>(652,031)</u>	<u>4,900,655</u>
Other Financing Sources (Uses)				
Appropriated fund balance	3,754,898	5,552,686	--	5,552,686
Total other financing sources	<u>3,754,898</u>	<u>5,552,686</u>	<u>--</u>	<u>5,552,686</u>
Net Change in Fund Balance	<u>\$ --</u>	<u>\$ --</u>	<u>(652,031)</u>	<u>\$ (652,031)</u>
Fund Balance - October 1, 2024			<u>3,877,209</u>	
Fund Balance - September 30, 2025			<u>\$ 3,225,178</u>	

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, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Tax increment revenue				
City of Delray Beach	\$ 21,990,281	\$ 21,914,715	\$ 21,914,715	\$ --
Palm Beach County	16,754,358	16,696,784	16,696,784	--
Total Tax Increment Revenue	38,744,639	38,611,499	38,611,499	--
Charges for services				
Green Market	47,000	87,195	87,195	--
Arts Warehouse	160,000	182,340	182,339	(1)
Total Charges for Services	207,000	269,535	269,534	(1)
Miscellaneous revenue				
Other reimbursements	280,000	365,094	329,060	(36,034)
Rental income	370,605	250,882	246,571	(4,311)
Interest and other income	121,032	239,172	179,295	(59,877)
Total Miscellaneous Revenue	771,637	855,148	754,926	(100,222)
Total Revenues	39,723,276	39,736,182	39,635,959	(100,223)
Other Financing Sources				
General Fund carryforward fund balance	56,407,298	(22,274,156)	--	22,274,156
Total Other Financing Sources	56,407,298	(22,274,156)	--	22,274,156
Total Revenues and Other Financing Sources	96,130,574	17,462,026	39,635,959	22,173,933
Expenditures				
General government				
Personnel	2,049,000	1,237,758	1,279,827	(42,069)
Supplies and materials	27,000	9,250	9,250	--
Office space	582,000	107,455	110,591	(3,136)
Administration/Operations	985,000	278,488	278,489	(1)
Equipment, property and maintenance	115,500	32,411	32,411	--
Total General Government	3,758,500	1,665,362	1,710,568	(45,206)
Economic development				
Areawide and Neighborhood Plans	76,744,380	5,583,078	5,582,078	1,000
Redevelopment Projects	5,171,110	2,332,730	2,352,685	(19,955)
Community Improvement and Economic Development	10,456,584	7,880,856	7,882,157	(1,301)
Total Economic Development	92,372,074	15,796,664	15,816,920	(20,256)
Total Expenditures	96,130,574	17,462,026	17,527,488	(65,462)
Excess of Revenues Over Expenditures	\$ --	\$ --	22,108,471	\$ 22,108,471
Fund balance - October 1, 2024			74,498,412	
Fund balance - September 30, 2025			<u>\$ 96,606,883</u>	

See notes to budgetary comparison schedules.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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 \$2,182,888 and \$1,797,788, respectively, during the fiscal year ended September 30, 2025.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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 approximately \$78,700,000, during the fiscal year ended September 30, 2025.

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, principal paid on the CRA note to the City are included in budgeted expenditures, 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, Neighborhood Service Fund and the CRA Fund can be reconciled as follows:

	Revenues	Expenditures
General Fund		
Transfers	\$ 7,702,949	\$ 5,406,363
On-behalf payments for pension benefits	(3,195,501)	(3,195,501)
Encumbrances	--	746,578
Prior year encumbrances paid in current year	--	(1,706,142)
Net Differences - GAAP and Budgetary Basis	4,507,448	1,251,298
GAAP Basis	174,035,304	179,086,991
Budgetary Basis	\$ 178,542,752	\$ 180,338,289

CITY OF DELRAY BEACH, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 2 – BUDGET AND ACTUAL COMPARISONS (CONTINUED)

	<u>Revenues</u>	<u>Expenditures</u>
Neighborhood Services Fund		
Transfers	\$ 285,215	\$ --
GAAP Basis	<u>1,095,813</u>	<u>2,033,059</u>
Budgetary Basis	<u>\$ 1,381,028</u>	<u>\$ 2,033,059</u>
Community Redevelopment Agency (CRA) Fund		
GAAP Basis	<u>\$ 39,635,959</u>	<u>\$ 17,527,488</u>
Budgetary Basis	<u>\$ 39,635,959</u>	<u>\$ 17,527,488</u>

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 TEN FISCAL YEARS

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service cost	\$ 4,173,720	\$ 3,735,682	\$ 3,298,952	\$ 3,178,953	\$ 3,031,558	\$ 2,825,262	\$ 2,741,412	\$ 2,493,225	\$ 2,119,345	\$ 2,192,881
Interest	11,341,962	10,728,147	10,283,312	9,957,953	9,619,263	9,387,643	9,169,248	8,777,037	8,375,249	8,161,229
Changes of benefit terms	--	567,929	--	--	--	--	--	--	--	522,720
Differences between expected and actual experience	4,892,550	2,972,295	1,245,558	(148,006)	348,704	1,621,500	1,452,111	1,447,270	(821,344)	(1,097,920)
Changes of assumptions	--	--	--	--	--	(2,628,018)	7,018,332	--	2,634,532	--
Benefit payments, including refunds	(9,711,538)	(8,985,529)	(8,363,279)	(8,214,230)	(8,044,372)	(7,918,158)	(7,804,145)	(7,307,689)	(6,971,817)	(6,535,065)
Net Change in Total Pension Liability	10,696,694	9,018,524	6,464,543	4,774,670	4,955,153	3,288,229	12,576,958	5,409,843	5,335,965	3,243,845
Total Pension Liability - Beginning of Fiscal Year	168,711,123	159,692,599	153,228,056	148,453,386	143,498,233	140,210,004	127,633,046	122,223,203	116,887,238	113,643,393
Total Pension Liability, End of Fiscal Year (a)	\$ 179,407,817	\$ 168,711,123	\$ 159,692,599	\$ 153,228,056	\$ 148,453,386	\$ 143,498,233	\$ 140,210,004	\$ 127,633,046	\$ 122,223,203	\$ 116,887,238
Plan Fiduciary Net Position										
Contributions										
Employer	\$ 3,023,430	\$ 2,529,247	\$ 2,357,598	\$ 2,882,706	\$ 3,123,630	\$ 2,866,796	\$ 2,360,582	\$ 2,151,438	\$ 1,969,163	\$ 2,046,827
Plan members	1,691,595	2,000,165	1,665,136	1,316,257	1,229,630	1,098,892	1,206,890	799,106	717,598	618,705
Net investment income (loss)	20,627,134	37,435,290	20,953,749	(24,704,835)	36,056,257	11,601,492	3,620,514	13,197,102	14,474,141	10,986,275
Other income	--	--	--	--	--	--	--	--	--	18,858
Benefit payments, including refunds	(9,711,538)	(8,985,529)	(8,363,279)	(8,214,230)	(8,044,372)	(7,918,158)	(7,804,145)	(7,307,689)	(6,971,817)	(6,535,065)
Administrative expense	(165,994)	(156,074)	(130,830)	(130,772)	(119,862)	(121,470)	(172,197)	(73,250)	(77,550)	(82,336)
Net Change in Plan Fiduciary Net Position	15,464,627	32,823,099	16,482,374	(28,850,874)	32,245,283	7,527,552	(788,356)	8,766,707	10,111,535	7,053,264
Plan Fiduciary Net Position - Beginning of Fiscal Year	193,157,170	160,334,071	143,851,697	172,702,571	140,457,288	132,929,736	133,718,092	124,951,385	114,839,850	107,786,586
Plan Fiduciary Net Position - End of Fiscal Year (b)	\$ 208,621,797	\$ 193,157,170	\$ 160,334,071	\$ 143,851,697	\$ 172,702,571	\$ 140,457,288	\$ 132,929,736	\$ 133,718,092	\$ 124,951,385	\$ 114,839,850
Net Pension Liability (Asset) - End of Fiscal Year [(a)-(b)]	\$ (29,213,980)	\$ (24,446,047)	\$ (641,472)	\$ 9,376,359	\$ (24,249,185)	\$ 3,040,945	\$ 7,280,268	\$ (6,085,046)	\$ (2,728,182)	\$ 2,047,388
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	116.3%	114.5%	100.4%	93.9%	116.3%	97.9%	94.8%	104.8%	102.2%	98.2%
Covered Payroll	\$ 30,526,199	\$ 27,695,348	\$ 24,720,627	\$ 23,765,081	\$ 22,853,685	\$ 20,997,013	\$ 20,025,730	\$ 18,060,007	\$ 15,449,062	\$ 15,371,826
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(95.7)%	(88.3)%	(2.6)%	39.5 %	(106.1)%	14.5 %	36.4 %	(33.7)%	(17.7)%	13.3 %

CITY OF DELRAY BEACH, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
POLICE OFFICERS' RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

LAST TEN FISCAL YEARS

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability - Note 1										
Service cost	\$ 3,608,697	\$ 3,600,620	\$ 3,362,525	\$ 3,254,371	\$ 3,302,977	\$ 3,026,742	\$ 2,660,367	\$ 2,250,201	\$ 2,257,858	\$ 4,161,533
Interest	12,795,243	12,398,961	12,012,936	11,614,886	11,150,354	10,830,624	10,337,194	10,150,990	9,439,367	16,394,667
Changes in excess State contributions	--	--	--	--	--	--	--	--	--	(1,741,230)
Changes of benefit terms	--	--	17,725	--	--	--	--	--	--	(1,121,765)
Differences between expected and actual experience	436,877	570,734	291,141	731,033	1,970,402	4,485,655	2,465,331	(1,504,488)	4,431,186	1,568,118
Contributions - buyback	--	--	--	--	--	--	--	--	--	32,218
Changes of assumptions	--	--	--	--	--	816,626	4,575,940	12,110,938	--	7,407,717
Benefit payments, including refunds	(10,956,633)	(10,458,448)	(9,948,626)	(9,674,201)	(9,312,130)	(8,625,165)	(7,902,822)	(7,543,572)	(6,907,367)	(13,532,591)
Net Change in Total Pension Liability	5,884,184	6,111,867	5,735,701	5,926,089	7,111,603	10,534,482	12,136,010	15,464,069	9,221,044	13,168,667
Total Pension Liability - Beginning of Fiscal Year	191,428,779	185,316,912	179,581,211	173,655,122	166,543,519	156,009,037	143,873,027	128,408,958	119,187,914	238,707,736
Total Pension Liability, End of Fiscal Year (a)	\$ 197,312,963	\$ 191,428,779	\$ 185,316,912	\$ 179,581,211	\$ 173,655,122	\$ 166,543,519	\$ 156,009,037	\$ 143,873,027	\$ 128,408,958	\$ 251,876,403
Plan Fiduciary Net Position - Note 1										
Contributions										
Employer	\$ 8,487,846	\$ 8,155,823	\$ 7,882,933	\$ 8,119,171	\$ 8,033,015	\$ 6,917,364	\$ 6,247,516	\$ 5,113,912	\$ 5,162,290	\$ 10,789,457
State	1,198,300	1,114,422	1,036,799	896,146	834,187	868,062	835,929	786,320	742,419	1,909,358
Plan members	1,278,028	1,359,367	1,252,569	1,159,973	1,063,696	1,196,828	1,160,807	1,126,780	924,337	1,806,021
Net investment income (loss)	15,890,736	26,431,025	14,291,832	(23,212,695)	24,325,114	8,707,580	4,296,676	6,880,290	8,943,920	13,455,717
Other income	--	--	--	--	--	--	--	--	--	150,647
Equity allocation from Legacy Pension Fund	--	--	--	--	--	--	--	--	79,306,442	--
Benefit payments, including refunds	(10,956,633)	(10,458,448)	(9,948,626)	(9,674,201)	(9,312,130)	(8,625,165)	(7,902,822)	(7,543,572)	(6,907,367)	(13,532,591)
Administrative expense	(169,344)	(178,836)	(182,489)	(171,447)	(151,623)	(143,795)	(181,670)	(108,929)	(156,400)	(245,221)
Other	--	--	--	--	--	--	--	--	(160,328)	--
Net Change in Plan Fiduciary Net Position	15,728,933	26,423,353	14,333,018	(22,883,053)	24,792,259	8,920,874	4,456,436	6,254,801	87,855,313	14,333,388
Plan Fiduciary Net Position - Beginning of Fiscal Year	150,153,001	123,729,648	109,396,630	132,279,683	107,487,424	98,566,550	94,110,114	87,855,313	--	153,260,618
Plan Fiduciary Net Position - End of Fiscal Year (b)	\$ 165,881,934	\$ 150,153,001	\$ 123,729,648	\$ 109,396,630	\$ 132,279,683	\$ 107,487,424	\$ 98,566,550	\$ 94,110,114	\$ 87,855,313	\$ 167,594,006
Net Pension Liability, End of Fiscal Year [(a)-(b)]	\$ 31,431,029	\$ 41,275,778	\$ 61,587,264	\$ 70,184,581	\$ 41,375,439	\$ 59,056,095	\$ 57,442,487	\$ 49,762,913	\$ 40,553,645	\$ 84,282,397
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.1%	78.4%	66.8%	60.9%	76.2%	64.5%	63.2%	65.4%	68.4%	66.5%
Covered Payroll	\$ 14,446,720	\$ 14,122,833	\$ 12,962,713	\$ 12,245,085	\$ 11,523,962	\$ 12,084,406	\$ 12,078,834	\$ 11,125,424	\$ 10,738,126	\$ 19,643,308
Net Pension Liability as a Percentage of Covered Payroll	217.6%	292.3%	475.1%	573.2%	359.0%	488.7%	475.6%	447.3%	377.7%	429.1%

(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 TEN FISCAL YEARS

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability - Note 1										
Service cost	\$ 4,398,206	\$ 3,856,933	\$ 3,961,550	\$ 3,920,642	\$ 3,992,364	\$ 3,280,458	\$ 2,996,276	\$ 2,325,806	\$ 2,278,992	\$ 4,161,533
Interest	13,638,131	13,389,504	12,914,131	12,225,044	11,875,228	11,839,347	11,298,073	11,229,505	10,477,015	16,394,667
Changes in excess State contributions	--	--	--	--	--	--	--	--	--	(1,741,230)
Changes of benefit terms	--	--	--	--	(1,504,875)	19,308	--	--	--	(1,121,765)
Differences between expected and actual experience	7,694,536	915,069	1,096,147	4,340,624	1,280,770	698,989	2,794,151	(2,478,601)	4,606,418	1,568,118
Contributions - buyback	--	--	--	--	--	--	--	--	--	32,218
Changes of assumptions	--	8,819,061	--	--	2,501,291	(742,942)	4,579,534	11,964,611	--	7,407,717
Benefit payments, including refunds	(11,964,262)	(10,870,673)	(10,512,875)	(9,738,936)	(9,207,829)	(8,814,766)	(8,493,594)	(7,996,621)	(8,009,598)	(13,532,591)
Net Change in Total Pension Liability	13,766,611	16,109,894	7,458,953	10,747,374	8,936,949	6,280,394	13,174,440	15,044,700	9,352,827	13,168,667
Total Pension Liability - Beginning of Fiscal Year	219,794,020	203,684,126	196,225,173	185,477,799	176,540,850	170,260,456	157,086,016	142,041,316	132,688,489	238,707,736
Total Pension Liability, End of Fiscal Year (a)	\$ 233,560,631	\$ 219,794,020	\$ 203,684,126	\$ 196,225,173	\$ 185,477,799	\$ 176,540,850	\$ 170,260,456	\$ 157,086,016	\$ 142,041,316	\$ 251,876,403
Plan Fiduciary Net Position - Note 1										
Contributions										
Employer	\$ 10,044,155	\$ 8,567,861	\$ 8,300,261	\$ 8,169,314	\$ 7,798,004	\$ 6,941,701	\$ 6,452,812	\$ 4,374,387	\$ 5,721,499	\$ 10,789,457
State	1,997,201	1,795,496	1,796,317	1,322,142	1,201,496	1,109,338	1,129,759	1,074,825	1,134,704	1,909,358
Plan members	1,506,923	1,407,961	1,301,713	1,489,819	1,242,141	1,119,504	1,044,994	991,333	903,846	1,806,021
Net investment income (loss)	21,930,190	31,959,494	15,105,285	(21,882,378)	28,803,996	9,497,240	4,761,288	7,839,367	9,944,303	13,455,717
Other income	--	--	--	--	--	--	--	--	--	150,647
Equity allocation from Legacy Pension Fund	--	--	--	--	--	--	--	--	88,287,564	--
Benefit payments, including refunds	(11,964,262)	(10,870,673)	(10,512,875)	(9,738,936)	(9,207,829)	(8,814,766)	(8,493,594)	(7,996,621)	(8,009,598)	(13,532,591)
Administrative expense	(166,897)	(182,852)	(165,835)	(134,090)	(141,002)	(142,338)	(160,131)	(111,297)	(146,369)	(245,221)
Other	--	--	--	--	--	--	--	--	160,328	--
Net Change in Plan Fiduciary Net Position	23,347,310	32,677,287	15,824,866	(20,774,129)	29,696,806	9,710,679	4,735,128	6,171,994	97,996,277	14,333,388
Plan Fiduciary Net Position - Beginning of Fiscal Year	176,038,908	143,361,621	127,536,755	148,310,884	118,614,078	108,903,399	104,168,271	97,996,277	--	153,260,618
Plan Fiduciary Net Position - End of Fiscal Year (b)	\$ 199,386,218	\$ 176,038,908	\$ 143,361,621	\$ 127,536,755	\$ 148,310,884	\$ 118,614,078	\$ 108,903,399	\$ 104,168,271	\$ 97,996,277	\$ 167,594,006
Net Pension Liability, End of Fiscal Year [(a)-(b)]	\$ 34,174,413	\$ 43,755,112	\$ 60,322,505	\$ 68,688,418	\$ 37,166,915	\$ 57,926,772	\$ 61,357,057	\$ 52,917,745	\$ 44,045,039	\$ 84,282,397
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85.4%	80.1%	70.4%	65.0%	80.0%	67.2%	64.0%	66.3%	69.0%	66.5%
Covered Payroll	\$ 13,839,759	\$ 12,988,062	\$ 13,185,223	\$ 13,028,198	\$ 12,490,811	\$ 12,193,590	\$ 11,003,736	\$ 10,494,232	\$ 8,954,177	\$ 19,643,308
Net Pension Liability as a Percentage of Covered Payroll	246.9%	336.9%	457.5%	527.2%	297.6%	475.1%	557.6%	504.3%	491.9%	429.1%

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.
5. Effective October 1, 2020, (adopted May 18, 2021), there were various changes to the Plan, along with assumptions associated with the changes. In addition, the investment return was lowered from 6.75% to 6.625%.
6. Effective October 1, 2023, the investment return assumptions was lowered from 6.625% to 6.25%.

CITY OF DELRAY BEACH, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULES OF NET PENSION LIABILITY (ASSET)

LAST TEN 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
2025	\$ 179,407,817	\$ 208,621,797	\$ (29,213,980)	116.3%	\$ 30,526,199	(95.7)%
2024	168,711,123	193,157,170	(24,446,047)	114.5%	27,695,348	(88.3)%
2023	159,692,599	160,334,071	(641,472)	100.4%	24,720,627	(2.6)%
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 %

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
2025	\$ 197,312,963	\$ 165,881,934	\$ 31,431,029	84.1%	\$ 14,446,720	217.6 %
2024	191,428,779	150,153,001	41,275,778	78.4%	14,122,833	292.3 %
2023	185,316,912	123,729,648	61,587,264	66.8%	12,962,713	475.1 %
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 %

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
2025	\$ 233,560,631	\$ 199,386,218	\$ 34,174,413	85.4%	\$ 13,839,759	246.9 %
2024	219,794,020	176,038,908	43,755,112	80.1%	12,988,062	336.9 %
2023	203,684,126	143,361,621	60,322,505	70.4%	13,185,223	457.5 %
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 %

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 TEN FISCAL YEARS

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Employees' Pension Plan										
Actuarially determined contribution	\$ 3,023,430	\$ 2,529,247	\$ 2,357,598	\$ 2,882,706	\$ 3,123,630	\$ 2,866,796	\$ 2,360,582	\$ 2,151,438	\$ 1,969,163	\$ 2,046,827
Contributions in relation to actuarially determined contribution	3,023,430	2,529,247	2,357,598	2,882,706	3,123,630	2,866,796	2,360,582	2,151,438	1,969,163	2,046,827
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Covered payroll	\$ 30,526,199	\$ 27,695,348	\$ 24,720,627	\$ 23,765,081	\$ 22,853,685	\$ 20,997,013	\$ 20,025,730	\$ 18,060,007	\$ 15,449,062	\$ 15,371,826
Contributions as a percentage of covered payroll	9.9%	9.1%	9.5%	12.1%	13.7%	13.7%	11.8%	11.9%	12.7%	13.3%
Police Officers' Retirement System ⁽¹⁾										
Actuarially determined contribution	\$ 9,094,441	\$ 8,762,418	\$ 8,489,528	\$ 8,725,766	\$ 8,639,610	\$ 7,523,959	\$ 6,854,111	\$ 5,985,879	\$ 5,503,513	\$ 11,294,379
Contributions in relation to actuarially determined contribution ⁽²⁾	9,094,441	8,762,418	8,489,528	8,725,766	8,639,610	7,523,959	6,854,111	5,720,507	5,904,709	11,294,379
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 265,372	\$ (401,196)	\$ --
Covered payroll	\$ 14,446,720	\$ 14,122,833	\$ 12,962,713	\$ 12,245,085	\$ 11,523,962	\$ 12,084,406	\$ 12,084,406	\$ 11,125,424	\$ 10,738,126	\$ 19,643,308
Contributions as a percentage of covered payroll	63.0%	62.0%	65.5%	71.3%	75.0%	62.3%	56.7%	51.4%	55.0%	57.5%
Firefighters' Retirement System ⁽¹⁾										
Actuarially determined contribution	\$ 10,973,974	\$ 9,843,496	\$ 9,608,007	\$ 9,313,165	\$ 8,927,763	\$ 8,451,577	\$ 7,582,571	\$ 6,538,017	\$ 5,332,347	\$ 11,294,379
Contributions in relation to actuarially determined contribution ⁽³⁾	11,251,149	9,774,855	9,507,255	9,376,308	8,999,500	8,051,039	7,582,571	5,449,212	6,856,203	11,294,379
Contribution deficiency (excess)	\$ (277,175)	\$ 68,641	\$ 100,752	\$ (63,143)	\$ (71,737)	\$ 400,538	\$ --	\$ 1,088,805	\$ (1,523,856)	\$ --
Covered payroll	\$ 13,839,759	\$ 12,988,062	\$ 13,185,223	\$ 13,028,198	\$ 12,490,811	\$ 12,193,590	\$ 11,003,736	\$ 10,494,232	\$ 8,954,177	\$ 19,643,308
Contributions as a percentage of covered payroll	81.3%	75.3%	72.1%	72.0%	72.0%	66.0%	68.9%	51.9%	76.6%	57.5%

(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

NOTE 1 – SIGNIFICANT ACTUARIAL ASSUMPTIONS

	General Employees'	Police Officers'	Firefighters'
Actuarial valuation date	10/1/2023	10/1/2023	10/1/2023
Contribution fiscal year	9/30/2025	9/30/2025	9/30/2025

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	6.625% / 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 TEN FISCAL YEARS

NOTE 2 – SIGNIFICANT ACTUARIAL ASSUMPTIONS (CONTINUED)

	<u>General Employees'</u>	<u>Police Officers'</u>	<u>Firefighters'</u>
Mortality	PUB 2010 Headcount Weighted Safety Below Median Male Table and Female Table. Three 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. Three 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. Three 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 TEN FISCAL YEARS

Fiscal Year Ended <u>September 30,</u>	Annual Money-Weighted Rate of Return, Net of Investment Expenses		
	General Employees' Pension Plan	Police Officers' Retirement System	Firefighters' Retirement System
2025	10.58 %	10.18 %	11.95 %
2024	23.36 %	20.47 %	21.50 %
2023	14.54 %	12.02 %	11.32 %
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 %

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

CITY OF DELRAY BEACH, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
DELRAY BEACH POLICE FIREFIGHTERS AND PARAMEDICS RETIREE BENEFIT FUND
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**

LAST EIGHT FISCAL YEARS

	Fiscal Year							
	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service cost	\$ 225,063	\$ 229,373	\$ 224,875	\$ 225,552	\$ 221,129	\$ 227,892	\$ 223,424	\$ 213,605
Interest	1,165,853	1,134,417	1,099,015	1,064,783	1,118,888	1,074,582	1,010,021	972,220
Difference between expected and actual experience	(552,003)	--	32,943	--	(416,557)	--	288,312	--
Changes of assumptions or other inputs	485,882	--	--	--	(874,102)	--	--	--
Benefit payments	(961,852)	(919,569)	(860,129)	(807,274)	(744,226)	(667,099)	(663,795)	(718,460)
Net change in total OPEB liability	362,943	444,221	496,704	483,061	(694,868)	635,375	857,962	467,365
Total OPEB liability, beginning of fiscal year	15,791,879	15,347,658	14,850,954	14,367,893	15,062,761	14,427,386	13,569,424	13,102,059
Total OPEB Liability, End of Fiscal Year (a)	\$ 16,154,822	\$ 15,791,879	\$ 15,347,658	\$ 14,850,954	\$ 14,367,893	\$ 15,062,761	\$ 14,427,386	\$ 13,569,424
Plan Fiduciary Net Position								
Contributions								
Employer	\$ 1,027,035	\$ 982,661	\$ 956,133	\$ 882,557	\$ 894,387	\$ 854,845	\$ 775,823	\$ 873,731
Net investment income (loss)	1,310,951	1,973,790	920,409	(1,642,674)	1,632,929	250,427	163,247	297,055
Benefit payments	(961,852)	(919,569)	(860,129)	(807,274)	(744,226)	(667,099)	(663,795)	(718,460)
Other	--	--	--	--	--	--	(42,907)	--
Administrative expense	(41,614)	(56,731)	(59,778)	(58,200)	(25,717)	(32,074)	(25,217)	(27,868)
Net Change in Plan Fiduciary Net Position	1,334,520	1,980,151	956,635	(1,625,591)	1,757,373	406,099	207,151	424,458
Plan Fiduciary Net Position, Beginning of Fiscal Year	9,629,096	7,648,945	6,692,310	8,317,901	6,560,528	6,154,429	5,947,278	5,479,913
Plan Fiduciary Net Position, End of Fiscal Year (b)	\$ 10,963,616	\$ 9,629,096	\$ 7,648,945	\$ 6,692,310	\$ 8,317,901	\$ 6,560,528	\$ 6,154,429	\$ 5,904,371
Net OPEB Liability, End of Fiscal Year [(a)-(b)]	\$ 5,191,206	\$ 6,162,783	\$ 7,698,713	\$ 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	67.9%	61.0%	49.8%	45.1%	57.9%	43.6%	42.7%	43.5%
Covered Employee Payroll	\$ 33,871,572	\$ 30,976,921	\$ 31,501,532	\$ 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	15.3%	19.9%	24.4%	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:

2025	7.5%
2024	7.5%
2023	7.5%
2022	7.5%
2021	7.5%
2020	7.5%
2019	7.5%
2018	7.5%

Note: This schedule will reflect information for ten years once information is available.

REQUIRED SUPPLEMENTARY INFORMATION
CITY OPEB PLAN
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS

	Fiscal Year							
	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service cost	\$ 523,658	\$ 285,877	\$ 218,889	\$ 250,370	\$ 472,583	\$ 272,380	\$ 203,314	\$ 878,492
Interest	581,996	454,446	661,870	986,033	577,077	565,929	479,804	581,386
Differences between expected and actual experience	782,140	--	--	--	--	--	--	--
Changes of assumptions or other inputs	(2,577,490)	1,864,016	(2,708,037)	(8,080,096)	(4,082,217)	4,099,784	4,952,769	(804,506)
Benefit payments	(664,905)	(632,814)	(686,829)	(721,980)	(648,233)	(710,808)	(665,299)	(123,575)
Net change in total OPEB liability	(1,354,601)	1,971,525	(2,514,107)	(7,565,673)	(3,680,790)	4,227,285	4,970,588	531,797
Total OPEB liability, beginning of fiscal year ⁽¹⁾	13,683,278	11,763,420	14,277,527	21,843,200	25,523,990	21,296,705	16,326,117	15,794,320
Total OPEB Liability, End of Fiscal Year	\$ 12,328,677	\$ 13,734,945	\$ 11,763,420	\$ 14,277,527	\$ 21,843,200	\$ 25,523,990	\$ 21,296,705	\$ 16,326,117
Covered Employee Payroll	\$ 68,972,121	\$ 60,513,476	\$ 60,513,476	\$ 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	17.9%	22.7%	19.4%	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

- 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:

2025	4.90%
2024	3.97%
2023	4.75%
2022	4.59%
2021	2.29%
2020	2.26%
2019	3.00%
2018	3.83%

- 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.

Note: This schedule will reflect information for ten years once information is available.

(1) The Total OPEB liability at the beginning of fiscal year 2025 does not agree to the ending OPEB liability for fiscal year 2024 by \$51,667.

CITY OF DELRAY BEACH, FLORIDA

**REQUIRED SUPPLEMENTARY INFORMATION
 DELRAY BEACH POLICE, FIREFIGHTERS AND PARAMEDICS RETIREE BENEFIT FUND
 SCHEDULES OF CITY CONTRIBUTIONS**

LAST EIGHT FISCAL YEARS

	Fiscal Year							
	2025	2024	2023	2022	2021	2020	2020	2018
Delray Beach Police, Firefighters & Paramedics Retiree Benefit Fund								
Actuarially determined contribution	\$ 1,192,668	\$ 1,274,710	\$ 1,259,689	\$ 1,041,404	\$ 1,014,738	\$ 1,153,772	\$ 1,000,387	\$ 976,925
Contributions in relation to actuarially determined contribution	1,027,035	982,661	956,133	882,557	894,387	854,845	775,823	873,731
Contribution Deficiency (Excess)	<u>\$ 165,633</u>	<u>\$ 292,049</u>	<u>\$ 303,556</u>	<u>\$ 158,847</u>	<u>\$ 120,351</u>	<u>\$ 298,927</u>	<u>\$ 224,564</u>	<u>\$ 103,194</u>
Covered Employee Payroll	<u>\$ 33,871,572</u>	<u>\$ 30,976,921</u>	<u>\$ 31,501,532</u>	<u>\$ 30,285,117</u>	<u>\$ 28,807,164</u>	<u>\$ 31,542,349</u>	<u>\$ 27,135,701</u>	<u>\$ 23,545,096</u>
Contributions as a Percentage of Covered Employee Payroll	<u>3.0%</u>	<u>3.2%</u>	<u>3.0%</u>	<u>2.9%</u>	<u>3.1%</u>	<u>2.7%</u>	<u>2.9%</u>	<u>3.7%</u>

Notes to Schedule:

Actuarial Assumptions:

Actuarial valuation date 9/30/2025 9/30/2023

Measurement date 9/30/2025 9/30/2024

Note: This schedule will reflect information for ten years once information is available.

**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.

Local Option Gas Tax Fund – To account for gas tax revenues restricted for roadway program expenditures.

Building Permit Fund – This fund accounts for commercial and residential plan review, permitting and inspection of all construction activity including permit and impact fees.

Special Projects Fund – This fund is used to account for assets held by the City for a variety of earmarked purposes.

Caron Foundation Fund – This fund accounts for revenues and expenditures associated with the settlement agreement arising from litigation between the City and the Caron Foundation concerning residential recovery housing operations within the City.

Opioid Settlement Fund – This fund is used to account for revenues received pursuant to national opioid litigation settlement agreements. Fund resources are restricted for opioid remediation activities, including prevention, treatment, recovery, education, and other eligible programs and expenditures intended to address the impacts of the opioid epidemic within the community.

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.

One-Cent Sales Tax Fund – This fund is used to account for infrastructure capital improvement projects and debt service financed by the City’s 2017 capital improvement revenue bonds and one-cent local infrastructure sales surtax collections.

Recreation GO Bond Fund – This fund accounts for the construction of major capital facilities financed by the City’s 2024 general obligation bonds and subsequent financing.

Public Safety GO Bond Fund – This fund accounts for the construction of major public safety capital facilities financed by the City’s 2025 general obligation bonds and subsequent financing.

CITY OF DELRAY BEACH, FLORIDA

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS**

September 30, 2025

	Special Revenue							
	Law Enforcement Trust	Developers Land Contribution	Beautification	Local Option Gas Tax	Building Permit	Special Projects	Caron Foundation	Opioid Settlement
	Assets							
Cash and cash equivalents	\$ 745,212	\$ 730,311	\$ 2,073,250	\$ 133,538	\$ 6,129,263	\$ 602,810	\$ --	\$ --
Investments	--	--	--	--	1,564,762	5,063,607	947,566	397,842
Accounts receivable, net	--	--	--	--	--	187,288	--	--
Interest receivable	--	--	--	--	12,613	40,817	--	--
Due from other governments	--	--	--	--	--	--	--	--
Due from other funds	--	--	--	--	7,305,483	--	--	--
Prepaid items	--	--	--	--	234,895	--	--	--
Total Assets	\$ 745,212	\$ 730,311	\$ 2,073,250	\$ 133,538	\$ 15,247,016	\$ 5,894,522	\$ 947,566	\$ 397,842
Liabilities, Deferred Inflows of Resources and Fund Balances								
Liabilities								
Accounts payable and accrued items	\$ --	\$ --	\$ 85,777	\$ -	\$ 94,725	\$ 169,606	\$ -	\$ --
Due to other funds	--	--	30,643	572,778	--	--	920,055	--
Deposits payable	--	--	--	--	--	15,529	--	--
Total Liabilities	--	--	116,420	572,778	94,725	185,135	920,055	--
Deferred Inflows of Resources								
Unavailable revenue	--	--	--	--	--	1,519,098	--	388,069
Fund Balances								
Nonspendable:								
Prepaid items	--	--	--	--	234,895	--	--	--
Restricted for:								
Debt service	--	--	--	--	--	--	--	--
Law enforcement	745,212	--	--	--	--	780,520	--	--
Capital improvements	--	--	--	--	--	2,639,438	--	--
Community development	--	730,311	1,956,830	--	--	290,091	27,511	9,773
Building permits	--	--	--	--	14,917,396	--	--	--
Parks and recreation	--	--	--	--	--	480,240	--	--
Assigned to:								
Capital improvements	--	--	--	--	--	--	--	--
Unassigned	--	--	--	(439,240)	--	--	--	--
Total Fund Balances	745,212	730,311	1,956,830	(439,240)	15,152,291	4,190,289	27,511	9,773
Total Liabilities and Fund Balances	\$ 745,212	\$ 730,311	\$ 2,073,250	\$ 133,538	\$ 15,247,016	\$ 5,894,522	\$ 947,566	\$ 397,842

CITY OF DELRAY BEACH, FLORIDA

**COMBINING BALANCE SHEET (CONTINUED)
NON-MAJOR GOVERNMENTAL FUNDS**

September 30, 2025

Debt Service		Capital Projects					Total
General				One-Cent	Recreation	Public Safety	Non-Major
Obligation	Utilities	2004	Beach	Sales Tax	GO	GO	Governmental
Debt	Tax	GO Bond	Restoration	Fund	Bond	Bond	Funds
Service							
\$ 191,692	\$ 1,504,044	\$ --	\$ 359,909	\$ 8,326,973	\$ --	\$ --	\$ 20,797,002
--	--	--	--	--	8,747,237	--	16,721,014
--	--	--	--	--	--	--	187,288
--	--	--	--	--	--	--	53,430
--	--	--	--	736,456	--	--	736,456
--	--	--	--	--	--	--	7,305,483
--	--	--	--	--	--	--	234,895
<u>\$ 191,692</u>	<u>\$ 1,504,044</u>	<u>\$ --</u>	<u>\$ 359,909</u>	<u>\$ 9,063,429</u>	<u>\$ 8,747,237</u>	<u>\$ --</u>	<u>\$ 46,035,568</u>
\$ --	\$ --	\$ --	\$ 98,369	\$ 1,808,609	\$ 345,728	\$ -	\$ 2,602,814
--	--	2,257	--	--	160,351	92,170	1,778,254
--	--	--	--	--	--	--	15,529
<u>--</u>	<u>--</u>	<u>2,257</u>	<u>98,369</u>	<u>1,808,609</u>	<u>506,079</u>	<u>92,170</u>	<u>4,396,597</u>
--	--	--	--	--	--	--	1,907,167
--	--	--	--	--	--	--	234,895
191,692	1,504,044	--	--	--	--	--	1,695,736
--	--	--	--	--	--	--	1,525,732
--	--	--	--	7,254,820	--	--	9,894,258
--	--	--	--	--	--	--	3,014,516
--	--	--	--	--	--	--	14,917,396
--	--	--	--	--	8,241,158	--	8,721,398
--	--	--	261,540	--	--	--	261,540
--	--	(2,257)	--	--	--	(92,170)	(533,667)
<u>191,692</u>	<u>1,504,044</u>	<u>(2,257)</u>	<u>261,540</u>	<u>7,254,820</u>	<u>8,241,158</u>	<u>(92,170)</u>	<u>39,731,804</u>
<u>\$ 191,692</u>	<u>\$ 1,504,044</u>	<u>\$ --</u>	<u>\$ 359,909</u>	<u>\$ 9,063,429</u>	<u>\$ 8,747,237</u>	<u>\$ --</u>	<u>\$ 46,035,568</u>

CITY OF DELRAY BEACH, FLORIDA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue							
	Law Enforcement Trust	Developers Land Contribution	Beautification	Local Option Gas Tax	Building Permit	Special Projects	Caron Foundation	Opioid Settlement
	Revenues							
Taxes	\$ --	\$ --	\$ --	\$ 1,455,124	\$ --	\$ --	\$ --	\$ --
Intergovernmental	--	--	--	--	--	--	--	--
Charges for services	--	--	--	--	9,843,027	957,967	--	--
Fines and forfeitures	14,991	--	--	--	40,745	137,561	--	--
Miscellaneous	--	265,500	--	--	85,665	383,508	27,511	9,773
Total Revenues	14,991	265,500	--	1,455,124	9,969,437	1,479,036	27,511	9,773
Expenditures								
Current:								
General government	--	157,635	--	--	5,777,850	134,445	--	--
Public safety	29,316	--	--	--	--	32,898	--	--
Physical environment	--	--	1,643,999	--	--	--	--	--
Parks and recreation	--	--	--	--	--	759,318	--	--
Capital outlay	--	--	--	529,711	370,294	--	--	--
Debt service:								
Principal retirement	--	--	--	--	94,454	--	--	--
Interest and fiscal charges	--	--	--	--	1,147	--	--	--
Total Expenditures	29,316	157,635	1,643,999	529,711	6,243,745	926,661	--	--
Excess of Revenues Over (Under) Expenditures	(14,325)	107,865	(1,643,999)	925,413	3,725,692	552,375	27,511	9,773
Other Financing Sources/(Uses)								
Transfers in	--	--	1,621,866	--	--	--	--	--
Transfers out	--	--	--	(1,707,510)	(356,629)	--	--	--
Total Other Financing Sources/(Uses)	--	--	1,621,866	(1,707,510)	(356,629)	--	--	--
Net Change in Fund Balance	(14,325)	107,865	(22,133)	(782,097)	3,369,063	552,375	27,511	9,773
Fund Balances - October 1, 2024								
as previously reported	759,537	622,446	1,978,963	342,857	11,783,228	3,637,914	--	--
Change with financial reporting entity (major to nonmajor fund)	--	--	--	--	--	--	--	--
Fund Balances - October 1, 2024 as restated	759,537	622,446	1,978,963	342,857	11,783,228	3,637,914	--	--
Fund Balances - September 30, 2025	\$ 745,212	\$ 730,311	\$ 1,956,830	\$ (439,240)	\$ 15,152,291	\$ 4,190,289	\$ 27,511	\$ 9,773

CITY OF DELRAY BEACH, FLORIDA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NON-MAJOR GOVERNMENTAL FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Debt Service		Capital Projects					Total Non-Major Governmental Funds
General Obligation Debt Service	Utilities Tax	2004 GO Bond	Beach Restoration	One-Cent Sales Tax Fund	Recreation GO Bond	Public Safety GO Bond	
\$ 590,932	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 2,046,056
--	--	--	--	6,875,359	--	--	6,875,359
--	--	--	--	--	--	--	10,800,994
--	--	--	--	--	--	--	193,297
--	--	--	--	531,968	421,550	--	1,725,475
<u>590,932</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>7,407,327</u>	<u>421,550</u>	<u>--</u>	<u>21,641,181</u>
--	--	2,257	--	349,238	1,768,724	--	8,190,149
--	--	--	--	--	--	69,410	131,624
--	--	--	--	--	--	--	1,643,999
--	--	--	383,591	--	--	--	1,142,909
--	--	--	5,400,000	10,081,157	--	22,760	16,403,922
155,000	2,520,000	--	--	3,388,650	--	--	6,158,104
424,111	914,900	--	--	170,291	--	--	1,510,449
<u>579,111</u>	<u>3,434,900</u>	<u>2,257</u>	<u>5,783,591</u>	<u>13,989,336</u>	<u>1,768,724</u>	<u>92,170</u>	<u>35,181,156</u>
<u>11,821</u>	<u>(3,434,900)</u>	<u>(2,257)</u>	<u>(5,783,591)</u>	<u>(6,582,009)</u>	<u>(1,347,174)</u>	<u>(92,170)</u>	<u>(13,539,975)</u>
--	3,434,900	--	5,815,657	--	--	--	10,872,423
--	--	--	--	--	--	--	(2,064,139)
--	3,434,900	--	5,815,657	--	--	--	8,808,284
11,821	--	(2,257)	32,066	(6,582,009)	(1,347,174)	(92,170)	(4,731,691)
179,871	1,504,044	--	229,474	--	9,588,332	--	30,626,666
--	--	--	--	13,836,829	--	--	13,836,829
<u>179,871</u>	<u>1,504,044</u>	<u>--</u>	<u>229,474</u>	<u>13,836,829</u>	<u>9,588,332</u>	<u>--</u>	<u>44,463,495</u>
<u>\$ 191,692</u>	<u>\$ 1,504,044</u>	<u>\$ (2,257)</u>	<u>\$ 261,540</u>	<u>\$ 7,254,820</u>	<u>\$ 8,241,158</u>	<u>\$ (92,170)</u>	<u>\$ 39,731,804</u>

NON-MAJOR ENTERPRISE FUNDS

Enterprise funds are used to account for operations that provide a service to citizens, financed primarily by a user charge, and where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Delray Beach Municipal Golf Course Fund – This fund is used to account for the services and activities of the City's municipal golf course.

Lakeview Golf Course Fund – This fund is used to account for the services and activities of the City's executive municipal golf course.

City Marina Fund – This fund is used to account for the services and activities of the City's municipal marina.

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

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, 2025

	Municipal Golf Course	Lakeview Golf Course	City Marina	Sanitation Fund	Cemetery	Total Non-Major Enterprise Funds
Assets						
Current Assets:						
Cash and cash equivalents	\$ 419,388	\$ 1,018,417	\$ 264,264	\$ --	\$ --	\$ 1,702,069
Investments	--	--	1,827,175	4,052,830	1,214,877	7,094,882
Accounts receivable, net	4,650	--	--	1,102,275	12,268	1,119,193
Lease receivable	125,108	--	--	2,068,764	--	2,193,872
Interest receivable	122	--	14,729	63,494	9,793	88,138
Inventories	86,433	15,568	--	--	--	102,001
Prepaid expenses	126,632	63,693	--	--	--	190,325
Total Current Assets	762,333	1,097,678	2,106,168	7,287,363	1,236,938	12,490,480
Noncurrent Assets:						
Property, land and equipment						
Land	1,415,483	1,963,894	42,840	--	--	3,422,217
Buildings	2,299,680	140,718	--	--	--	2,440,398
Improvements other than buildings	1,239,323	899,663	1,173,492	11,958	--	3,324,436
Equipment	1,501,550	424,773	86,026	13,163	--	2,025,512
Construction in progress	312,878	--	--	--	717,017	1,029,895
Accumulated depreciation	(4,365,199)	(1,181,521)	(1,206,404)	(25,121)	--	(6,778,245)
Other asset						
Net pension asset	--	--	--	239,555	--	239,555
Total Noncurrent Assets	2,403,715	2,247,527	95,954	239,555	717,017	5,703,768
Total Assets	3,166,048	3,345,205	2,202,122	7,526,918	1,953,955	18,194,248
Deferred Outflows of Resources						
Deferred amount related to OPEB liability	--	--	--	38,529	--	38,529
Deferred amount related to pensions	--	--	--	45,074	--	45,074
Total Deferred Outflows of Resources	--	--	--	83,603	--	83,603
Liabilities						
Current Liabilities:						
Accounts payable and accrued expenses	246,597	--	621	635,879	256,301	1,139,398
Unearned revenue	--	--	2,577	--	--	2,577
Current lease liability	21,492	14,423	--	--	--	35,915
Current portion of compensated absences	--	--	--	736	--	736
Due to other funds	83,304	--	--	600,071	42,168	725,543
Refundable deposits payable	6,243	--	22,673	--	--	28,916
Total Current Liabilities	357,636	14,423	25,871	1,236,686	298,469	1,933,085
Noncurrent Liabilities:						
Lease liability	--	--	--	--	--	--
Compensated absences payable	--	--	--	112,081	--	112,081
Net OPEB liability	--	--	--	110,958	--	110,958
Total Noncurrent Liabilities	--	--	--	223,039	--	223,039
Total Liabilities	357,636	14,423	25,871	1,459,725	298,469	2,156,124
Deferred Inflows of Resources						
Deferred amount related to OPEB liability	--	--	--	106,226	--	106,226
Deferred amount related to pensions	--	--	--	159,117	--	159,117
Deferred amount related to leases	115,914	--	--	2,040,918	--	2,156,832
Total Deferred Inflows of Resources	115,914	--	--	2,306,261	--	2,422,175
Net Position						
Net investment in capital assets	2,382,223	2,233,104	95,954	--	717,017	5,428,298
Restricted for:						
Net pension asset	--	--	--	239,555	--	239,555
Unrestricted	310,275	1,097,678	2,080,297	3,604,980	938,469	8,031,699
Total Net Position	\$ 2,692,498	\$ 3,330,782	\$ 2,176,251	\$ 3,844,535	\$ 1,655,486	\$ 13,699,552

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, 2025

	Municipal Golf Course	Lakeview Golf Course	City Marina	Sanitation Fund	Cemetery	Total Non-Major Enterprise Funds
Operating Revenues						
Charges for services	\$ 2,799,198	\$ 956,206	\$ 255,535	\$ 8,766,174	95,275	\$ 12,872,388
Other operating revenue	94,231	49,305	20	--	838	144,394
Total Operating Revenues	2,893,429	1,005,511	255,555	8,766,174	96,113	13,016,782
Operating Expenses						
Personal services	--	--	--	608,836	--	608,836
Operating expenses	3,057,047	851,404	110,052	8,454,901	6,049	12,479,453
Depreciation	187,232	98,556	3,719	--	--	289,507
Total Operating Expenses	3,244,279	949,960	113,771	9,063,737	6,049	13,377,796
Operating Income (loss)	(350,850)	55,551	141,784	(297,563)	90,064	(361,014)
Nonoperating Revenues (Expenses)						
Investment earnings	1,563	--	100,030	252,701	66,510	420,804
Intergovernmental	--	--	--	3,911	--	3,911
Rent revenue	24,324	--	--	80,202	--	104,526
Interest expense	(1,440)	(965)	--	--	--	(2,405)
Bond issuance costs	(30,479)	--	--	--	--	(30,479)
Total Nonoperating Revenues (Expenses)	(6,032)	(965)	100,030	336,814	66,510	496,357
Income Before Transfers	(356,882)	54,586	241,814	39,251	156,574	135,343
Transfers out	(32,362)	(19,522)	(64,164)	(337,323)	(88,281)	(541,652)
Change In Net Position	(389,244)	35,064	177,650	(298,072)	68,293	(406,309)
Net Position - October 1, 2024, as previously reported	3,081,742	3,295,718	1,998,601	--	1,587,193	9,963,254
Change within financial reporting entity (major to nonmajor fund)	--	--	--	4,142,607	--	4,142,607
Net Position - October 1, 2024 as restated	3,081,742	3,295,718	1,998,601	4,142,607	1,587,193	14,105,861
Net Position - September 30, 2025	\$ 2,692,498	\$ 3,330,782	\$ 2,176,251	\$ 3,844,535	\$ 1,655,486	\$ 13,699,552

CITY OF DELRAY BEACH, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Municipal Golf Course	Lakeview Golf Course	City Marina	Sanitation Fund	Cemetery	Total Non-Major Enterprise Funds
Cash Flows From Operating Activities						
Receipts from customers and users	\$ 2,871,793	\$ 1,000,904	\$ 255,555	\$ 8,852,769	\$ 96,113	\$ 13,077,134
Receipts from others	23,705	--	--	70,330	(74,012)	20,023
Payments to suppliers	(2,852,592)	(869,648)	(423,459)	(9,062,720)	(6,049)	(13,214,468)
Payments to employees	--	--	--	(656,609)	--	(656,609)
Net Cash Provided by (Used in) Operating Activities	42,906	131,256	(167,904)	(796,230)	16,052	(773,920)
Cash Flows From Noncapital Financing Activity						
Transfers to other funds	(32,362)	(19,522)	(64,164)	(337,323)	(88,281)	(541,652)
Net Cash Used in Noncapital Financing Activity	(32,362)	(19,522)	(64,164)	(337,323)	(88,281)	(541,652)
Cash Flows From Capital and Related Financing Activities						
Acquisition and construction of capital assets	(365,798)	(36,158)	--	--	(257,779)	(659,735)
Principal paid on capital debt	(27,687)	(18,580)	--	--	--	(46,267)
Interest paid on capital debt	(1,440)	(965)	--	--	--	(2,405)
Bond issuance costs	(30,479)	--	--	--	--	(30,479)
Net Cash Used in Capital and Related Financing Activities	(425,404)	(55,703)	--	--	(257,779)	(738,886)
Cash Flows From Investing Activities						
Purchases of investments	--	--	392,764	871,183	261,146	1,525,093
Interest on investments	1,581	--	103,568	262,370	68,862	436,381
Net Cash Provided by Investing Activities	1,581	--	496,332	1,133,553	330,008	1,961,474
Net Change in Cash and Cash Equivalents	(413,279)	56,031	264,264	--	--	(92,984)
Cash and Cash Equivalents - October 1, 2024	832,667	962,386	--	--	--	1,795,053
Cash and Cash Equivalents - September 30, 2025	\$ 419,388	\$ 1,018,417	\$ 264,264	\$ --	\$ --	\$ 1,702,069
Reconciliation of cash and cash equivalents to statement of net position:	419,388					
Unrestricted cash and cash equivalents	\$ 419,388	\$ 1,018,417	\$ 264,264	\$ --	\$ --	\$ 1,702,069
Cash and cash equivalents - September 30, 2025	\$ 419,388	\$ 1,018,417	\$ 264,264	\$ --	\$ --	\$ 1,702,069
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities						
Operating income (loss)	\$ (350,850)	\$ 55,551	\$ 141,784	\$ (297,563)	\$ 90,064	\$ (361,014)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	187,232	98,556	3,719	--	--	289,507
Intergovernmental	--	--	--	3,911	--	3,911
Rent revenue	24,324	--	--	80,202	--	104,526
Change in assets, liabilities and deferred inflows/outflows:						
Accounts receivable	(4,650)	--	--	86,595	--	81,945
Lease receivable	19,064	--	--	122,278	--	141,342
Inventories	(6,933)	(4,607)	--	--	--	(11,540)
Prepaid expenses	147,090	(13,763)	--	--	--	133,327
Deferred amount related to OPEB liability	--	--	--	11,854	--	11,854
Deferred amount related to pensions	--	--	--	(17,964)	--	(17,964)
Deferred amount related to leases	(19,683)	--	--	(136,061)	--	(155,744)
Accounts payable and accrued expenses	(25,939)	(4,481)	(547)	(560,103)	256,301	(334,769)
Refundable deposits payable	(10,053)	--	--	--	--	(10,053)
Compensated absences payable	--	--	--	10,091	--	10,091
Net OPEB liability	--	--	--	(12,657)	--	(12,657)
Net pension asset	--	--	--	(39,097)	--	(39,097)
Due to other funds	83,304	--	(312,860)	(47,716)	(330,313)	(607,585)
Total adjustments	393,756	75,705	(309,688)	(498,667)	(74,012)	(412,906)
Net Cash Provided by (used in) Operating Activities	\$ 42,906	\$ 131,256	\$ (167,904)	\$ (796,230)	\$ 16,052	\$ (773,920)
NON-CASH CAPITAL AND RELATED FINANCING						
Non-Cash Capital and Related Financing and Investing Activities						
Change in fair value of investments	\$ --	\$ --	\$ 4,203	9,323	\$ 2,795	\$ 16,321

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, 2025

	Insurance	Central Garage	Total Internal Service Funds
Assets			
Current Assets:			
Cash and cash equivalents	\$ 5,729,759	\$ 12,945	\$ 5,742,704
Investments	9,923,116	5,666,186	15,589,302
Accounts receivable, net	16,396	--	16,396
Interest receivable	80,117	45,674	125,791
Inventories	--	138,010	138,010
Prepaid expenses	--	2,765,421	2,765,421
Restricted Assets:			
Cash and cash equivalents	--	4,088,398	4,088,398
Total Current Assets	15,749,388	12,716,634	28,466,022
Noncurrent Assets:			
Property and equipment			
Buildings	--	88,185	88,185
Equipment	114,047	41,395,528	41,509,575
Subscriptions based IT arrangements	--	154,342	154,342
Accumulated depreciation and amortization	(114,047)	(29,869,326)	(29,983,373)
Other assets			
Net pension asset	371,018	680,686	1,051,704
Total Noncurrent Assets	371,018	12,449,415	12,820,433
Total Assets	16,120,406	25,166,049	41,286,455
Deferred Outflows of Resources			
Deferred amount related to OPEB	29,967	59,934	89,901
Deferred amount related to pensions	69,809	128,075	197,884
Total Deferred Outflows of Resources	99,776	188,009	287,785
Liabilities			
Current Liabilities:			
Accounts payable and accrued expenses	563,164	120,046	683,210
Current maturities of installment agreements	--	1,133,000	1,133,000
Current portion of compensated absences	7,780	17,660	25,440
Current portion of subscription liability	--	40,302	40,302
Current portion of insurance claims payable	3,281,426	--	3,281,426
Due to other funds	--	3,442,459	3,442,459
Total Current Liabilities	3,852,370	4,753,467	8,605,837
Noncurrent Liabilities:			
Installment agreements	--	7,262,000	7,262,000
Compensated absences payable	61,621	112,779	174,400
Insurance claims payable	4,771,000	--	4,771,000
Total OPEB liability	86,301	172,601	258,902
Total Noncurrent Liabilities	4,918,922	7,547,380	12,466,302
Total Liabilities	8,771,292	12,300,847	21,072,139
Deferred Inflows of Resources			
Deferred amount related to OPEB	82,620	165,241	247,861
Deferred amount related to pensions	246,437	452,125	698,562
Total Deferred Inflows of Resources	329,057	617,366	946,423
Net Position			
Net investment in capital assets	--	7,462,127	7,462,127
Restricted for:			
Net pension asset	371,018	680,686	1,051,704
Unrestricted	6,748,815	4,293,032	11,041,847
Total Net Position	\$ 7,119,833	\$ 12,435,845	\$ 19,555,678

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, 2025

	Insurance	Central Garage	Total Internal Service Funds
Operating Revenues			
Charges for services	\$ 23,596,021	\$ 3,023,238	\$ 26,619,259
Other operating revenue	1,377,677	4,743,484	6,121,161
Total Operating Revenues	24,973,698	7,766,722	32,740,420
Operating Expenses			
Personal services	1,091,909	1,158,896	2,250,805
Other operating expenses	23,985,240	2,539,863	26,525,103
Depreciation and amortization	--	4,120,179	4,120,179
Total Operating Expenses	25,077,149	7,818,938	32,896,087
Operating Income (Loss)	(103,451)	(52,216)	(155,667)
Nonoperating Revenues (Expenses)			
Investment earnings	543,251	310,201	853,452
Interest expense	--	(165,244)	(165,244)
Gain on disposal of equipment	--	229,207	229,207
Total Nonoperating Revenues	543,251	374,164	917,415
Income (Loss) Before Transfers and Contributions	439,800	321,948	761,748
Capital contributions	--	556,323	556,323
Transfers in	--	556,819	556,819
Transfers out	(136,278)	--	(136,278)
Change In Net Position	303,522	1,435,090	1,738,612
Net Position - October 1, 2024	6,816,311	11,000,755	17,817,066
Net Position - September 30, 2025	\$ 7,119,833	\$ 12,435,845	\$ 19,555,678

CITY OF DELRAY BEACH, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Insurance	Central Garage	Total Internal Service Funds
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 24,975,370	\$ 2,877,548	\$ 27,852,918
Payments to suppliers	(22,951,670)	(2,526,866)	(25,478,536)
Payments to employees	(1,166,519)	(1,329,899)	(2,496,418)
Net Cash Provided by (Used in) Operating Activities	857,181	(979,217)	(122,036)
Cash Flows From Noncapital Financing Activity			
Transfers from other funds	--	556,819	556,819
Transfers to other funds	(136,278)	--	(136,278)
Net Cash Provided by (Used in) Noncapital Financing Activity	(136,278)	556,819	420,541
Cash Flows From Capital and Related Financing Activities			
Acquisition and construction of capital assets	--	(5,561,127)	(5,561,127)
Proceeds from the sale of capital assets	--	327,725	327,725
Principal paid on installment agreements	--	8,395,000	8,395,000
Principal paid on subscription liability	--	1,264	1,264
Interest paid on installment agreements	--	(165,244)	(165,244)
Net Cash Provided by Capital and Related Financing Activities	--	2,997,618	2,997,618
Cash Flows From Investing Activities			
Sale of investments	2,133,040	1,204,950	3,337,990
Interest on investments	562,465	321,173	883,638
Net Cash Provided by Investing Activities	2,695,505	1,526,123	4,221,628
Net Change in Cash and Cash Equivalents	3,416,408	4,101,343	7,517,751
Cash and Cash Equivalents - October 1, 2024	2,313,351	--	2,313,351
Cash and Cash Equivalents - September 30, 2025	\$ 5,729,759	\$ 4,101,343	\$ 9,831,102
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	\$ (103,451)	\$ (52,216)	\$ (155,667)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation expense	--	4,120,179	4,120,179
Change in assets, liabilities and deferred inflows/outflows:			
Accounts receivable	1,672	--	1,672
Inventories	--	4,235	4,235
Deferred amount related to OPEB	9,220	12,236	21,456
Deferred amount related to pensions	(27,823)	(51,045)	(78,868)
Accounts payable and accrued expenses	144,046	8,762	152,808
Due to other funds	--	(4,889,174)	(4,889,174)
Compensated absences payable	14,390	12,322	26,712
Insurance claims payable	889,524	--	889,524
Total OPEB liability	(9,844)	(33,423)	(43,267)
Net pension asset	(60,553)	(111,093)	(171,646)
Total adjustments	960,632	(927,001)	33,631
Net Cash Provided by (Used in) Operating Activities	\$ 857,181	\$ (979,217)	\$ (122,036)
Non-Cash Capital and Related Financing and Investing Activities			
Equipment contributed from governmental capital assets	\$ --	\$ 556,323	\$ 556,323
Change in fair value of investments	\$ 22,828	\$ 13,035	\$ 35,863

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, 2025

	General Employees' Pension	Police Officers' Retirement System	Firefighters' Retirement System	Total Pension Trust Funds
Assets				
Cash	\$ 129,574	\$ 143,372	\$ 159,965	\$ 432,911
Investments:				
Money market mutual funds	7,399,812	1,538,564	3,338,806	12,277,182
Fixed income	43,150,142	14,735,985	37,667,242	95,553,369
Equity securities	75,265,691	79,877,244	120,918,053	276,060,988
Pooled domestic equity index funds	77,188,196	49,808,817	24,140,879	151,137,892
Real estate investment funds	--	8,856,696	10,225,464	19,082,160
Fixed income alternative investment fund	5,733,992	11,096,266	3,095,358	19,925,616
Total Investments	208,737,833	165,913,572	199,385,802	574,037,207
Interest and dividends receivable	24,979	8,017	30,748	63,744
Pending trades receivable	184,188	7,121	247,613	438,922
Total Assets	209,076,574	166,072,082	199,824,128	574,972,784
Liabilities				
Accounts payable	183,770	41,278	71,770	296,818
Pending trades payable	271,007	137,128	366,140	774,275
Refunds due to members	--	11,742	--	11,742
Total Liabilities	454,777	190,148	437,910	1,082,835
Net Position				
Restricted for pension benefits	\$ 208,621,797	\$ 165,881,934	\$ 199,386,218	\$ 573,889,949

CITY OF DELRAY BEACH, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	General Employees' Pension	Police Officers' Retirement System	Firefighters' Retirement System	Total Pension Trust Funds
Additions				
Contributions				
Employer	\$ 2,746,386	\$ 8,487,846	\$ 10,044,155	\$ 21,278,387
State of Florida	--	1,198,300	1,997,201	3,195,501
Plan members	1,691,595	1,278,028	1,506,923	4,476,546
Total contributions	4,437,981	10,964,174	13,548,279	28,950,434
Investment earnings				
Net appreciation in fair value of investments	15,665,958	11,869,218	16,605,401	44,140,577
Interest, dividends and investment fund income	5,333,623	4,924,335	5,975,956	16,233,914
Other investment income	4	63	--	67
	20,999,585	16,793,616	22,581,357	60,374,558
Less investment expenses	(372,451)	(902,881)	(651,167)	(1,926,499)
Net investment earnings	20,627,134	15,890,735	21,930,190	58,448,059
Total Additions	25,065,115	26,854,909	35,478,469	87,398,493
Deductions				
Benefits	9,185,332	10,623,473	11,864,719	31,673,524
Refunds of contributions	249,162	333,159	99,543	681,864
Administrative expenses	165,994	169,344	166,897	502,235
Total Deductions	9,600,488	11,125,976	12,131,159	32,857,623
Change In Net Position	15,464,627	15,728,933	23,347,310	54,540,870
Net Position Restricted for Pension Benefits at October 1, 2024	193,157,170	150,153,001	176,038,908	519,349,079
Net Position Restricted for Pension Benefits at September 30, 2025	\$ 208,621,797	\$ 165,881,934	\$ 199,386,218	\$ 573,889,949

OTHER SUPPLEMENTARY INFORMATION

BUDGETARY SCHEDULES

CITY OF DELRAY BEACH, FLORIDA

**SCHEDULE OF REVENUE AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - GENERAL FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
Revenue				
Taxes:				
Ad valorem	\$ 103,307,190	\$ 103,307,190	\$ 103,200,536	\$ (106,654)
Utility	8,865,500	8,865,500	\$ 9,204,675	339,175
Communications services tax	3,810,000	3,810,000	3,436,556	(373,444)
Business tax receipts	884,000	884,000	702,890	(181,110)
Total taxes	<u>116,866,690</u>	<u>116,866,690</u>	<u>116,544,657</u>	<u>(322,033)</u>
Fees and permits:				
Building permits	--	--	41,515	41,515
Franchise fees	7,284,528	7,284,528	6,954,637	(329,891)
Miscellaneous	2,349,180	2,349,180	2,826,557	477,377
License fees	175,000	175,000	77,065	(97,935)
Total fees and permits	<u>9,808,708</u>	<u>9,808,708</u>	<u>9,899,774</u>	<u>91,066</u>
Intergovernmental:				
Federal shared revenue:				
FEMA Grants	--	--	307,442	307,442
ARPA Funds	--	--	42,317	42,317
Hazmat Sustainment	--	--	90,482	90,482
PEMT Funds	539,816	539,816	566,705	26,889
Highway Safety Grants	70,000	70,000	190,000	120,000
Justice Assistance Grants	900,000	900,000	88,340	(811,660)
Total federal shared revenue	<u>1,509,816</u>	<u>1,509,816</u>	<u>1,285,286</u>	<u>(224,530)</u>
State shared revenue:				
State revenue sharing	3,082,380	3,082,380	2,999,217	(83,163)
Local government sales tax	7,524,219	7,524,219	6,552,152	(972,067)
Alcoholic beverage licenses tax	100,000	100,000	99,164	(836)
Municipal fuel tax refund	57,865	57,865	89,169	31,304
Mobile home licenses tax	300	300	431	131
Fire incentive	88,000	88,000	96,024	8,024
State grants	50,000	50,000	151,846	101,846
Total state shared revenue	<u>10,902,764</u>	<u>10,902,764</u>	<u>9,988,003</u>	<u>(914,761)</u>
Shared revenue from local units:				
County occupational licenses	140,000	140,000	141,931	1,931
Palm Beach County grants	150,000	150,000	121,081	(28,919)
Total shared revenue from local units	<u>290,000</u>	<u>290,000</u>	<u>263,012</u>	<u>(26,988)</u>
Total intergovernmental	<u>12,702,580</u>	<u>12,702,580</u>	<u>11,536,301</u>	<u>(1,166,279)</u>

(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, 2025

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
Revenue (continued):				
Charges for services:				
General government	\$ 781,100	\$ 781,100	\$ 927,776	\$ 146,676
Public safety	5,432,587	5,432,587	6,163,784	731,197
Physical environment	130,000	130,000	49,267	(80,733)
Parking	4,328,460	4,328,460	4,523,282	194,822
Culture and recreation	2,523,250	2,523,250	2,693,075	169,825
Total charges for services	<u>13,195,397</u>	<u>13,195,397</u>	<u>14,357,184</u>	<u>1,161,787</u>
Fines and forfeitures:				
Court	910,722	910,722	852,903	(57,819)
Penalties on licenses and permits	36,000	36,000	27,690	(8,310)
Violations of local ordinances	175,576	175,576	200,149	24,573
Total fines and forfeitures	<u>1,122,298</u>	<u>1,122,298</u>	<u>1,080,742</u>	<u>(41,556)</u>
Miscellaneous:				
Interest	2,775,904	2,775,904	3,255,386	479,482
Rents and special assessments	653,399	992,993	465,118	(527,875)
Contributions and donations	7,429,071	7,660,833	6,518,960	(1,141,873)
Recovery of administrative costs	6,732,066	6,732,066	6,732,066	--
Other	550,005	550,009	449,615	(100,394)
Total miscellaneous	<u>18,140,445</u>	<u>18,711,805</u>	<u>17,421,145</u>	<u>(1,290,660)</u>
Total Revenue	<u>171,836,118</u>	<u>172,407,478</u>	<u>170,839,803</u>	<u>(1,567,675)</u>
Other Financing Sources:				
Prior year surplus	8,328,588	9,851,835	--	(9,851,835)
Transfers in:				
Water and Sewer Fund	4,446,832	4,446,832	4,573,519	126,687
Municipal Golf Course Fund	51,884	51,884	51,884	--
City Marina Fund	64,164	64,164	64,164	--
Sanitation Fund	170,086	170,086	170,086	--
Cemetery Fund	--	88,281	88,281	--
Stormwater Utility Fund	425,688	425,688	1,098,386	672,698
LOGT Fund	1,300,000	1,300,000	1,300,000	--
Building Fund	356,629	356,629	356,629	--
Total transfers in	<u>6,815,283</u>	<u>6,903,564</u>	<u>7,702,949</u>	<u>799,385</u>
Total Other Financing Sources	<u>15,143,871</u>	<u>16,755,399</u>	<u>7,702,949</u>	<u>(9,052,450)</u>
Total Revenue and Other Financing Sources	<u>\$ 186,979,989</u>	<u>\$ 189,162,877</u>	<u>178,542,752</u>	<u>\$ (10,620,125)</u>
Reconciliation to GAAP Basis Statements				
On-behalf payments			3,195,501	
Issuance of subscriptions			<u>99,172</u>	
Revenue and Other Financing Sources - GAAP Basis			<u>\$ 181,837,425</u>	

CITY OF DELRAY BEACH, FLORIDA

**SCHEDULE OF EXPENDITURES, ENCUMBRANCES AND OTHER
FINANCING USES - COMPARED WITH APPROPRIATIONS - GENERAL FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Original Budget	Final Amended Budget	Current Year Expenditures	Current Year Encumbrances Outstanding	Total Expenditures and Encumbrances	Unencumbered Balance Lapsed
General Government						
City commission	\$ 651,047	\$ 617,647	\$ 476,049	\$ --	\$ 476,049	\$ 141,598
City manager	1,524,236	1,584,236	1,350,113	38,104	1,388,217	196,019
Communications	300	300	(10,350)	293	(10,057)	10,357
Economic development	558,255	558,255	443,047	--	443,047	115,208
Human resources	1,209,508	1,271,058	1,269,214	--	1,269,214	1,844
City clerk	680,530	684,496	577,028	8,953	585,981	98,515
Finance	3,417,991	3,529,071	3,230,981	--	3,230,981	298,090
Information technology	6,161,619	6,316,918	5,051,784	115,486	5,167,270	1,149,648
Subscriptions	--	--	99,172	--	99,172	(99,172)
City attorney	1,696,992	1,696,992	1,694,581	--	1,694,581	2,411
Grants and Aids:						
Library	1,731,141	1,731,141	1,731,141	--	1,731,141	--
Other grants and aids	457,700	457,700	457,010	--	457,010	690
Miscellaneous and contingency	540,000	539,296	1,742,386	47,253	1,789,639	(1,250,343)
Tax increment payments to CRA	21,990,282	21,990,282	21,914,715	--	21,914,715	75,567
Total General Government	\$ 40,619,601	\$ 40,977,392	\$ 40,026,871	\$ 210,089	\$ 40,236,960	\$ 740,432
Public Safety						
Police	\$ 50,268,456	\$ 50,758,201	\$ 50,094,087	\$ 76,201	\$ 50,170,288	\$ 587,913
Fire	48,890,019	49,254,309	44,996,717	72,499	45,069,216	4,185,093
Development services						
Planning and zoning	2,520,143	2,597,823	2,250,897	83,000	2,333,897	263,926
Building inspection	407,849	407,849	367,888	8,393	376,281	31,568
Neighborhood and Community Services:						
Administration	579,050	574,050	505,766	--	505,766	68,284
Clean and Safe	1,616,990	1,831,815	1,816,997	--	1,816,997	14,818
Code compliance	1,531,223	1,536,223	1,379,996	--	1,379,996	156,227
Communications	813,837	813,837	683,416	--	683,416	130,421
Total Public Safety	\$ 106,627,567	\$ 107,774,107	\$ 102,095,764	\$ 240,093	\$ 102,335,857	\$ 5,438,250
Physical Environment						
Public works:						
Engineering	\$ 1,586,939	\$ 1,676,623	\$ 1,335,707	\$ 65,870	\$ 1,401,577	\$ 275,046
Programs	449,417	530,337	300,619	--	300,619	229,718
Project management	665,643	665,643	755,505	--	755,505	(89,862)
Administration	831,202	832,852	876,025	--	876,025	(43,173)
Street maintenance	1,411,655	1,411,655	1,223,229	136,653	1,359,882	51,773
Traffic operations	501,133	502,383	499,776	1,250	501,026	1,357
Street lighting	1,297,214	1,297,214	1,057,908	--	1,057,908	239,306
Parking facilities	2,086,889	2,086,889	2,017,137	--	2,017,137	69,752
Building maintenance	3,421,648	3,479,648	3,358,180	--	3,358,180	121,468
Total Physical Environment	\$ 12,251,740	\$ 12,483,244	\$ 11,424,086	\$ 203,773	\$ 11,627,859	\$ 855,385

(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, 2025

	Original Budget	Final Amended Budget	Current Year Expenditures	Current Year Encumbrances Outstanding	Total Expenditures and Encumbrances	Unencumbered Balance Lapsed
Parks and Recreation						
Administration	\$ 1,539,313	\$ 1,539,313	\$ 1,559,355	\$ --	\$ 1,559,355	\$ (20,042)
Out of school program	393,778	393,778	339,255	--	339,255	54,523
Teen center	432,734	436,060	329,819	4,110	333,929	102,131
Catherine Strong Park	384,704	384,952	336,037	5,474	341,511	43,441
Community center	488,459	508,459	455,462	19,633	475,095	33,364
Veteran's park recreation facility	278,354	268,652	251,733	7,676	259,409	9,243
Pompey Park recreation facility	1,371,728	1,431,728	1,225,150	--	1,225,150	206,578
Parks maintenance	6,476,576	6,486,774	6,120,348	10,334	6,130,682	356,092
Special events	1,697,627	1,697,627	1,556,397	--	1,556,397	141,230
Cemetery	782,276	870,557	541,922	--	541,922	328,635
Tennis centers	2,786,930	2,786,930	2,746,882	11,247	2,758,129	28,801
Tennis stadium	3,675,184	3,873,570	3,114,528	28,400	3,142,928	730,642
Aquatics	697,082	697,578	510,928	2,117	513,045	184,533
Athletics	872,687	878,935	831,514	3,632	835,146	43,789
Total Parks and Recreation	\$ 21,877,432	\$ 22,254,913	\$ 19,919,330	\$ 92,623	\$ 20,011,953	\$ 2,242,960
Debt Service						
Principal retirement	--	--	698,791	--	698,791	(698,791)
Interest and fiscal charges	--	--	20,506	--	20,506	(20,506)
Total Debt Service	--	--	719,297	--	719,297	(719,297)
Total Expenditures and Encumbrances	181,376,340	183,489,656	174,185,348	746,578	174,931,926	8,557,730
Other Financing Uses						
Transfers out to other funds:						
Neighborhood Services Fund	285,215	285,215	285,215	--	285,215	--
Beautification Fund	1,616,676	1,616,676	1,616,676	--	1,616,676	--
Utilities Tax Fund	3,434,900	3,434,900	3,434,900	--	3,434,900	--
Capital Improvement Fund	--	69,572	69,572	--	69,572	--
Beach Restoration Fund	266,858	266,858	--	--	--	266,858
Total Other Financing Uses	5,603,649	5,673,221	5,406,363	--	5,406,363	266,858
Total Expenditures, Encumbrances and Other Financing Uses	\$ 186,979,989	\$ 189,162,877	\$ 179,591,711	\$ 746,578	180,338,289	\$ 8,824,588
Reconciliation to GAAP Basis Statements						
Current year encumbrances outstanding					(746,578)	
Prior year encumbrances paid in current year					1,706,142	
On-behalf payments					3,195,501	
Expenditures and Other Financing Uses - GAAP Basis					\$ 184,493,354	

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,	Governmental Activities		Business-Type Activities		Total Requirements
	General Obligation Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	
2026	\$ 576,700	\$ 6,940,526	\$ 7,773,259	\$ 15,290,485	
2027	578,450	6,951,004	7,604,275	15,133,729	
2028	579,700	3,428,500	7,604,275	11,612,475	
2029	580,450	3,432,850	8,104,275	12,117,575	
2030	580,700	3,429,500	9,079,275	13,089,475	
2031	580,450	3,429,812	9,904,275	13,914,537	
2032	579,700	3,428,250	10,384,275	14,392,225	
2033	578,450	1,028,438	10,604,275	12,211,163	
2034	576,700	1,027,050	10,605,775	12,209,525	
2035	579,450	1,024,650	10,608,775	12,212,875	
2036	581,450	--	10,607,775	11,189,225	
2037	577,700	--	10,607,525	11,185,225	
2038	578,450	--	10,607,525	11,185,975	
2039	578,450	--	10,607,275	11,185,725	
2040	577,700	--	10,606,275	11,183,975	
2041	581,200	--	10,604,025	11,185,225	
2042	577,200	--	10,605,025	11,182,225	
2043	577,800	--	10,608,525	11,186,325	
2044	577,800	--	10,603,775	11,181,575	
2045	577,200	--	10,605,525	11,182,725	
2046	581,000	--	10,607,775	11,188,775	
2047	579,000	--	10,603,875	11,182,875	
2048	581,400	--	10,607,650	11,189,050	
2049	578,000	--	10,607,788	11,185,788	
2050	579,000	--	10,603,500	11,182,500	
2051	579,200	--	10,604,000	11,183,200	
2052	578,600	--	10,607,975	11,186,575	
2053	577,200	--	10,604,112	11,181,312	
2054	-	--	10,606,625	10,606,625	
2055	-	--	10,603,937	10,603,937	
Total	\$ 16,209,100	\$ 34,120,580	\$ 304,393,221	\$ 354,722,901	

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
2026	\$ 165,000	\$ 411,700	\$ 576,700	\$ 9,225,000
2027	175,000	403,450	578,450	9,050,000
2028	185,000	394,700	579,700	8,865,000
2029	195,000	385,450	580,450	8,670,000
2030	205,000	375,700	580,700	8,465,000
2031	215,000	365,450	580,450	8,250,000
2032	225,000	354,700	579,700	8,025,000
2033	235,000	343,450	578,450	7,790,000
2034	245,000	331,700	576,700	7,545,000
2035	260,000	319,450	579,450	7,285,000
2036	275,000	306,450	581,450	7,010,000
2037	285,000	292,700	577,700	6,725,000
2038	300,000	278,450	578,450	6,425,000
2039	315,000	263,450	578,450	6,110,000
2040	330,000	247,700	577,700	5,780,000
2041	350,000	231,200	581,200	5,430,000
2042	360,000	217,200	577,200	5,070,000
2043	375,000	202,800	577,800	4,695,000
2044	390,000	187,800	577,800	4,305,000
2045	405,000	172,200	577,200	3,900,000
2046	425,000	156,000	581,000	3,475,000
2047	440,000	139,000	579,000	3,035,000
2048	460,000	121,400	581,400	2,575,000
2049	475,000	103,000	578,000	2,100,000
2050	495,000	84,000	579,000	1,605,000
2051	515,000	64,200	579,200	1,090,000
2052	535,000	43,600	578,600	555,000
2053	555,000	22,200	577,200	-
Total	\$ 9,390,000	\$ 6,819,100	\$ 16,209,100	\$ --

CITY OF DELRAY BEACH, FLORIDA

SCHEDULE OF GENERAL OBLIGATION BONDS (SERIES 2024)

Fiscal Year Ending September 30,	Principal		Interest		Total	Balance Outstanding at End of Fiscal Year	Interest Rate
	July 1	January 1	July 1	July 1		Year	Rate
2026	\$ 165,000	\$ 205,850	\$ 205,850	\$ 576,700	\$ 15,632,400	5.00%	
2027	175,000	201,725	201,725	578,450	15,053,950	5.00%	
2028	185,000	197,350	197,350	579,700	14,474,250	5.00%	
2029	195,000	192,725	192,725	580,450	13,893,800	5.00%	
2030	205,000	187,850	187,850	580,700	13,313,100	5.00%	
2031	215,000	182,725	182,725	580,450	12,732,650	5.00%	
2032	225,000	177,350	177,350	579,700	12,152,950	5.00%	
2033	235,000	171,725	171,725	578,450	11,574,500	5.00%	
2034	245,000	165,850	165,850	576,700	10,997,800	5.00%	
2035	260,000	159,725	159,725	579,450	10,418,350	5.00%	
2036	275,000	153,225	153,225	581,450	9,836,900	5.00%	
2037	285,000	146,350	146,350	577,700	9,259,200	5.00%	
2038	300,000	139,225	139,225	578,450	8,680,750	5.00%	
2039	315,000	131,725	131,725	578,450	8,102,300	5.00%	
2040	330,000	123,850	123,850	577,700	7,524,600	5.00%	
2041	350,000	115,600	115,600	581,200	6,943,400	4.00%	
2042	360,000	108,600	108,600	577,200	6,366,200	4.00%	
2043	375,000	101,400	101,400	577,800	5,788,400	4.00%	
2044	390,000	93,900	93,900	577,800	5,210,600	4.00%	
2045	405,000	86,100	86,100	577,200	4,633,400	4.00%	
2046	425,000	78,000	78,000	581,000	4,052,400	4.00%	
2047	440,000	69,500	69,500	579,000	3,473,400	4.00%	
2048	460,000	60,700	60,700	581,400	2,892,000	4.00%	
2049	475,000	51,500	51,500	578,000	2,314,000	4.00%	
2050	495,000	42,000	42,000	579,000	1,735,000	4.00%	
2051	515,000	32,100	32,100	579,200	1,155,800	4.00%	
2052	535,000	21,800	21,800	578,600	577,200	4.00%	
2053	555,000	11,100	11,100	577,200	--	4.00%	
Total	\$ 9,390,000	\$ 3,409,550	\$ 3,409,550	\$ 16,209,100			

Original Authorization – \$9,545,000
 Issued – \$9,545,000 Serial Bonds
 Date of Issue – June 6, 2024
 Maturity Range – Serial Bonds: July 1, 2025 through July 1, 2053;
 Principal Payment Date – July 1 of each year
 Interest Payment Dates – July 1 and January 1 of each year

Projects: The bonds were issued for park improvement projects.

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
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	\$ 30,370,000	\$ 3,750,580	\$ 34,120,580	

Note: Includes all CRA Tax Increment Redevelopment Revenue Bonds.

CITY OF DELRAY BEACH, FLORIDA

SCHEDULE OF WATER AND SEWER REVENUE BONDS (SERIES 2025)

Fiscal Year Ending September 30,	Serial Bond			Total	Balance	Interest Rate
	Principal	Interest			Outstanding at End of Fiscal Year	
	October 1	April 1	October 1			
2026	\$ --	\$ 3,971,121	\$ 3,802,138	\$ 7,773,259	\$ 296,619,962	5.00
2027	--	3,802,138	3,802,137	7,604,275	289,015,687	5.00
2028	--	3,802,138	3,802,137	7,604,275	281,411,412	5.00
2029	500,000	3,802,138	3,802,137	8,104,275	273,307,137	5.00
2030	1,500,000	3,789,638	3,789,637	9,079,275	264,227,862	5.00
2031	2,400,000	3,752,138	3,752,137	9,904,275	254,323,587	5.00
2032	3,000,000	3,692,138	3,692,137	10,384,275	243,939,312	5.00
2033	3,370,000	3,617,138	3,617,137	10,604,275	233,335,037	5.00
2034	3,540,000	3,532,888	3,532,887	10,605,775	222,729,262	5.00
2035	3,720,000	3,444,388	3,444,387	10,608,775	212,120,487	5.00
2036	3,905,000	3,351,388	3,351,387	10,607,775	201,512,712	5.00
2037	4,100,000	3,253,763	3,253,762	10,607,525	190,905,187	5.00
2038	4,305,000	3,151,263	3,151,262	10,607,525	180,297,662	5.00
2039	4,520,000	3,043,638	3,043,637	10,607,275	169,690,387	5.00
2040	4,745,000	2,930,638	2,930,637	10,606,275	159,084,112	5.00
2041	4,980,000	2,812,013	2,812,012	10,604,025	148,480,087	5.00
2042	5,230,000	2,687,513	2,687,512	10,605,025	137,875,062	5.00
2043	5,495,000	2,556,763	2,556,762	10,608,525	127,266,537	5.00
2044	5,765,000	2,419,388	2,419,387	10,603,775	116,662,762	5.00
2045	6,055,000	2,275,263	2,275,262	10,605,525	106,057,237	5.00
2046	6,360,000	2,123,888	2,123,887	10,607,775	95,449,462	5.25
2047	6,690,000	1,956,938	1,956,937	10,603,875	84,845,587	5.25
2048	7,045,000	1,781,325	1,781,325	10,607,650	74,237,937	5.25
2049	7,415,000	1,596,394	1,596,394	10,607,788	63,630,149	5.25
2050	7,800,000	1,401,750	1,401,750	10,603,500	53,026,649	5.25
2051	8,210,000	1,197,000	1,197,000	10,604,000	42,422,649	5.25
2052	8,645,000	981,488	981,487	10,607,975	31,814,674	5.25
2053	9,095,000	754,556	754,556	10,604,112	21,210,562	5.25
2054	9,575,000	515,813	515,812	10,606,625	10,603,937	5.25
2055	10,075,000	264,469	264,468	10,603,937	--	5.25
Total	\$ 148,040,000	\$ 78,261,114	\$ 78,092,107	\$ 304,393,221		

Original Authorization – \$148,040,000
 Issued – \$148,040,000 Serial Bonds
 Date of Issue – September 23, 2025
 Maturity Range – Serial Bonds: October 1, 2025 through October 1, 2055
 Principal Payment Date – October 1 of each year
 Interest Payment Dates – October 1 and April 1 of each year

Projects: The bonds were issued for the purpose of financing a portion of the costs of certain additions, extensions and improvements to the City's combined water and sewer systems

CITY OF DELRAY BEACH, FLORIDA

SCHEDULE OF CAPITAL IMPROVEMENT REVENUE BONDS (SERIES 2017)

Fiscal Year Ending September 30,	Serial Bond		Interest		Total	Balance Outstanding at End of Fiscal Year	Interest Rate
	Principal October 1	April 1	October 1	October 1			
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	\$ 6,890,000	\$ 101,626	\$ 34,104	\$ 7,025,730			

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

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

CITY OF DELRAY BEACH, FLORIDA

SCHEDULE OF UTILITIES TAX REVENUE REFUNDING AND IMPROVEMENT BONDS (SERIES 2015)

Fiscal Year Ending September 30,	Serial Bond		Interest		Total	Balance	Interest Rate
	Principal					Outstanding at End of Fiscal Year	
	June 1	December 1	June 1				
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	5.00	
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	3.00	
2033	930,000	49,219	49,219	1,028,438	2,051,700	3.13	
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	--	3.25	
Total	\$ 23,480,000	\$ 1,807,425	\$ 1,807,425	\$ 27,094,850			

- 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.

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.

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Financial Trends.....	153-161
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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	162-164
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These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity.....	165-168
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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.....	169-170
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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	171-173
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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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities										
Net investment in capital assets	\$ 83,352,304	\$ 94,498,408	\$ 133,947,140	\$ 142,771,519	\$ 151,463,017	\$ 166,850,944	\$ 184,694,457	\$ 202,434,515	\$ 220,455,944	\$ 241,848,472
Restricted	3,102,189	5,747,894	9,743,679	10,201,536	7,084,293	27,350,234	8,658,205	11,365,928	38,036,928	161,249,712
Unrestricted (deficit)	(10,566,092)	(16,349,766)	(24,386,173)	(24,273,405)	(24,607,721)	(27,276,080)	(2,942,464)	11,557,213	21,454,502	(67,743,012)
Total Governmental Activities Net Position	\$ 75,888,401	\$ 83,896,536	\$ 119,304,646	\$ 128,699,650	\$ 133,939,589	\$ 166,925,098	\$ 190,410,198	\$ 225,357,656	\$ 279,947,374	\$ 335,355,172
Business-type Activities										
Net investment in capital assets	\$ 97,070,159	\$ 100,024,904	\$ 104,384,378	\$ 107,509,243	\$ 107,576,983	\$ 108,687,933	\$ 109,285,531	\$ 106,858,746	\$ 108,587,424	\$ 124,630,317
Restricted	3,572,645	3,604,806	3,744,085	3,494,654	3,558,286	8,879,997	--	163,255	6,221,520	7,434,959
Unrestricted	53,312,727	57,526,842	57,215,688	59,051,311	62,960,813	58,378,089	64,373,734	68,246,608	64,918,942	54,153,813
Total Business-type Activities Net Position	\$ 153,955,531	\$ 161,156,552	\$ 165,344,151	\$ 170,055,208	\$ 174,096,082	\$ 175,946,019	\$ 173,659,265	\$ 175,268,609	\$ 179,727,886	\$ 186,219,089
Primary Government										
Net investment in capital assets	\$ 180,422,463	\$ 194,523,312	\$ 238,331,518	\$ 250,280,762	\$ 259,040,000	\$ 275,538,877	\$ 293,979,988	\$ 309,293,261	\$ 329,043,368	\$ 366,478,789
Restricted	6,674,834	9,352,700	13,487,764	13,696,190	10,642,579	36,230,231	8,658,205	11,529,183	44,258,448	168,684,671
Unrestricted	42,746,635	41,177,076	32,829,515	34,777,906	38,353,092	31,102,009	61,431,270	79,803,821	86,373,444	(13,589,199)
Total Primary Government Net Position	\$ 229,843,932	\$ 245,053,088	\$ 284,648,797	\$ 298,754,858	\$ 308,035,671	\$ 342,871,117	\$ 364,069,463	\$ 400,626,265	\$ 459,675,260	\$ 521,574,261

CITY OF DELRAY BEACH, FLORIDA

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

Expenses	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities:										
General government	\$ 22,968,532	\$ 26,679,900	\$ 31,680,429	\$ 35,617,235	\$ 34,027,104	\$ 34,363,721	\$ 45,145,274	\$ 49,337,385	\$ 48,618,645	\$ 52,348,782
Public safety	65,918,444	70,348,624	75,694,658	85,620,516	88,253,173	82,397,287	93,794,719	99,097,368	97,687,891	97,928,340
Physical environment	7,714,515	10,366,782	14,065,033	16,268,827	14,746,699	12,286,732	15,527,974	16,972,978	16,653,352	16,072,209
Parks and recreation	13,311,802	14,195,210	15,653,597	16,821,403	18,143,786	15,435,019	19,818,336	22,602,565	20,448,433	19,644,364
Economic development	--	--	11,244,955	10,920,391	20,293,239	20,002,537	11,885,823	12,778,978	9,058,721	10,479,232
Interest on long-term debt	2,229,468	2,306,897	2,806,144	2,592,730	2,333,202	2,058,988	1,794,690	1,470,834	1,590,010	1,664,104
Total Governmental Activities Expenses	112,142,761	123,897,413	151,144,816	167,841,102	177,797,203	166,544,284	187,966,816	202,260,108	194,057,052	198,137,031
Business-type activities:										
Water and Sewer	24,467,001	26,741,734	25,899,650	27,638,570	29,678,332	30,768,550	36,432,302	36,772,765	38,146,275	40,098,200
Stormwater	1,546,867	1,893,877	1,889,375	1,861,488	2,230,218	1,928,660	2,623,745	2,043,504	2,514,723	4,472,212
Sanitation	3,748,162	5,195,029	6,534,537	4,435,509	4,505,066	4,551,556	5,011,187	6,703,059	8,371,522	9,069,288
Municipal Golf Course	3,098,149	2,909,445	2,952,039	3,072,842	2,533,254	2,442,025	2,847,100	3,072,988	3,256,195	3,278,204
Lakeview Golf Course	566,898	563,587	593,209	626,703	591,710	663,202	718,357	865,054	1,092,431	951,507
City Marina	88,509	107,813	158,492	165,383	35,908	63,539	176,332	81,653	110,057	113,841
Cemetery	--	800	3,339	64,121	367,714	400,292	77,337	1,368	792	6,053
Total Business-type Activities Expenses	33,515,586	37,412,285	38,030,641	37,864,616	39,942,202	40,817,824	47,886,260	49,540,391	53,491,995	57,989,305
Total Primary Government Expenses	\$ 145,658,347	\$ 161,309,698	\$ 189,175,457	\$ 205,705,718	\$ 217,739,405	\$ 207,362,108	\$ 235,853,076	\$ 251,800,499	\$ 247,549,047	\$ 256,126,336
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 7,378,380	\$ 10,451,376	\$ 10,051,233	\$ 10,692,718	\$ 8,896,565	\$ 12,048,045	\$ 18,441,201	\$ 24,208,553	\$ 17,332,001	\$ 17,113,715
Public safety	9,031,132	9,481,433	9,362,635	11,157,736	10,086,236	10,640,390	11,824,570	12,395,144	8,392,270	6,178,775
Physical environment	2,063,648	1,706,116	2,244,409	3,351,124	2,250,915	3,324,106	9,485,076	4,175,787	14,070,812	4,614,064
Parks and recreation	1,825,824	1,686,662	1,448,739	1,856,465	1,579,026	2,193,262	2,182,600	2,387,784	3,059,966	13,865,864
Economic development	--	--	424,354	161,313	125,106	143,469	177,097	227,037	1,616,779	1,974,658
Operating grants and contributions:										
General government	960,763	3,474,068	5,825,944	6,933,078	10,770,073	12,553,365	8,916,021	24,244,801	4,722,581	1,954,965
Public safety	2,604,202	2,123,336	2,310,771	2,405,993	3,587,887	3,879,956	2,218,288	2,833,116	2,909,918	3,195,501
Physical environment	--	--	--	--	--	--	528,692	483,284	4,179,145	6,011,254
Parks and recreation	210,948	24,990	81,561	171,519	168,846	847,352	110,500	126,198	262,612	121,081
Economic development	--	--	260,589	524,571	89,331	89,331	--	--	--	--
Capital grants and contributions:										
General government	944,673	429,737	2,467,808	328,922	199,779	431,800	3,335,517	2,830,420	1,164,172	2,432,215
Physical environment	--	--	--	--	--	--	--	--	--	--
Economic development	--	--	--	--	11,044,131	9,001,868	2,337,835	--	--	--
Total Governmental Activities Program Revenues	\$ 25,019,570	\$ 29,377,718	\$ 34,478,043	\$ 37,583,439	\$ 48,797,895	\$ 55,152,944	\$ 59,557,397	\$ 73,912,124	\$ 57,710,256	\$ 57,462,092

(Continued)

CITY OF DELRAY BEACH, FLORIDA

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Program Revenues (continued)										
Business-type activities:										
Charges for services:										
Water and Sewer	\$ 32,815,643	\$ 34,135,162	\$ 33,491,651	\$ 33,564,702	\$ 33,509,707	\$ 34,888,415	\$ 35,980,441	\$ 38,975,480	\$ 42,848,243	\$ 47,439,332
Stormwater	2,111,117	2,160,127	2,181,550	2,151,690	2,133,063	2,017,866	1,997,739	1,986,744	3,848,618	3,982,932
Sanitation	4,132,645	4,200,945	4,348,694	4,720,889	4,762,445	4,700,264	4,985,459	6,517,441	8,704,389	8,766,174
Municipal Golf Course	3,129,388	3,113,583	2,992,596	3,169,381	2,423,699	2,458,442	2,832,596	3,030,190	2,743,427	2,799,198
Lakeview Golf Course	610,903	646,391	637,666	732,439	665,559	850,341	987,121	1,026,763	917,679	956,206
City Marina	223,401	239,205	252,524	139,209	--	78,494	260,071	267,673	262,354	255,535
Cemetery	--	92,890	84,238	98,323	141,399	163,029	198,750	115,625	126,200	95,275
Operating grants and contributions:										
Water and Sewer	430,950	986,210	701,424	1,009	511,105	1,936	2,278	55,892	5,707	1,727,321
Stormwater	22,986	11,239	--	12,404	1,525,589	--	10,473	21,813	990	123,809
Sanitation	254,232	235,566	427,388	111,603	202,828	1,079,534	230,576	155,520	--	3,911
Municipal Golf Course	78,803	58,649	57,985	65,958	57,778	66,102	62,850	68,738	14,565	94,231
Lakeview Golf Course	8,544	5,649	5,010	5,435	4,616	5,809	5,869	7,171	12,958	49,305
City Marina	11,743	2,543	1,115	1,160	1,450	2,440	3,060	1,908	314	20
Cemetery	--	600	--	--	--	--	10	--	--	838
Capital grants and contributions:										
Water and Sewer	1,092,373	842,618	1,204,893	767,550	702,276	473,921	1,372,568	1,898,401	365,282	1,708,828
Stormwater	--	65,810	349,371	82,853	140,202	120,546	39,394	--	--	133,619
Total Business-type Activities Programs Revenues	44,922,728	46,797,187	46,736,105	45,624,605	46,781,716	46,907,139	48,969,255	54,129,359	59,850,726	68,136,534
Total Primary Government Program Revenues	\$ 69,942,298	\$ 76,174,905	\$ 81,214,148	\$ 83,208,044	\$ 95,579,611	\$ 102,060,083	\$ 108,526,652	\$ 128,041,483	\$ 117,560,982	\$ 125,598,626
Net (Expense) Revenue										
Governmental activities	\$ (87,123,191)	\$ (94,519,695)	\$ (116,666,773)	\$ (130,257,663)	\$ (128,999,308)	\$ (111,391,340)	\$ (128,409,419)	\$ (128,347,984)	\$ (136,346,796)	\$ (140,674,939)
Business-type activities	11,407,142	9,384,902	8,705,464	7,759,989	6,839,514	6,089,315	1,082,995	4,588,968	6,358,731	10,147,229
Total Primary Government Net Expense	\$ (75,716,049)	\$ (85,134,793)	\$ (107,961,309)	\$ (122,497,674)	\$ (122,159,794)	\$ (105,302,025)	\$ (127,326,424)	\$ (123,759,016)	\$ (129,988,065)	\$ (130,527,710)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 56,876,767	\$ 59,282,428	\$ 83,602,342	\$ 90,261,662	\$ 95,139,737	\$ 102,996,884	\$ 107,942,352	\$ 122,535,173	\$ 138,778,994	\$ 142,402,967
Franchise fees	5,132,170	5,209,446	5,240,982	5,317,253	5,114,526	5,898,386	6,218,454	6,930,375	6,687,991	6,954,637
Utility service taxes	9,383,744	9,468,782	9,842,605	10,032,079	9,926,040	10,336,932	10,580,371	11,841,404	12,198,897	12,641,231
Sales taxes	1,426,451	3,654,505	3,561,644	3,633,681	3,542,170	3,447,611	3,627,718	3,650,884	14,809,192	14,882,635
Local business tax	839,208	911,668	883,112	876,577	850,765	836,610	875,656	833,079	827,834	702,890
Intergovernmental, unrestricted	7,174,725	7,381,660	7,543,300	7,797,976	7,561,740	8,511,582	10,170,930	9,987,604	3,456,832	3,435,851
Investment earnings	306,237	873,235	1,852,523	4,205,582	2,552,908	224,418	976,616	3,053,661	8,589,922	5,237,390
Gain on disposal of capital assets	37,765	28,361	--	48,681	20,330	1,538,253	(1,152,186)	--	--	117,826
Miscellaneous	16,829,794	13,411,235	12,438,792	13,250,807	5,652,219	6,287,108	8,977,858	--	--	3,479,259
Transfers	878,151	2,306,510	3,475,651	4,228,369	3,878,812	4,299,065	3,676,750	4,463,262	5,586,852	6,228,051
Total Governmental Activities	98,885,012	102,527,830	128,440,951	139,652,667	134,239,247	144,376,849	151,894,519	163,295,442	190,936,514	196,082,737
Business-type activities										
Investment earnings	248,146	122,629	75,389	1,179,437	1,080,172	59,687	425,060	1,478,464	3,467,544	2,467,499
Gain (loss) on disposal of capital assets	15,352	--	--	--	--	--	(118,059)	5,174	23,297	--
Miscellaneous	--	--	--	--	--	--	--	--	196,557	104,526
Transfers	(878,151)	(2,306,510)	(3,475,651)	(4,228,369)	(3,878,812)	(4,299,065)	(3,676,750)	(4,463,262)	(5,586,852)	(6,228,051)
Total Business-type Activities	(614,653)	(2,183,881)	(3,400,262)	(3,048,932)	(2,798,640)	(4,239,378)	(3,369,749)	(2,979,624)	(1,899,454)	(3,656,026)
Total Primary Government	\$ 98,270,359	\$ 100,343,949	\$ 125,040,689	\$ 136,603,735	\$ 131,440,607	\$ 140,137,471	\$ 148,524,770	\$ 160,315,818	\$ 189,037,060	\$ 192,426,711

(Continued)

CITY OF DELRAY BEACH, FLORIDA

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Program Revenues (continued)										
Changes in Net Position										
Governmental activities	\$ 15,674,247	\$ 11,761,821	\$ 8,008,135	\$ 11,774,178	\$ 9,395,004	\$ 5,239,939	\$ 23,485,100	\$ 34,947,458	\$ 34,947,458	\$ 55,407,798
Business-type activities	5,848,185	10,792,489	7,201,021	5,305,202	4,711,057	4,040,874	(2,286,754)	1,609,344	1,609,344	6,491,203
Total Primary Government	\$ 21,522,432	\$ 22,554,310	\$ 15,209,156	\$ 17,079,380	\$ 14,106,061	\$ 9,280,813	\$ 21,198,346	\$ 36,556,802	\$ 36,556,802	\$ 61,899,001

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
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
2023	90,551,572	31,983,601	6,930,375	11,841,404	3,650,884	833,079	145,790,915
2024	102,517,690	36,261,304	6,687,991	12,198,897	14,809,192	827,834	173,302,908
2025	103,791,468	38,611,499	6,954,637	12,641,231	14,882,635	702,890	177,584,360

- (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**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable:										
Inventories	\$ 20,091	\$ 18,465	\$ 52,610	\$ 74,653	\$ 14,064	\$ 19,844	\$ 14,499	\$ 25,128	\$ 29,352	\$ 27,751
Prepaid items	669,738	32,809	60,108	48,530	624,612	469,796	572,416	514,447	430,530	389,208
Long-term notes receivable	3,500	--	--	--	--	--	--	--	--	--
Restricted for:										
Capital improvements	5,985	5,984	5,985	5,985	5,985	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	500,000	500,000	500,000	500,000	500,000	500,000
Assigned to:										
General government	--	152,070	1,054,033	57,334	85,347	113,542	327,647	821,069	229,666	210,089
Public safety	--	578,755	399,084	267,151	133,608	175,757	357,772	360,893	764,368	240,093
Physical environment	--	1,110,890	466,039	501,087	276,013	376,106	280,343	511,279	427,435	203,773
Parks and recreation	--	36,597	44,076	4,748	145,125	130,761	135,136	138,102	284,673	92,623
Subsequent year's budget	400,000	--	3,148,441	1,034,959	5,235,823	5,235,823	2,500,000	7,257,403	--	--
Unassigned	36,984,767	39,273,110	37,908,768	42,538,044	37,992,606	42,914,320	47,672,066	48,668,206	50,784,442	49,131,000
Total General Fund	\$ 39,084,081	\$ 42,208,680	\$ 44,139,144	\$ 45,532,491	\$ 45,013,183	\$ 49,941,934	\$ 52,365,864	\$ 58,802,512	\$ 53,456,451	\$ 50,800,522
All Other Governmental Funds										
Nonspendable:										
Prepaid items	\$ 750	\$ --	\$ 29,314	\$ 81,886	\$ --	\$ 5,089	\$ 5,431	\$ 118,378	\$ 155,473	\$ 371,286
Long-term notes receivable	--	--	--	--	--	--	4,038,931	-	--	--
Restricted for:										
Debt service	1,512,898	1,555,006	1,549,816	1,530,068	1,564,902	1,593,479	1,622,104	1,654,401	1,683,915	1,695,736
Law enforcement	1,307,711	1,166,924	1,109,178	1,214,333	1,297,619	1,334,197	1,193,549	1,138,458	759,537	1,525,732
Capital improvements	275,595	34,519,980	36,078,700	35,421,150	27,200,787	23,534,371	22,571,567	21,603,867	15,812,642	9,894,258
Community development	1,995,011	1,618,720	1,715,729	1,637,261	1,614,749	961,892	5,458,000	13,994,302	81,419,563	102,710,186
Building improvements	--	--	--	--	--	--	--	--	11,783,228	14,917,396
Parks and recreation	--	--	--	--	--	--	--	--	10,391,561	8,721,398
Public safety	--	--	--	--	--	--	--	--	603,723	-
Committed for:										
Economic development	--	--	--	3,859,229	3,823,987	4,336,151	--	--	--	--
Assigned to:										
Public safety	137,876	178,284	192,590	174,553	192,709	285,132	206,665	205,673	--	--
Parks and recreation	1,773,431	302,628	281,695	489,693	1,058,823	976,659	1,283,709	805,037	--	--
Capital improvements	17,304,033	17,041,318	24,209,669	19,691,591	27,287,858	31,581,464	28,689,368	25,610,086	15,523,111	261,540
Subsequent year's budget	--	--	6,977,412	16,404,645	19,260,521	22,679,957	30,001,648	44,274,601	--	--
Total all Other Governmental Funds	\$ 24,307,305	\$ 56,382,860	\$ 72,144,103	\$ 80,504,409	\$ 83,301,955	\$ 87,288,391	\$ 95,070,972	\$ 109,404,803	\$ 138,132,753	\$ 140,097,532

CITY OF DELRAY BEACH, FLORIDA

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Taxes	\$ 68,526,170	\$ 73,317,383	\$ 97,889,703	\$ 104,803,999	\$ 109,458,712	\$ 117,618,037	\$ 123,026,097	\$ 138,860,540	\$ 153,264,009	\$ 157,202,212
Licenses and permits	11,364,551	14,557,921	14,150,027	14,799,891	12,942,583	16,544,078	10,486,582	11,434,936	9,717,704	9,899,774
Intergovernmental	10,950,638	13,004,054	15,761,576	17,308,566	17,677,610	20,821,235	27,058,305	27,300,896	29,021,291	28,288,094
Charges for services	12,468,984	12,461,409	13,147,960	15,689,112	13,718,981	16,533,044	27,920,348	27,646,830	26,247,671	25,427,712
Fines and forfeitures	1,597,619	1,515,703	1,474,365	2,047,606	1,390,810	1,170,536	1,633,336	1,909,711	1,138,392	1,274,039
Miscellaneous	17,785,403	15,230,734	14,891,618	17,935,376	23,712,529	20,836,025	15,515,618	22,202,297	22,022,187	21,627,862
Total Revenues	122,693,365	130,087,204	157,315,249	172,584,550	178,901,225	193,522,955	205,640,286	229,355,210	241,411,254	243,719,693
Expenditures										
Current										
General government	23,125,406	24,211,901	28,034,121	31,145,975	30,291,065	34,293,485	41,086,122	44,189,855	48,630,739	53,530,497
Public safety	65,947,616	67,581,678	69,350,959	78,484,385	81,090,925	83,272,983	88,075,383	94,299,866	102,499,780	104,724,562
Physical environment	5,557,126	7,371,526	10,359,928	11,010,999	10,027,960	9,586,044	10,502,266	11,824,773	12,979,474	13,495,520
Parks and recreation	11,936,500	11,973,800	12,652,879	13,235,662	14,432,115	14,446,274	16,027,183	19,293,325	20,840,353	21,346,912
Economic development	--	--	11,244,955	10,920,391	20,051,187	20,002,537	11,885,823	12,778,978	9,178,416	10,472,819
Capital outlay	9,839,169	11,806,866	12,658,192	10,261,376	13,042,023	17,365,711	21,586,719	23,287,749	26,776,023	38,984,017
Debt service										
Principal retirement	11,197,870	3,468,713	7,390,732	8,533,634	8,108,299	8,994,808	8,890,243	10,744,084	10,783,766	7,560,420
Interest and other fiscal charges	2,350,249	2,151,910	2,750,170	2,693,240	2,477,899	2,211,804	1,959,236	1,797,640	1,485,922	1,575,439
Bond issue costs	--	70,560	--	--	--	--	--	--	237,650	--
Total Expenditures	129,953,936	128,636,954	154,441,936	166,285,662	179,521,473	190,173,646	200,012,975	218,216,270	233,412,123	251,690,186
Excess of Revenues Over (Under)										
Expenditures	(7,260,571)	1,450,250	2,873,313	6,298,888	2,873,313	(620,248)	5,627,311	11,138,940	7,999,131	(7,970,493)
Other Financing Sources (Uses)										
Issuance of bonds	--	31,500,000	1,250,000	1,950,000	--	--	--	--	9,545,000	--
Premium on bond issued	--	--	--	--	--	--	--	--	450,381	--
Installment agreement issued	--	--	1,004,607	--	--	1,011,144	--	--	--	--
Proceeds from the sale of capital assets	790	42,309	1,443,597	46,013	2,870	2,007,876	652,979	1,400	--	--
Leases (right of use assets) acquired	--	--	--	--	--	--	279,549	--	--	--
Subscriptions based financing arrangements	--	--	--	--	--	--	--	5,467,847	1,236,715	99,172
Redemption of bonds	--	--	--	--	--	--	--	--	--	--
Transfers in	10,953,739	13,395,520	12,559,561	9,498,922	9,147,019	12,206,146	13,854,787	14,758,212	19,779,875	19,337,669
Transfers out	(10,644,483)	(11,187,925)	(9,163,070)	(8,040,170)	(6,251,403)	(9,659,288)	(10,208,115)	(10,595,920)	(15,990,630)	(13,530,159)
Total Other Financing Sources (Uses)	310,046	33,749,904	7,094,695	3,454,765	2,898,486	5,565,878	4,579,200	9,631,539	15,021,341	5,906,682
Net Change in Fund Balances	\$ (6,950,525)	\$ 35,200,154	\$ 9,968,008	\$ 9,753,653	\$ 5,771,799	\$ 4,945,630	\$ 10,206,511	\$ 20,770,479	\$ 23,020,472	\$ (2,063,811)
Debt Service as a Percentage of Non-Capital Expenditures	11.28%	4.81%	7.15%	7.20%	6.36%	6.49%	6.08%	6.43%	5.94%	4.30%

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
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	850,765	121,084,452
2022	80,357,911	31,212,159	10,580,371	3,627,718	875,656	126,653,815
2023	90,551,572	31,983,601	11,841,404	3,650,884	833,079	138,860,540
2024	102,517,690	36,261,304	12,198,897	14,809,192	827,834	166,614,917
2025	103,791,468	38,611,499	12,641,231	14,882,635	702,890	170,629,723

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

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

CITY OF DELRAY BEACH, FLORIDA

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year Ending September 30,	Tax Roll Year	Just Value			Total	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Total Taxable Assessed Value as a % of Estimated Actual Value
		Real Property	Personal Property	Assessed Property						
2016	2015	\$ 10,791,342,859	\$ 335,931,328	\$ 4,706,897	\$ 11,131,981,084	\$ 3,156,786,813	\$ 7,975,194,271	7.3367	\$ 9,266,850,397	86.06%
2017	2016	12,078,341,921	350,472,163	5,116,264	12,433,930,348	3,634,745,822	8,799,184,526	7.2107	10,139,528,779	86.78%
2018	2017	13,031,532,052	308,798,636	5,280,088	13,345,610,776	3,735,290,382	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	15,254,469,718	370,020,858	7,313,944	15,631,804,520	3,743,436,842	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%
2023	2022	21,078,209,053	419,832,627	7,769,645	21,505,811,325	7,101,609,935	14,404,201,390	6.6665	16,109,704,234	89.41%
2024	2023	25,362,140,490	468,593,190	8,709,865	25,839,443,545	9,506,517,453	16,332,926,092	6.4982	18,129,715,594	90.09%
2025	2024	27,147,318,849	473,803,414	9,596,422	27,630,718,685	9,565,938,246	18,064,780,439	6.1920	19,963,376,792	90.49%

Note: The basis of just value is approximately one hundred percent (100%) of actual value. For each fiscal year ending September 30, property is valued as of January 1st of the preceding calendar year.

Source: Palm Beach County Property Appraiser-Form DR-403F (Revised Recapitulation of the Ad Valorem Assessment Rolls of Delray Beach, Palm Beach County, Florida).

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
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
2023	6.5111	0.1554	6.6665	6.5190	4.7439	1.5390	19.4684
2024	6.3611	0.1371	6.4982	6.4570	4.5188	1.4258	18.8998
2025	6.1611	0.0309	6.1920	6.3210	4.5300	1.1739	18.2169

- Tax rate limits - Ten mills per Florida Statute 200.81 (one mill equals \$1 per \$1,000 of assessed valuation).
- Scope of tax rate limit - No municipality shall levy ad valorem taxes for real and tangible personal property in excess of ten mills of the assessed value, except for special benefits and debt service on obligations issued with the approval of those taxpayers subject to ad valorem taxes.
- Taxes assessed - January 1
- Taxes due - March 31
- Taxes delinquent - April 1
- Discount allowed - 4% November; 3% December; 2% January; 1% February
- Penalties for delinquent - 3% plus advertising costs after April 1
- Tax collector - Palm Beach County
- Tax collector's commission - None

CITY OF DELRAY BEACH, FLORIDA

PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND NINE YEARS AGO SEPTEMBER 30, 2025

	2025				2016			
	Taxable Assessed Valuation	Taxes Levied	Rank	Percentage of Total Taxes Levied	Taxable Assessed Valuation	Taxes Levied	Rank	Percentage of Total Taxes Levied
Edwards Atlantic Avenue LLC	\$ 202,832,607	4,036,990	1	3.78%	\$ -	\$ -	-	-
Florida Power and Light Co.	179,844,617	3,327,716	2	3.12%	95,860,360	703,299	1	1.20%
Tenet Healthcare Corp	136,062,768	2,694,548	3	2.53%	56,909,119	417,525	3	0.71%
Citation Club Investors	105,500,459	2,036,738	4	1.91%	51,738,896	379,593	6	0.65%
MREI Delray Borrower LLC	105,804,422	1,999,735	5	1.87%	-	-	-	-
Lifespace Communities Inc	95,727,222	1,944,039	6	1.82%	36,097,870	264,839	9	0.45%
Granite Worthing LLC	94,415,122	1,880,283	7	1.76%	55,625,441	408,107	4	0.70%
Rosebud 3rd Avenue LLC	21,773,267	1,710,824	8	1.60%	-	-	-	-
Centrepointe Delray Holdings LLC	88,598,101	1,693,070	9	1.59%	-	-	-	-
Ocean Properties Ltd	76,838,900	1,668,632	10	1.56%	43,558,935	319,579	7	0.55%
Fairfield Spring Harbors LLC	-	-	-	-	63,214,652	463,787	2	0.79%
Alta Congress Owner LLC	-	-	-	-	53,340,065	391,340	5	0.67%
Linton Delray LLC	-	-	-	-	43,081,283	316,074	8	0.54%
Morse Operatons Inc.	-	-	-	-	32,984,382	241,997	10	0.41%
Totals	<u>\$ 1,107,397,485</u>	<u>\$ 22,992,575</u>		<u>21.55%</u>	<u>\$ 532,411,003</u>	<u>\$ 3,906,140</u>		<u>6.68%</u>

Source: Palm Beach County Property Appraiser's Office

Net Tax Levy:

Fiscal Year	2025	106,696,015
Fiscal Year	2016	58,512,469

City Millage Rate:

Fiscal Year	2025	6.1920
Fiscal Year	2016	7.3367

CITY OF DELRAY BEACH, FLORIDA

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

Fiscal Year Ending 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
2016	\$ 58,512,469	\$ 58,688,757	100.30%	\$ 593,671	\$ 59,282,428	101.32%
2017	63,449,113	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%
2023	96,146,015	92,537,948	96.25%	176,382	92,714,330	96.43%
2024	106,831,275	102,452,396	95.90%	65,294	102,517,690	95.96%
2025	106,696,015	103,630,206	97.13%	161,262	103,791,468	97.28%

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

Source: Palm Beach County Tax Collector

CITY OF DELRAY BEACH, FLORIDA

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities					Business-type Activities			Total Primary Government	Total Debt as a Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds	Revenue Bonds	Obligation Under Installment Agreements	Leases (Right-of-use Assets)	Subscription Liability	Revenue Bonds	Obligation Under Installment Agreements	Capital Leases			
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	2.96%	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	--	--	5,624,999	115,066	--	87,965,744	2.51%	1,257
2020	7,935,000	64,326,172	1,460,400	--	--	3,805,000	48,168	--	77,574,740	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	51,087,558	923,551	177,063	--	--	--	169,433	56,467,605	1.67%	834
2023	2,095,000	44,168,287	378,829	86,221	3,766,167	--	--	126,665	50,621,169	1.37%	737
2024	9,545,000	38,126,000	--	11,977	3,197,901	--	--	82,182	50,963,060	1.34%	742
2025	9,390,000	32,053,921	8,395,000	--	1,768,630	148,040,000	--	35,915	199,683,466	4.74%	2,760

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
2016	\$ 14,845,000	\$ --	\$ 14,845,000	\$ 7,975,194,271	0.19%	63,972	232
2017	13,205,000	43,762	13,161,238	8,808,152,637	0.15%	65,804	200
2018	11,505,000	40,372	11,464,628	9,606,443,869	0.12%	69,228	166
2019	9,755,000	22,424	9,732,576	10,415,841,153	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	87,635	5,967,365	11,888,367,678	0.05%	71,309	84
2022	4,110,000	118,060	3,991,940	12,501,909,398	0.03%	67,744	59
2023	2,095,000	150,357	1,944,643	14,404,201,390	0.01%	68,650	28
2024	2,095,000	179,871	1,915,129	14,404,201,390	0.01%	68,650	28
2025	9,390,000	191,692	9,198,308	18,064,780,439	0.05%	72,352	127

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, 2025

	Total Outstanding	Percentage Applicable to City of Delray Beach ⁽¹⁾	Amount Applicable to City of Delray Beach
Direct:			
City of Delray Beach	\$ 51,607,551	100.00%	\$ 51,607,551
Overlapping:			
Palm Beach County	130,643,000	5.14%	6,715,050
Palm Beach County School District Certificates of Participation	1,378,318,000	5.64%	77,737,135
Total overlapping debt	1,508,961,000		84,452,185
Total direct and overlapping debt	\$ 1,560,568,551		\$ 136,059,736
Population			72,352
Total direct and overlapping debt per capita			\$ 1,881

⁽¹⁾ Estimates based on 2024 ratio of net assessed taxable values.

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

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

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

CITY OF DELRAY BEACH, FLORIDA

WATER AND SEWER PLEDGED REVENUE COVERAGE LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenue ⁽¹⁾	Operating Expenses ⁽²⁾	Revenue Available for Debt Coverage	Current Debt Service (3)	Current Coverage
2016 (4)	\$ 33,402,805	\$ 19,693,777	\$ 13,709,028	\$ 2,057,854	6.66
2017	35,198,509	21,903,576	13,294,933	2,058,376	6.46
2018	34,240,093	21,342,061	12,898,032	2,058,364	6.27
2019	34,302,688	22,759,259	11,543,429	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
2023	39,931,706	31,717,778	8,213,928	--	N/A
2024	44,996,561	34,337,704	10,658,857	--	N/A
2025	50,733,333	34,508,863	16,224,470	--	N/A

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

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

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

(4) Minimum debt service coverage requirement is 1.1.

CITY OF DELRAY BEACH, FLORIDA

PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>Fiscal Year 2025</u>			<u>Fiscal Year 2016</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Delray Medical Center	1,700	1	3.94%	1,600	1	4.53%
Publix Supermarkets	1,147	2	2.66%	720	5	2.04%
Palm Beach County School District	1,123	3	2.60%	1,034	2	2.93%
Lifespace Communities	1,100	4	2.55%	873	3	2.47%
City of Delray Beach	935	5	2.16%	813	4	2.30%
Home Depot	470	6	1.09%	318	8	0.90%
Anco Services	436	6	1.01%	300	10	0.85%
Ed Morse Delray Toyota & Scion	350	8	0.81%	450	7	1.27%
Walmart	321	9	0.74%	-	-	-
Schumacher Automotive Group	258	10	0.60%	-	-	-
Palm Beach County	-	-	-	520	6	1.47%
South County Mental Health Center	-	-	-	313	9	0.89%
Totals	<u>7,840</u>		<u>18.15%</u>	<u>6,941</u>		<u>19.66%</u>

Note: Total Employment, Delray Beach: 2025 43,201
 2016 35,305

Source: Business Development Board of Palm Beach County.
 Delray Beach Office of Economic Development

CITY OF DELRAY BEACH, FLORIDA

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

Fiscal Year	City Population ⁽¹⁾	County Population ⁽¹⁾	Per Capita Personal Income ⁽²⁾	Estimated Total Personal Income ⁽³⁾	Median Age ⁽¹⁾	School Enrollment ⁽⁴⁾	Unemployment Rate ⁽¹⁾
2016	63,972	1,391,741	\$ 49,193	\$ 3,146,974,596	44.9	7,473	4.4%
2017	67,645	1,447,457	49,684	3,360,874,180	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	7,240	3.8%
2022	67,744	1,516,419	49,955	3,384,151,520	47.6	7,127	5.5%
2023	68,650	1,527,592	53,852	3,696,939,800	47.4	7,123	3.1%
2024	68,019	1,532,718	56,068	3,813,689,292	48.7	7,200	3.3%
2025	72,352	1,587,091	58,236	4,213,491,072	48.8	6,693	2.8%

Data Sources:

- (1) Business Development Board of Palm Beach County.
Median Age for 2016 to current is for the City of Delray Beach, Florida. Prior years data is for Palm Beach County.
- (2) Bureau of Economic Analysis
- (3) Estimated based on County per capita personal income and City population.
- (4) The School Enrollment per the Palm Beach County School Board excluding the Delray Full Service Center.

CITY OF DELRAY BEACH, FLORIDA

FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government	72.5	80.5	74	81	103	79	89	93	84	91
Public Safety										
Community Improvement	6	12	14	14	15	13	13	12	11	12
169	15	16	16.5	14	16	16	19	20	20	20
Building Inspection	19	20	20	22	20	24	28	30	31	32
Code Compliance	18	18	16.5	18	16	19	19	16	15	16
Law Enforcement	216.5	222	230.5	229	227	237	217	207	220	222
Fire Control	182.5	186	196	196	192	202	194	189	182	206
Community Development										
Block Grant	9.5	6	6	3	2	2	3	4	4	3
Insurance	4	2	2	2	3	3	3	3	3	3
City Garage	13	14.5	13	11	13	13	13	19	21	21
Physical Environment										
Public Works	20.5	22	36	39	32	39	58	56	59	60
Engineering	6	7	9	9	8	11	15	12	13	17
Sanitation	4	4	3	3	3	3	11	12	16	16
Stormwater Utility	7	6.5	5	6	6	7	5	7	7	7
Parks and Recreation	105	107	112.5	89	75	69	67	102	99	103
Water & Sewer Utility	114	111	92	102	103	102	102	78	104	106
Total	813	835	846	838	834	839	856	860	889	935

CITY OF DELRAY BEACH, FLORIDA

CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Safety										
Police										
Stations	3	2	2	1	1	1	1	1	1	1
Patrol units	212	206	214	223	228	212	213	213	206	206
Fire										
Fire stations ⁽¹⁾	6	6	6	6	6	6	6	6	5	5
Fire trucks	9	12	12	12	12	11	12	12	10	12
ALS rescue vehicles	9	12	12	12	12	11	11	11	9	9
Leisure Services										
Ballfields - lighted	15	15	15	15	15	15	15	15	15	15
Basketball courts	5	5	5	7	7	7	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	24	55	59	59	59	59	59	59	59	59
Roads and Streets										
Lane miles ⁽³⁾	308	309	310	310	310	310	310	310	310	310

Sources: City of Delray Beach Departments

The following data is not available:

Sanitation
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) The number of lane miles is based on the City's GIS system.

CITY OF DELRAY BEACH, FLORIDA

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Safety										
Police										
Physical arrests	1,793	2,262	2,097	2,361	2,146	1,753	1,761	1,516	1,621	1,210
Traffic violations	19,703	17,815	18,472	22,396	17,801	21,064	16,893	18,303	20,017	17,626
Fire										
Number of calls	12,136	16,404	15,877	16,383	16,397	16,214	17,094	17,116	17,311	16,334
Parks and Recreation										
Library										
Circulation	187,400	180,989	170,969	200,348	138,977	205,534	192,329	168,288	172,288	220,198
Programs offered	756	1,506	1,982	2,612	2,276	907	1,790	1,735	1,909	1,426
Program attendance	22,232	19,663	26,894	34,891	19,205	8,590	12,113	13,239	18,000	9,593
Leisure Services [1]										
Youth athletic participants	29,573	24,000	36,000	2,405	2,136	1,444	1,711	1,225	3,599	1,606
Camp program participants	1,845	953	900	364	58	250	247	2,364	941	1,190
Class participants	49,786	36,605	25,000	21,096	20,320	9,071	5,187	6,441	12,481	12,414
Water/Sewer Utility										
Water customers	22,212	20,392	22,556	20,985	21,761	21,738	22,219	22,530	22,624	21,850
Water main breaks	373	305	268	11	13	6	23	15	7	19
Sewer customers	20,329	20,475	19,413	19,686	20,625	20,637	20,956	21,188	20,238	20,567
Sewer main breaks	1	1	5	2	2	2	--	6	1	5
Avg daily water consumption (Million Gallon Day)	11,759	12,008	14,960	15,800	11,285	12,519	12,537	12,155	12,723	12,477

Sources: City Departments/Delray Beach Public Library

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

The following data is not available:

- Public Safety
- Sanitation
- Roads & Streets

N/A Information is not available

REPORTING SECTION

**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 the 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*”), 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, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 28, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (internal control) 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 City's internal control. 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 City'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item SD2025-001 that we considered to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements 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 findings identified 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CBIZ CPAs P.C.

Boca Raton, Florida
May 28, 2026



CBIZ CPAs P.C.

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Suite #321A
Boca Raton, FL 33431

P: 561.994.5050

**Independent Auditors' Report on Compliance for Each Major
Federal Program and Report 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 the Major Federal Program

Opinion on the Major Federal Program

We have audited City of Delray Beach, Florida's (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 the City's major federal program for the fiscal year ended September 30, 2025. The City's major federal program is 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 its major federal program for the fiscal year ended September 30, 2025.

Basis for Opinion on the 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 the 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.

CBIZ CPAs P.C.

Boca Raton, Florida
May 28, 2026

CITY OF DELRAY BEACH, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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:			
Community Development Block Grants Cluster Entitlement/Special Purpose Grants			
Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-12-0033	\$ 29,830
Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-12-0033	92,427
Community Development Block Grants/Entitlement Grants	14.218	B-20-MC-12-0033	40,854
Community Development Block Grants/Entitlement Grants	14.218	B-21-MC-12-0033	48,057
Community Development Block Grants/Entitlement Grants	14.218	B-22-MC-12-0033	22,838
Community Development Block Grants/Entitlement Grants	14.218	B-23-MC-12-0033	159,060
Community Development Block Grants/Entitlement Grants	14.218	B-24-MC-12-0033	330,553
Total Community Development Block Grants/Entitlement Grants			<u>723,619</u>
Total Community Development Block Grants Cluster Entitlement/Special Purpose Grants			<u>723,619</u>
Total United States Department of Housing and Urban Development			<u>723,619</u>
United States Department of Justice			
Direct Programs:			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	2019-DJ-BX-0614	28,498
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	JAGX	35,267
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	JAGX	31,034
Total Edward Byrne Memorial Justice Assistance Grant (JAG) Program			<u>94,799</u>
Total United States Department of Justice			<u>94,799</u>
United States Department of Transportation			
Indirect Programs:			
Passed through Florida Department of Transportation (FDOT)			
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	G2W00	211,092
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	G1K33	428,166
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	G2L44	2,044,972
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	G2I13	2,795,448
Total Highway Planning and Construction			<u>5,479,678</u>
Passed through Florida Department of Transportation (FDOT)			
Highway Safety Cluster			
National Priority Safety Program	20.616	G3670	25,000
National Priority Safety Program	20.616	G3613	15,000
Total National Priority Safety Programs			<u>40,000</u>
State and Community Highway Safety	20.600	G3526	150,000
Total Highway Safety Cluster			<u>190,000</u>
Total United States Department of Transportation			<u>5,669,678</u>

See notes to schedule of expenditures of federal awards.

CITY OF DELRAY BEACH, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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 Environmental Protection Agency			
Indirect Program:			
Passed through the State of Florida, Department of Environmental Protection Drinking Water State Revolving Fund	66.468	DW5020D0	92,816
Total United States Department of Environmental Protection Agency			92,816
United States Consumer Product Safety Commission			
Direct Programs:			
Virginia Graeme Baker Pool and Spa Safely	87.002	1-VGBCP240042-01-00	26,021
Total United States Consumer Product Safety Commission			26,021
United States Department of Homeland Security			
Indirect Program:			
Passed through Florida Division of Emergency Management Disaster Grants - Public Assistance (Presidentially Declared Disasters) Hurricane Dorian	97.036	Z1614	324,967
Homeland Security Grant Program	97.067	EMW-2023-SS-00058-S01	64,461
Total United States Department of Homeland Security			389,428
Total Expenditures of Federal Awards			\$ 6,996,361

Note: No amounts were provided to subrecipients.

See notes to schedule of expenditures of federal awards.

CITY OF DELRAY BEACH, FLORIDA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) presents the expenditure activity of all federal awards of the City of Delray Beach, Florida (the “City”) for the fiscal year ended September 30, 2025. 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. Expenditures of State financial assistance for the fiscal year ended September 30, 2025 did not exceed the \$750,000 threshold for a Florida Single Audit.

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.

NOTE 3 - INDIRECT COST RATE

The City has elected not to use the de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 - SUBRECIPIENTS

No amounts were provided to subrecipients during the fiscal year ended September 30, 2025.

CITY OF DELRAY BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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 No

Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for the major federal program: *Unmodified Opinion*

Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a). Yes No

Identification of major federal program:

Major federal award program: Assistance Listing No.

Highway Planning and Construction
(Federal-Aid Highway Program) 20.205

Dollar threshold used to distinguish between Type A and Type B Federal award programs: \$ 1,000,000

Auditee qualified as low-risk auditee? Yes No

CITY OF DELRAY BEACH, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

SECTION II - FINANCIAL STATEMENT FINDING

SIGNIFICANT DEFICIENCIES

SD 2025-001 (PREVIOUSLY REPORTED AS SD 2021-001) – INTERNAL CONTROLS OVER PAYROLL PROCESS (REPEAT FINDING)

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 for 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.

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 went live in Dimensions UKG with the implementation of Phase 1 (administrative and non-shift personnel) in January 2024, Phase 2 (employees utilizing time clocks) in February 2024 and Phase 3 (Public Works, Utilities, Development Services) in May 2024. The final phase (Phase 4 - Police and Fire departments) is currently ongoing and testing is tentatively scheduled for the fourth quarter of calendar year 2026 (October/December 2026).

CITY OF DELRAY BEACH, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

SIGNIFICANT DEFICIENCIES (CONTINUED)

SD 2025-001 (PREVIOUSLY REPORTED AS SD 2021-001) – INTERNAL CONTROLS OVER PAYROLL PROCESS (REPEAT FINDING) (CONTINUED)

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.

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.).

Views of Responsible Officials and Planned Corrective Action

See accompanying Corrective Action Plan.

CITY OF DELRAY BEACH, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

CITY OF DELRAY BEACH, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE I – PRIOR YEAR FINANCIAL STATEMENT FINDINGS

SD 2025-001 (Previously Reported as SD 2021-001) – Internal Controls Over Payroll Process has not been adequately addressed and is repeated.

SD 2024-002 – Lack of Financial Close Procedures was addressed and not repeated in the current year.

SD 2024-003 – Utility Billing/Water Fund Unbilled Account was addressed and not repeated in the current year.

NOTE II – PRIOR YEAR FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

**Management Letter in Accordance with the
Rules of the Auditor General for 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, 2025, and have issued our report thereon dated May 28, 2026.

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 (“*Government Auditing Standards*”); 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 May 28, 2026, 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.	2024-23 FY Finding No.	2023-22 FY Finding No.
2025-001	2024-001	2021-001

Finding SD 2025-001, previously reported as SD 2021-001, is a repeat finding.

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, 2025.

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, 2025. It is management’s responsibility to monitor the City’s financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. 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 additional recommendations, other than those noted above in the prior audit findings section of this letter.

Property Assessed Clean Energy (PACE) Program

Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement as to whether a PACE program authorized pursuant to Section 163.081 or Section 163.082, Florida Statutes, did/did not operate within the City's geographical boundaries during the fiscal year under audit. There was no PACE Program operating within the City's geographical boundaries.

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.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7., Rules of the Auditor General, the Delray Beach Community Redevelopment Agency (the "CRA") required information is reported in the Other Information section of the CRA's stand-alone financial statements for the fiscal year ended September 30, 2025.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7., Rules of the Auditor General, the Delray Beach Downtown Development Authority (the "DDA") required information is reported in the Other Information section of the DDA's stand-alone financial statements for the fiscal year ended September 30, 2025.

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 fraud, waste, or abuse, that have occurred or is likely to have occurred, that has an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not 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.

CBIZ CPAs P.C.

Boca Raton, Florida
May 28, 2026



CBIZ CPAs P.C.

2255 Glades Road
Suite #321A
Boca Raton, FL 33431

P: 561.994.5050

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, 2025. 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 of the City 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, 2025.

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

CBIZ CPAs P.C.

Boca Raton, Florida
May 28, 2026

CORRECTIVE ACTION PLAN

SD 2025-001 – Internal Control over Payroll Process

Management concurs with the finding. The City has signed an agreement with a third-party provider for time and attendance software. Software has been implemented in phases, with the final phase (Police and Fire) expected to test and go live before December 31, 2026. Implementation will be the joint responsibility of the Fire, Police and IT Departments with the Payroll Division of the Finance Department.



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CITY OF DELRAY BEACH



100 N.W. 1ST AVENUE ~ DELRAY BEACH, FLORIDA 33444 ~ (561) 243-7000

BEFORE ME, the undersigned authority, personally appeared Henry M. Dachowitz 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.

Chief Financial Officer

City of Delray Beach

STATE OF FLORIDA

COUNTY OF PALM BEACH

SWORN TO AND SUBSCRIBED before me this 9 day of February 2026.



NOTARY PUBLIC

Print Name Sherry M. Dungey

Personally known or produced identification _____

Type of identification produced: _____

My Commission Expires: 4/3/29



Village By the Sea

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