

**DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)**

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

Prepared by the
Finance Department

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

CONTENTS

Independent Auditors' Report	1-3
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Management's Discussion and Analysis (Required Supplementary Information)	4-12
--	------

Financial Statements

Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheet – Governmental Fund.....	15
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Activities.....	16
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities	18
Notes to Financial Statements.....	19-46

Required Supplementary Information

General Fund:	
Budgetary Comparison Schedule.....	47-52
Note to Budgetary Comparison Schedule.....	53
OPEB – Schedule of OPEB Cost-Sharing Allocation	54

Supplementary Information – Component Unit

Block 60 Parking Condominium Association, Inc.	
Statement of Net Position	55
Statement of Activities.....	56
Statement of Cash Flows	57
Schedule of Revenues and Expenses – Budget and Actual	58

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 <i>Government Auditing Standards</i>	59-60
Summary Schedule of Prior Year Audit Findings	61
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida.....	62-64
Independent Accountants' Report on Compliance with Florida Statutes	65

INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

To the Board of Commissioners and CRA Director
Delray Beach Community Redevelopment Agency

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the major fund and the discretely presented component unit of the Delray Beach Community Redevelopment Agency (the "CRA"), a component unit of the City of Delray Beach, Florida, as of and for the fiscal year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the CRA's 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 major fund and discretely presented component unit of the CRA, as of September 30, 2024, and the respective changes in financial position, for the 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 CRA 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 CRA'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 CRA'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 CRA'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 page 4 through 12, the budgetary comparison schedule on pages 47 through 53, and the Schedule of OPEB Cost-Sharing Allocation on page 54 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 CRA's financial statements. The Block 60 Parking Condominium Association, Inc.'s statement of net position, statement of activities, statement of cash flows and schedule of revenues and expenses – budget and actual on pages 55-58 are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2025 on our consideration of the CRA'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 CRA'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 CRA's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

West Palm Beach, FL
March 27, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

Acting in our capacity as the management of the Delray Beach Community Redevelopment Agency (the “CRA”), we offer readers of the CRA’s financial statements this narrative overview and analysis of the financial activities of the CRA for the fiscal year ended September 30, 2024.

Financial Highlights

- The assets plus deferred outflows of the CRA exceeded its liabilities plus deferred inflows at the close of the most recent fiscal year by \$118,418,308 (*net position*).
- The CRA’s total net position increased \$25,949,403. Substantially all of this increase is attributable to tax increment revenue.
- As of the close of the current fiscal year, the CRA’s General Fund reported ending fund balance of \$74,498,412, an increase of \$20,416,637. Fund balance of \$5,209,256 or 7% is nonspendable for long-term receivables and prepaids; \$69,289,156 or 93% is restricted to fund the CRA’s ongoing redevelopment projects and pay its creditors. Of this amount, the Board has budgeted \$56,407,297 for the FY 2024/2025 projects and operations.
- CRA’s total noncurrent liabilities decreased by approximately \$966,000 during the current fiscal year primarily due to scheduled debt repayments.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the CRA’s financial statements. The financial statements of the CRA comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains supplementary information in addition to the financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the CRA’s finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the CRA’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the CRA is improving or deteriorating.

**DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

The *statement of activities* presents information showing how the CRA'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 flow*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements present functions of the CRA that are principally supported by tax increment revenues (*governmental activities*). The governmental activities of the CRA include general government, property management and economic development. The CRA has no business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges.

The government-wide financial statements include not only the CRA itself (known as the *primary government*), but also one legally separate not-for-profit organization for which the CRA is financially accountable (presented as a discretely presented *component unit*), the Block 60 Parking Condominium Association, Inc. Financial information for the component unit is reported separately from the financial information presented for the primary government. The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The CRA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The CRA utilizes only one fund, the *General Fund*, which is classified as a *governmental* fund and accounts for all financial resources of the CRA.

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, the governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the CRA's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between the *governmental fund* and *governmental activities*.

The governmental fund financial statements can be found on pages 15 and 17 of this report. The reconciliation between the governmental fund balance sheet to the statement of activities can be found on page 16 and a reconciliation of the changes in fund balance and the governmental activities change in net position can be found on page 18.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 to 46 of this report.

Other information. In addition to the financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the CRA's budget to actual results for the General Fund for the current fiscal year, as well as a cost-sharing allocation for OPEB. The CRA adopts an annual appropriated budget for its General Fund, for which a budgetary comparison schedule and an accompanying note has been provided on pages 47 to 53 to demonstrate compliance with this budget. In addition, separate financial statements for the CRA's component unit, the Block 60 Parking Condominium Association, Inc., are presented as *supplementary information* on pages 55 to 58.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the CRA, assets plus deferred outflows exceeded liabilities and deferred inflows by \$118,418,308 at the close of the most recent fiscal year.

Approximately 37% of the CRA's net position reflects its net investment in capital assets (e.g., land, improvements and equipment). The CRA uses these capital assets for economic development; consequently, these assets are *not* immediately available for future spending, however, certain of the capital assets may be sold for private development in the future and the proceeds used for additional redevelopment projects or repayment of the related debt. Although the CRA's investment in its capital assets is reported net of the related debt, it should be noted that the resources needed to repay this debt may be provided from the sale of certain capital assets, as well as future tax increment revenues and other income.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

The CRA's net position at September 30, 2024 and 2023 is summarized below:

SUMMARY OF NET POSITION
SEPTEMBER 30, 2024 AND 2023

	2024	2023	(\$) Change	% Change
Assets				
Current and other assets	\$ 81,185,141	\$ 63,983,497	\$ 17,201,644	27%
Capital assets, net	<u>44,260,599</u>	<u>39,725,958</u>	<u>4,534,641</u>	11%
Total Assets	<u>125,445,740</u>	<u>103,709,455</u>	<u>21,736,285</u>	21%
Deferred Outflows of Resources	<u>65,808</u>	<u>74,960</u>	<u>(9,152)</u>	
Liabilities				
Noncurrent liabilities	51,667	1,017,967	(966,300)	-95%
Other liabilities	<u>2,792,111</u>	<u>6,131,443</u>	<u>(3,339,332)</u>	-54%
Total Liabilities	<u>2,843,778</u>	<u>7,149,410</u>	<u>(4,305,632)</u>	-60%
Deferred Inflows of Resources	<u>4,249,462</u>	<u>4,166,100</u>	<u>83,362</u>	
Net Position				
Net investment in capital assets	44,260,599	39,105,396	5,155,203	13%
Restricted	<u>74,157,709</u>	<u>53,363,509</u>	<u>20,794,200</u>	39%
Total Net Position	<u>\$ 118,418,308</u>	<u>\$ 92,468,905</u>	<u>\$ 25,949,403</u>	28%

At the end of the current fiscal year, the CRA reported positive balances in each category of net position. Approximately 37% of the CRA's net position reflects its net investment in capital assets (e.g., land, improvements and equipment). The remaining balance of net position of \$74,157,709 or 63% may be used to fund the CRA's ongoing redevelopment projects and to pay creditors.

The CRA saw an increase in current and other assets due to increase in cash for redevelopment projects. Liabilities decreased by \$4,305,632 mostly due to a reduction in debt repayments and the amount due to the City of Delray Beach.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

The CRA's net position increased by \$25,949,403 during the current fiscal year, which primarily represents the degree to which tax increment revenues exceeded current year expenses. There was an increase of \$1,131 in net position reported in connection with the CRA's component unit, the Block 60 Parking Condominium Association, Inc.

Governmental activities. Governmental activities increased the CRA's net position by \$25,949,403. Key elements of this increase are as follows.

SUMMARY OF CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024	2023	(\$) Change	% Change
Revenues				
Program revenue:				
Charges for services	\$ 329,082	\$ 319,253	\$ 9,829	3%
Operating contributions and grants	535,760	195,095	340,665	175%
General revenue:				
Tax increment revenue	36,261,304	31,983,601	4,277,703	13%
Lease revenues	66,930	106,552	(39,622)	0%
Interest and other income	201,343	465,409	(264,066)	-57%
Total Revenues	<u>37,394,419</u>	<u>33,069,910</u>	<u>4,324,509</u>	13%
Expenses				
General government	2,092,121	2,038,598	53,523	3%
Property management	112,662	112,662	--	0%
Economic development	9,240,233	12,841,726	(3,601,493)	-28%
Total Expenses	<u>11,445,016</u>	<u>14,992,986</u>	<u>(3,547,970)</u>	-24%
Change in Net Position	25,949,403	18,076,924	7,872,479	44%
Net Position				
Beginning of year	<u>92,468,905</u>	<u>74,391,981</u>	<u>18,076,924</u>	24%
End of year	<u>\$ 118,418,308</u>	<u>\$ 92,468,905</u>	<u>\$ 25,949,403</u>	28%

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

Tax increment revenues increased by \$4,277,703 or approximately 13% for the year. Property values in the CRA’s development area increased by approximately \$515 million or 16% in 2024, accounting for the increase in tax increment revenue.

General government expenses increased approximately \$54,000 (3%) in part due to the change in total OPEB liability and related deferred outflows and inflows.

The CRA’s economic development expenses decreased approximately \$3,601,000 (28%) and included the following for fiscal year ended September 30, 2024:

Areawide and Neighborhood Plans	\$ 3,992,232
Redevelopment Projects	\$ 2,796,342
Community Improvement Projects	\$ 7,410,824

Financial Analysis of the Governmental Fund

As noted earlier, the CRA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental fund. The CRA has only one governmental fund, the General Fund. The focus of this *governmental fund* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the CRA’s financing requirements. In particular, *restricted fund balance* may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the CRA’s governmental fund reported ending fund balance of \$74,498,412, an increase of \$20,416,637 for the fiscal year. A total of \$5,209,256 or 7% of the total fund balance is *nonspendable* to indicate that it is not available for new spending because it represents long-term receivables and prepaids. In addition, there is \$69,289,156 of the fund balance that is restricted to fund the CRA’s ongoing redevelopment projects and pay its creditors. Of this amount, the Board has budgeted \$56,407,297 for the 2024/2025 projects and operations.

As a measure of the General Fund’s liquidity, it may be useful to compare restricted fund balance to total fund expenditures. Restricted fund balance at September 30, 2024, represented 439% of total General Fund expenditures for fiscal year 2024.

The \$20,416,637 increase in fund balance for the General Fund in fiscal year 2024 was primarily related to the increase in tax increment revenues of approximately \$4.3 million which totaled \$36.2 million, offset by lower expenditures totaling \$17.0 million as compared to the prior year.

**DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

General Fund Budgetary Highlights

During fiscal year 2024, total revenues and other financing sources were over budgetary estimates by approximately \$20.3 million. Overall, final budgeted expenditures were approximately \$100,000 less than the actual expenditures for the fiscal year ended September 30, 2024. This was largely due to expenditures being under budget for redevelopment programs. There was a decrease of approximately \$62.8 million from the original budgeted expenditures to the final amended budget for the fiscal year; attributable primarily to construction and redevelopment projects that were not started.

Capital Asset and Debt Administration

Capital assets. The CRA's investment in capital assets as of September 30, 2024, amounts to \$44,260,599 (net of accumulated depreciation). This investment in capital assets includes land and improvements, construction in progress, buildings and improvements, equipment, and furniture and fixtures. Major capital asset transactions during fiscal year 2024 consisted of capital outlay expenditures of approximately \$5.1 million net of transfers from construction in progress of approximately \$2.9 million and depreciation of approximately \$556,000. Capital assets at September 30, 2024 and 2023 are summarized as follows:

**SCHEDULE OF CAPITAL ASSETS
(NET OF DEPRECIATION)**

	2024	2023
Land and improvements	\$ 29,408,922	\$ 29,021,541
Construction in progress	2,436,736	3,554,254
Buildings and improvements, furniture and fixtures, and equipment, net	<u>12,414,941</u>	<u>7,150,163</u>
Totals	<u><u>\$ 44,260,599</u></u>	<u><u>\$ 39,725,958</u></u>

Additional information on the CRA's capital assets can be found in Note 10 to the audited financial statements.

**DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

Noncurrent Liabilities. At the end of the current fiscal year, the CRA paid off the remaining revenue bonds of \$620,562. The CRA also paid off the remaining note payable to the City of Delray Beach totaling \$361,419 for the CRA's contribution to the City's U.S. Highway 1 project. Noncurrent liabilities at September 30, 2024 and 2023 are summarized as follows:

NONCURRENT LIABILITIES

	2024	2023
Revenue bonds	\$ --	\$ 620,562
Note payable to the City of Delray Beach	<u>--</u>	<u>361,419</u>
Total Noncurrent Liabilities	<u><u>\$ --</u></u>	<u><u>\$ 981,981</u></u>

The CRA's total noncurrent liabilities decreased by \$981,981 (100%) during the current fiscal year due to scheduled payments on the bonds and a note payable. There are no legal or statutory debt limitations for the CRA. Additional information on the CRA's long-term debt can be found in Note 11 to the financial statements.

Economic Factors and Next Year's Budget

The following economic factors were considered in establishing the CRA's budget for the 2024/2025 fiscal year.

- The property valuations in the CRA district increased approximately \$405 million in 2024, which is an increase of approximately 11%. Overall property values compare favorably with those in other areas of Palm Beach County which continued to rise in 2024 and are expected to increase modestly in future years.
- The restricted fund balance of the General Fund increased in fiscal year 2024 by \$14,495,181 due primarily to the increase in tax increment revenues coupled with a decrease in economic development expenditures. The CRA has budgeted approximately \$56 million for the 2024/2025 budget for ongoing projects.
- The occupancy rate of the CRA's central business district on East Atlantic Avenue has remained high for several years.
- Inflationary and economic trends in the area compare favorably to national indices.
- The CRA current millage rate decreased 4.19% from 0.0108611 mills for 2024 to 0.0104063 mills for 2025.

All of these factors were considered in preparing the CRA's budget for the 2024/2025 fiscal year.

**DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

Requests for Information

This financial report is designed to provide a general overview of the CRA'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 financial information should be addressed to the Executive Director at 20 N. Swinton Avenue, Delray Beach, Florida, 33444.

FINANCIAL STATEMENTS

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

STATEMENT OF NET POSITION

SEPTEMBER 30, 2024

	Primary Government Governmental Activities	Discretely Presented Component Unit
Assets		
Cash	\$ 72,064,006	\$ 12,647
Investments	8,133	--
Accounts receivable:		
Rental and Other	4,187	8,359
Prepaid items	155,473	--
Leases receivable	3,894,618	--
Notes receivable:		
Delray Beach Community Land Trust	175,249	--
Delray Beach Chamber of Commerce	107,580	--
Village Square Elderly, Ltd.	2,575,000	--
Hatcher Construction & Development, Inc.	1,400,000	--
Second mortgage loans	795,954	--
Other assets	4,941	--
Capital assets:		
Capital assets not being depreciated	31,845,658	--
Depreciable capital assets, net	12,414,941	--
Total Assets	125,445,740	21,006
Deferred Outflows of Resources		
Deferred amounts related to OPEB	65,808	--
Liabilities		
Accounts payable	845,298	819
Accrued liabilities	189,506	--
Due to the City of Delray Beach	1,737,591	--
Refundable deposits and other	19,716	--
Noncurrent liabilities:		
Total OPEB liability	51,667	--
Total Liabilities	2,843,778	819
Deferred Inflows of Resources		
Leases	3,894,618	
Deferred amounts related to OPEB	354,844	--
	4,249,462	--
Net Position		
Investment in capital assets	44,260,599	--
Restricted	74,157,709	--
Unrestricted	--	20,187
Total Net Position	\$ 118,418,308	\$ 20,187

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

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

Functions/Programs	Expenses	Program Revenue		Net Revenue (Expenses) and Changes in Net Position	
		Charges for Services	Operating Contributions and Grants	Primary Government Governmental Activities	Discretely Presented Component Unit
Primary Government					
Governmental activities:					
General government	\$ 2,092,121	\$ --	\$ --	\$ (2,092,121)	\$ --
Property management	112,662	273,838	--	161,176	--
Economic development	<u>9,240,233</u>	<u>55,244</u>	<u>535,760</u>	<u>(8,649,229)</u>	<u>--</u>
Total Primary Government	<u>\$11,445,016</u>	<u>\$ 329,082</u>	<u>\$ 535,760</u>	<u>(10,580,174)</u>	<u>--</u>
Component Unit					
Block 60 Parking Condominium	<u>\$ 12,384</u>	<u>\$ 13,509</u>	<u>\$ --</u>	<u>--</u>	<u>1,125</u>
		General Revenues			
		Tax increment revenue		36,261,304	--
		Lease revenues		66,930	--
		Interest and other income		<u>201,343</u>	<u>6</u>
		Total General Revenues		<u>36,529,577</u>	<u>6</u>
		Change in Net Position		25,949,403	1,131
		Net Position - Beginning		<u>92,468,905</u>	<u>19,056</u>
		Net Position - Ending		<u>\$ 118,418,308</u>	<u>\$ 20,187</u>

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

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

BALANCE SHEET
GOVERNMENTAL FUND

SEPTEMBER 30, 2024

	<u>General Fund</u>
Assets	
Cash	\$ 72,064,006
Investments	8,133
Accounts receivable:	
Rental and other	4,187
Prepaid items	155,473
Leases receivable	3,894,618
Notes receivable:	
Delray Beach Community Land Trust	175,249
Delray Beach Chamber of Commerce	107,580
Village Square Elderly, Ltd.	2,575,000
Hatcher Construction & Development, Inc.	1,400,000
Second mortgage loans	795,954
Other assets	<u>4,941</u>
Total Assets	<u><u>\$ 81,185,141</u></u>
Liabilities	
Accounts payable	\$ 845,298
Accrued liabilities	189,506
Due to the City of Delray Beach	1,737,591
Refundable deposits and other	<u>19,716</u>
Total Liabilities	<u>2,792,111</u>
Deferred Inflows of Resources	
Leases	<u>3,894,618</u>
Fund Balance	
Nonspendable:	
Prepaid items	155,473
Long-term notes receivable	5,053,783
Restricted to:	
Community redevelopment	<u>69,289,156</u>
Total Fund Balance	<u>74,498,412</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u><u>\$ 81,185,141</u></u>

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

**DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)**

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF ACTIVITIES**

SEPTEMBER 30, 2024

Total Fund Balance - Governmental Fund			\$ 74,498,412
Capital assets used in governmental activities are not financial resources and are not reported in the general fund			44,260,599
Deferred outflows and in inflows of resources related to other post employment benefits (OPEB) are reported in the statement of net positions, but not reported in the general fund.			
Deferred outflows related to other postemployment benefits	\$ 65,808		
Deferred inflows related to other postemployment benefits	<u>(354,844)</u>		
			(289,036)
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the general fund.			
Total OPEB liability	<u>(51,667)</u>		
			<u>(51,667)</u>
Total Net Position - Governmental Activities			<u><u>\$ 118,418,308</u></u>

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

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	<u>General Fund</u>
Revenues	
Tax increment revenue	\$ 36,261,304
Reimbursements	535,760
Property and Parking Lot Rental income	109,148
Lease revenues	66,930
Interest and other income	201,763
Green Market revenue	55,244
Arts Warehouse revenue	<u>164,690</u>
Total Revenues	<u>37,394,839</u>
Expenditures	
Current	
General government	1,660,456
Economic development	9,178,416
Capital outlay	5,091,156
Debt service	
Principal	981,981
Interest	<u>66,193</u>
Total Expenditures	<u>16,978,202</u>
Net Change in Fund Balance	20,416,637
Fund Balance - Beginning	<u>54,081,775</u>
Fund Balance - Ending	<u><u>\$ 74,498,412</u></u>

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

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

Net Change in Fund Balance - Governmental Fund	\$ 20,416,637
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are reported as capital assets and the costs are allocated over their estimated useful lives as depreciation expense.

Expenditures for capital assets	\$ 5,091,156	
Net book value of disposals	(420)	
Current year depreciation	<u>(556,095)</u>	4,534,641

The net effect of other post-employment benefits (OPEB) Deferred outflows/inflows	27,449
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Repayment of debt principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.

Debt repayments	981,981
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the general fund;

Change in total OPEB liability	(15,681)
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In the statement of activities, interest is accrued on outstanding debt, whereas in the governmental fund, an interest expenditure is reported when the payment is due. This is the net change in accrued interest payable.

	<u>4,376</u>
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Change in Net Position of Governmental Activities	<u>\$ 25,949,403</u>
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The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

**DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL REPORTING ENTITY

The Delray Beach Community Redevelopment Agency (the “CRA”) is a dependent special district established by the City of Delray Beach, Florida, (the “City”) under authority granted by Florida Statute 163, Section III. The purpose of the CRA is to promote and guide the physical and economic redevelopment of approximately 1,900 acres in the center of the City of Delray Beach. The CRA is a legally separate entity established by Ordinance number 46-85 of the Delray Beach City Commission (the “City Commission”) on June 18, 1985. The CRA is governed by a seven member Board of Commissioners consisting of the five members of the City Commission plus two additional members appointed by the City Commission.

As defined by U.S. generally accepted accounting principles (“GAAP”), 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. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations 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. Based upon the application of these criteria, the CRA had one component unit as described below.

DISCRETELY PRESENTED COMPONENT UNIT

Block 60 Parking Condominium Association, Inc.

The CRA, as owner and developer of a 92 space parking lot in Block 60 of the City of Delray Beach, transferred control of the parking lot to a legally separate condominium association incorporated by the CRA as a Florida not-for-profit corporation on November 28, 2000 and governed by a six member board of directors elected by the owners of the 92 parking spaces. As owner of a majority of the parking spaces, the CRA has a majority voting interest in selecting the board of directors of the condominium association and the CRA is responsible for managing the day-to-day operations of the condominium association. The condominium association does not prepare separate audited financial statements; however, additional financial information can be obtained from the CRA. The condo association financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities and reports information on all non-fiduciary activities of the CRA and its component unit. These statements include separate columns for the *governmental activities* of the CRA, which are normally supported by tax increment and other revenue, and the activity of the legally separate *component unit* for which the CRA is financially accountable as the primary government. The CRA has no *business-type activities*. The Statement of Net Position presents the financial condition of the CRA, including all long-term assets and receivables as well as all long-term debt and obligations.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *Program revenue* includes three categories of transactions: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; (2) operating grants and contributions; and, (3) capital grants and contributions. Tax increment revenue and other items not meeting the definition of program revenue are reported as *general revenues*. The CRA does not allocate indirect expenses.

FUND FINANCIAL STATEMENTS

The underlying accounting system of the CRA is organized and operated on the basis of a separate fund, which is considered to be a separate accounting entity. The operation of the fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows/outflows, fund equity, revenues and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The CRA utilizes only one fund, the *General Fund*, which is classified as a *governmental* fund and accounts for all financial resources of the CRA as follows:

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance for the General Fund. An accompanying schedule is presented to reconcile and explain the differences in fund balance and changes in fund balance as presented in these statements, to the net position and changes in net position presented in the government-wide financial statements.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenue is recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Tax increment revenues are recognized as revenues in the year for which they are levied. Grants are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized in the period in which they become both measurable and available. Revenues are considered to be available when collectible within the current period or soon enough thereafter to pay liabilities of the current period. The CRA considers revenues to be available if collected within 60 days of the end of the current fiscal year. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt, which is recognized when due. Tax increment revenues, rents and charges for services and investment income are all considered susceptible to accrual and so have been recognized as revenue in the current fiscal year. All other revenue items are considered to be measurable and available only when received in cash by the CRA.

When both restricted and unrestricted resources are available for use, it is the CRA's policy to use restricted resources first, then unrestricted resources as they are needed.

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, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that were used.

CASH AND INVESTMENTS

Cash and investments consist of petty cash and amounts on deposit in interest and non-interest bearing accounts (money market funds) with financial institutions and the Florida PRIME, a state administered governmental investment pool.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE

Accounts receivable consist primarily of amounts due for rental income. The CRA does not require collateral for accounts receivable. An allowance for uncollectible accounts is determined based on the age of the individual receivable, and generally an allowance is established for accounts over 90 days past due. Accounts receivable are written off on an individual basis in the year the CRA deems them uncollectible. At September 30, 2024, management considers all receivables to be fully collectible.

LEASES RECEIVABLE

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

CAPITAL ASSETS

The CRA has reported all capital assets in the government-wide statement of net position. Capital assets are defined by the CRA as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Capital assets are recorded at cost or, if donated, acquisition value at the date of donation. Expenditures, which materially extend the useful life of existing assets, are capitalized. Certain costs for professional services associated with the acquisition and construction of capital assets have been capitalized. The cost of capital assets sold or retired is removed from the appropriate accounts and any resulting gain or loss is included in the change in net position. Depreciation is computed on all reported capital assets, except land and improvements, using the straight-line method over the assets' estimated useful lives. The estimated useful life of equipment, furniture and fixtures is 3 to 7 years and buildings are 20 to 50 years.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COMPENSATED ABSENCES

Vacation leave amounts and related employer payroll taxes are accrued on a monthly basis and may be accrued up to a maximum of 240 hours. Unused vacation leave is paid upon termination of employment, if the employee has completed one year of service and provides at least a 14-day notice. Such amounts are not material to the financial statements and are paid from the general fund. Sick leave benefits are paid only when taken and may be accrued up to a maximum of 480 hours. Upon termination, sick leave is not paid out.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets and liabilities, the government-wide Statement of Net Position and the governmental fund Balance Sheet may report a separate section for deferred outflows or deferred inflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until that time. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The CRA currently reports deferred outflows/inflows related to other post employment benefits (OPEB) in the accompanying Statement of Net Position as of September 30, 2024. The CRA 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 leases receivable.

NET POSITION/FUND BALANCE

The government-wide financial statements utilize a net position presentation, while the governmental fund financial statements report fund balance.

Net Position

Net position of the government-wide financial statements is categorized as net investment in capital assets, restricted or unrestricted.

Net investment in capital assets is that portion of net position that relates to the CRA's capital assets reduced by the outstanding balance of long-term debt used to acquire the capital assets. This amount is offset by any unspent debt proceeds that are held at fiscal year-end.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION/FUND BALANCE (CONTINUED)

Net Position (continued)

Restricted net position is that portion of net position that has constraints placed on its use 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 net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

Fund Balance

In the fund financial statements, the general fund reports fund balance classifications that comprise a hierarchy based primarily on the extent to which the CRA 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 balance includes amounts that cannot be spent because they are either 1) not in spendable form; or, 2) legally or contractually required to be maintained intact.

Restricted - Restricted fund balance includes 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 balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by the CRA's Board of Commissioners through a Board resolution. The CRA had no committed fund balance.

Assigned - Assigned fund balance includes amounts that are constrained by the CRA's intent to be used for specific purposes but are neither restricted nor committed. The CRA had no assigned fund balance.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET POSITION/FUND BALANCE (CONTINUED)

Fund Balance (continued)

The CRA considers restricted fund balance to be spent when an expenditure is incurred for the restricted purpose. The CRA considers committed or assigned 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 CRA has not adopted a formal minimum fund balance policy. Generally, the CRA strives to maintain sufficient general fund balance to provide liquidity in the event of a budget shortfall or natural disaster.

RETIREMENT PLANS

The CRA has established a deferred compensation plan for employees pursuant to the provisions of Internal Revenue Code (IRC) Section 457. The plan allows an employee to contribute pre-tax wages into the employees' personal retirement accounts. The CRA may, at the discretion of the Board of Commissioners, make matching contributions to the participants' accounts. The CRA has also established a 401(a) money purchase plan for the Executive Director. The CRA makes annual contributions to the plan in accordance with the Executive Director's contract. For the fiscal year ended September 30, 2024, the CRA made contributions of \$95,980 to the employees' accounts for both the deferred compensation plan and 401(a) plan.

RISK MANAGEMENT

The CRA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The CRA purchases commercial insurance for the risks of losses to which it is exposed. Policy limits and deductibles are reviewed annually by management and established at amounts to provide reasonable protection from significant financial loss. Settlements have not exceeded insurance coverage for any of the prior three fiscal years and there were no reductions in insurance coverages from coverages in the prior year.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPLEMENTATION OF NEW GASB STATEMENTS

The CRA considered the new accounting standards which effective dates are applicable for the fiscal year ended September 30, 2024. The implementation of GASB Statement No. 100, *Accounting Changes and Error Corrections*, did not have a significant impact on the CRA's financial statements.

NOTE 2 – CASH AND INVESTMENTS

CASH

Cash at September 30, 2024, includes deposits with financial institutions with a book balance of \$72,063,860, and petty cash of \$146. The deposits with financial institutions were entirely covered by federal depository insurance and a collateral pool pledged to the State Treasurer of Florida by financial institutions that comply with the requirements of Florida Statutes and have been designated as a Qualified Public Depository by the State Treasurer.

Qualified public depositories are required to pledge collateral to the State Treasurer with a fair 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, the amount of public funds would be covered by 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 in the collateral pool. Accordingly, all deposits with financial institutions are considered fully insured or collateralized. Cash balances of the component unit at September 30, 2024, are deposits with financial institutions that are fully covered by federal depository insurance.

INVESTMENTS

The CRA follows the provisions of Florida Statutes for its investment policy. Florida Statutes authorize the CRA to invest in Florida PRIME, an external investment pool administered by the State of Florida; money market mutual funds registered with the Securities and Exchange Commission and having the highest credit quality rating from a nationally recognized rating agency; securities of, or other interests in, any open-end or closed-end management-type

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

investment company or investment trust registered under the Investment Company Act of 1940, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by U.S. Government obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian; interest-bearing time deposits or savings accounts in financial institutions located in Florida and organized under federal or Florida laws; direct obligations of or obligations unconditionally guaranteed by the U.S. Government; or obligations of U.S. Government Agencies and Instrumentalities.

The CRA's investment is in the Florida PRIME Fund ("Florida PRIME"). Florida PRIME consists of equity in an external investment pool administered by the State of Florida pursuant to statutory requirements and 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. Florida PRIME invests in a pool of investments whereby the CRA owns a share of the respective pool, not the underlying securities. GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* established criteria for an external investment pool to qualify to report at amortized cost. Florida PRIME is exempt from the GASB 72 fair value hierarchy disclosures and reports at amortized cost.

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, and 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 pool is considered to be the same as the CRA's account balance (amortized cost) in the pool. The CRA may withdraw funds from Florida PRIME on an overnight basis, generally without limitation or imposition of fees.

The investment in the Florida PRIME is not insured by the Federal Deposit Insurance Corp ("FDIC") or any other governmental agency.

**DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments are subject to interest rate risk as a function of the length of time to maturity. The CRA's investment policy does not specifically limit the maturity of investments. The CRA had no investments with a maturity in excess of 90 days that were subject to interest rate risk.

CREDIT RISK

Credit risk is the risk that an issuer will not fulfill its obligations. The CRA's investment policy addresses credit risk by limiting investments to the Florida PRIME fund, deposits with a financial institution meeting the requirements of a Florida qualified public depository, securities guaranteed by the U.S. Government, or securities that are fully collateralized or secured. At September 30, 2024, Florida PRIME was rated AAAm by Standard and Poor's with the weighted average maturity of 39 days. The CRA had no other investments subject to credit risk.

CUSTODIAL CREDIT RISK

Custodial credit risk is defined as the risk that the CRA may not recover the securities held by another party in the event of a financial failure. The CRA requires any investments in securities to be held in the CRA's name by a third party safekeeping institution. The CRA had no investments subject to custodial credit risk.

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 CRA's investment policy does not address the concentration of credit risk, although investments included only Florida PRIME.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 3 – LEASES RECEIVABLE

The CRA, as a lessor, leases real property and land pursuant to two ground leases and two property leases. The lease agreements commenced at various dates beginning February 2012 and ending September 30, 2061. The CRA had the following lease commitments as lessor at September 30, 2024 that meet the criteria of a lease receivable pursuant to GASB Statement No. 87 (“GASB 87”).

Prime Delray Hotel, LLC

On April 2, 2012, the CRA entered into a Ground Lease Agreement with Prime Delray Hotel, LLC (the “Company”) for a 40-year term. The Company developed, constructed and operates a 4-story business class hotel on the property. The lease agreement provides for the Company to pay the CRA an annual base rent of \$1 for years 1 through 5 and thereafter a contingent rental of 2% of gross room sales for years 6 through 10 and increasing by 1% for each five-year period thereafter until reaching 5% for years 21 to 40. The lease expires on April 1, 2052. For years 5 through 25, the Company has the right to purchase the property from the CRA at a price based on the average of two independent appraisals; one obtained by the CRA and the second by the Company. The carrying value of the leased property at September 30, 2024 was approximately \$2,418,000. The lease receivable is \$2,547,303 at September 30, 2024.

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 first amendment to the agreement executed in November 2020 extends the site analysis period to July 18, 2021, during which time Hatcher may ascertain whether the property is acceptable and obtain all necessary approvals, permits and licenses for development of the property in substantial conformance with the conceptual plan. If the property is determined to be unacceptable, Hatcher can provide a written termination notice and neither party shall have any further rights or obligations. The lease is currently operating as a month-to-month agreement under the same terms while a new lease is being negotiated. The ground lease was recorded pursuant to GASB 87. The carrying value of the property at September 30, 2024 was approximately \$365,000. The lease receivable is \$1,168,629 at September 30, 2024.

**DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 3 – LEASES RECEIVABLE (CONTINUED)

Upper Cutz Barbershop and Salon, Inc.

On August 24, 2017, the CRA entered into an agreement to lease the property located at 135 NW 5th Avenue, Unit C5, to Upper Cutz Barbershop and Salon, Inc. The lease term is for a three-year period, commencing on October 1, 2017 with a monthly base rent amount of \$1,000 with an increase of 6% to the monthly base rent on each anniversary. The lease was amended to extend the lease period until September 30, 2025. The carrying value of the leased property at September 30, 2024 was approximately \$98,000. The lease receivable is \$15,887 at September 30, 2024.

Jerk & Lime at Nicole's House, LLC

On December 9, 2021, the CRA entered into an agreement to lease the property located at 182 NW 5th Avenue, to Jerk & Lime at Nicole's House, LLC. The lease term is for a four-year period, commencing on December 1, 2021 with a monthly base rent amount of \$1,933 with an increase of 6.25% to the monthly base rent on third year anniversary of the lease term through expiration on December 1, 2025. The carrying value of the leased property at September 30, 2024 was approximately \$382,000. The lease receivable is \$28,322 at September 30, 2024.

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, 2024 was approximately \$2,677,000. The lease receivable is \$51,236 at September 30, 2024.

**DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 3 – LEASES RECEIVABLE (CONTINUED)

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, 2024 was approximately \$2,677,000. The lease receivable is \$40,295 at September 30, 2024.

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, 2024 was approximately \$2,677,000. The lease receivable is \$42,946 at September 30, 2024.

During the fiscal year ended September 30, 2024, the CRA recognized the following related to these lease agreements:

Lease revenue	\$ 66,930
Interest income	<u>7,073</u>
Total	<u>\$ 74,003</u>

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 3 – LEASES RECEIVABLE (CONTINUED)

Future principal and interest payment requirements related to the CRA's leases receivable at September 30, 2024 are as follows:

Fiscal Year Ending September 30	Principal Receipt	Interest Revenue	Future Minimum Rent
2025	\$ 121,089	\$ 83,450	\$ 204,539
2026	100,687	79,849	180,536
2027	96,001	109,332	205,333
2028	80,622	106,458	187,080
2029	56,805	104,399	161,204
2030-2034	358,237	492,863	851,100
2035-2039	498,821	428,648	927,469
2040-2044	633,296	343,527	976,823
2045-2049	777,256	238,243	1,015,499
2050-2054	623,862	119,324	743,186
2055-2059	369,925	56,161	426,086
2060-2061	<u>178,017</u>	<u>5,073</u>	<u>183,090</u>
Total	<u><u>\$ 3,894,618</u></u>	<u><u>\$ 2,167,327</u></u>	<u><u>\$ 6,061,945</u></u>

**DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 4 – OTHER LEASES

The following leases did not meet the criteria for GASB 87 implementation.

Delray Beach Housing Group

On September 11, 2011, the CRA entered into a ground lease and property management agreement with the Delray Beach Housing Group, Inc. (a Florida not-for-profit organization) to lease, manage, maintain and operate the existing rental units owned by the CRA known as the Carolyn Quince Court and La France Apartments. The CRA also entered into a similar ground lease and property management agreement with the CLT on September 22, 2011 for the Palm Manor apartments and on June 27, 2013 for the SW 12th Avenue Duplexes. Each agreement provides for an annual rental payment to the CRA of \$1 and that the lessees will pay all taxes, fees, assessments, utilities, insurance and other charges incurred by the CRA for the properties. The term of each agreement is for five years with one renewal option for an additional five-year period. The original three leases were renewed through September 22, 2021 and the SW 12th Avenue Duplexes lease was renewed through June 27, 2023. The properties were purchased by the CRA to provide affordable housing for City residents and had a total carrying value of approximately \$6,802,000 at September 30, 2024.

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 current agreement is through December 9, 2028 with a monthly rental amount of \$1,531. The carrying value of the leased property was approximately \$98,000 at September 30, 2024.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 4 – OTHER LEASES (CONTINUED)

Arts Warehouse

The CRA also leases space in the Arts Warehouse at 313 NW 3rd Street to various artists with monthly base rents of \$379 to \$976, which are month-to-month leases. The net carrying value of leased property at September 30, 2024 was \$1,706,234 (cost of \$2,102,266 less accumulated depreciation of \$448,447). Rental income for all the Arts Warehouse leased properties for 2024 totaled \$164,690.

NOTE 5 – NOTE 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 home. These advances are non-interest bearing mortgages on the property and have no fixed repayment date, although the advances are generally not expected to be repaid within one year. In the event that the proceeds from the sale of a home are not sufficient to repay the CRA’s mortgage for the construction advance, the balance of the unpaid mortgage is forgiven by the CRA and the uncollectible amount is charged to expenditures. At September 30, 2024, total advances receivable from the CLT were \$175,249, all of which is considered collectible by the CRA.

NOTE 6 – NOTE RECEIVABLE FROM DELRAY BEACH CHAMBER OF COMMERCE

In February 2013, the CRA entered into an agreement with The Greater Delray Beach Chamber of Commerce, Inc. (the “Chamber”) to provide funding for the relocation of the Chamber’s offices to the Old School Square Parking Garage retail office space in order to facilitate redevelopment by the CRA of the property then occupied by the Chamber (the “Chamber Property”). The agreement provided that the CRA would fund up to \$459,675 of the cost to build out the Chamber’s new office space, of which the Chamber agreed to repay \$250,000 to the CRA over 15 years. The Chamber executed a promissory note to the CRA for \$250,000 payable in 180 equal monthly installments of \$1,849, including 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 were 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, 2024, the balance of the note receivable from the Chamber was \$107,580.

**DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 7 – 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. At September 30, 2024, the note receivable balance was \$2,575,000.

NOTE 8 – NOTE RECEIVABLE FROM HATCHER CONSTRUCTION & DEVELOPMENT, INC.

On February 9, 2022, the CRA entered into a promissory note with Hatcher Construction & Development, Inc. (“borrower”) for \$1,400,000. Disbursements of the loan shall be made once the borrower has expended 20% of the total cost of the project. One May 24, 2022, an amended and restated promissory note was executed. Commencing May 1, 2022 and each consecutive month thereafter, the borrower shall make interest only payments of 3.0% on the total draw amounts received by the borrower until such time as the borrower receives a Certificate of Occupancy and provides a Final Release of Lien and Contractors Affidavit to the CRA. Commencing on the first day of each month subsequent to the borrower’s receipt of the Certificate of Occupancy, and each consecutive month thereafter, the borrower shall make consecutive monthly for 83 months until the 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 \$1,400,000.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 9 – SECOND MORTGAGE LOANS RECEIVABLE

The CRA provided home mortgage loan assistance to eligible low income individuals who qualified under the CLT or CRA home subsidy program for the purchase of a home or the rehabilitation of an existing home within the City. The home purchase or rehabilitation subsidy provided by the CRA is secured by a second mortgage on the property. The second mortgage is non-interest bearing and requires no principal payments to the CRA until the occurrence of a specified event, generally related to the sale of the property, a default on the first mortgage on the property or a default on the obligations of the second mortgage to maintain the property, provide insurance, pay all taxes and generally not permit any impairment or deterioration of the property. The CRA expects the full amount of the mortgage to be recoverable at some future, undetermined date when the property is sold or transferred to a new owner. At September 30, 2024, the amount of the individual second mortgages originated in 2008 through 2021, ranged from \$15,000 to \$85,000 and all borrowers were in compliance with the terms of the second mortgage. Second mortgage loans receivable totaled \$795,954 at September 30, 2024.

NOTE 10 – CAPITAL ASSETS

The capital asset activity for the fiscal year ended September 30, 2024, was as follows:

	Balance at Beginning of Year	Increase	Decreases	Transfers	Balance at End of Year
Capital Assets not Being Depreciated					
Land and improvements	\$ 29,021,541	\$ 387,381	\$ --	\$ --	\$ 29,408,922
Construction in progress	3,554,254	1,800,386	--	(2,917,904)	2,436,736
Total Capital Assets Not Being Depreciated	<u>32,575,795</u>	<u>2,187,767</u>	<u>--</u>	<u>(2,917,904)</u>	<u>31,845,658</u>
Depreciable Capital Assets					
Buildings and improvements	9,994,964	2,871,490	--	2,676,746	15,543,200
Equipment	84,713	7,862	(7,297)	--	85,278
Vehicles	26,266	--	--	--	26,266
Furniture and fixtures	109,049	24,037	--	241,158	374,244
Total Depreciable Capital Assets	<u>10,214,992</u>	<u>2,903,389</u>	<u>(7,297)</u>	<u>2,917,904</u>	<u>16,028,988</u>
Less: accumulated depreciation	<u>(3,064,829)</u>	<u>(556,095)</u>	<u>6,877</u>	<u>--</u>	<u>(3,614,047)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>7,150,163</u>	<u>2,347,294</u>	<u>(420)</u>	<u>2,917,904</u>	<u>12,414,941</u>
Total Capital Assets, Net	<u>\$ 39,725,958</u>	<u>\$ 4,535,061</u>	<u>\$ (420)</u>	<u>\$ --</u>	<u>\$ 44,260,599</u>

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 10 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental activities functions as follows:

General government	\$ 443,433
Property management	<u>112,662</u>
Total Depreciation Expense	<u>\$ 556,095</u>

NOTE 11 – NONCURRENT LIABILITIES

Changes in noncurrent liabilities for the fiscal year ended September 30, 2024, are summarized as follows:

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year	Amounts Due Within One Year
Revenue Bonds					
Series 2015	\$ 202,755	\$ --	\$ (202,755)	\$ --	\$ --
Series 2012	<u>417,807</u>	<u>--</u>	<u>(417,807)</u>	<u>--</u>	<u>--</u>
Total Revenue Bonds	620,562	--	(620,562)	--	--
Loan Payable to the City of Delray Beach					
U.S. Highway 1 project	<u>361,419</u>	<u>--</u>	<u>(361,419)</u>	<u>--</u>	<u>--</u>
Total Noncurrent Liabilities	981,981	<u>\$ --</u>	<u>\$ (981,981)</u>	--	<u>\$ --</u>
Current Maturities	<u>(981,981)</u>			<u>--</u>	
Net Noncurrent Liabilities	<u>\$ --</u>			<u>\$ --</u>	

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 11 – NONCURRENT LIABILITIES (CONTINUED)

REVENUE BONDS

The outstanding tax increment redevelopment revenue bonds payable by the CRA at September 30, 2024, consisted of the following:

Series 2015

On January 29, 2016, the CRA issued the Delray Beach Community Redevelopment Agency Tax Increment Redevelopment Revenue Improvement Bond, Series 2015, (the “Series 2015 Bond”) in the amount of \$2,000,000. The Series 2015 Bond was issued as a draw-down bond to a financial institution, such that the financial institution will advance the purchase price of the 2015 Series Bond pursuant to each draw request submitted by the CRA, provided that the maximum amount of the Series 2015 Bond outstanding at any one time did not exceed an aggregate principal amount of \$2,000,000. The Series 2015 Bond was issued for the purpose of financing the costs of acquisition and construction of certain redevelopment projects. The CRA was able to draw down funds until January 29, 2019, the 3rd anniversary of the Closing Date. Interest was payable semi-annually on April 1st and October 1st at 2.78% on the outstanding principal balance, through October 1, 2023, the maturity date of the Series 2015 Bond. Interest is tax-exempt to the bondholder for federal income tax purposes. The bond matured during the fiscal year and the final payment was made on October 1, 2023.

Series 2012

On March 30, 2012, the CRA issued the \$4,000,000 Delray Beach Community Redevelopment Agency Tax Increment Redevelopment Revenue Improvement Bond, Series 2012 (the “Series 2012 Bond”). The Series 2012 Bond was issued as a draw-down bond to a financial institution, such that the financial institution will advance the purchase price of the Series 2012 Bond pursuant to each draw request submitted by the CRA, provided that the maximum amount of the Series 2012 Bond outstanding at any one time did not exceed an aggregate principal amount of \$4,000,000.

The Series 2012 Bond was issued for the purpose of financing the costs of acquisition and construction of certain redevelopment projects. The original final draw date was March 30, 2015 with interest payable semi-annually on April 1st and October 1st at 2.10% on the outstanding principal balance. In December 2015, the draw-down period and interest only period were modified and extended through October 1, 2018, allowing the CRA to draw the remaining \$1,300,000 balance on the 2012 Bonds at the revised rate of 2.78%. Interest is tax-exempt to the bondholder for federal income tax purposes. Principal and interest under the modified agreement are payable in equal installments each April 1st and October 1st. The bond matured during the fiscal year and the final payment was made on October 1, 2023.

**DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 11 – NONCURRENT LIABILITIES (CONTINUED)

REVENUE BONDS (CONTINUED)

LOAN PAYABLE TO THE CITY OF DELRAY BEACH

The outstanding loan payable to the City of Delray Beach by the CRA at September 30, 2024, consisted of the following:

U.S. Highway 1 Project

The CRA entered into an interlocal agreement with the City in November 2011 to provide a portion of the funding for the U.S. Highway 1 project planned by the City. The agreement was subsequently amended in January 2013 based on a final project cost of approximately \$14.0 million, of which the CRA agreed to fund \$3,614,190, plus financing costs. The CRA agreed to pay the City interest only on the CRA share of the amount financed by the City through May 31, 2014. Thereafter, the CRA pays the City an amount equal to the principal and interest on the CRA's share of the funding for a period of twelve years. Principal on the loan is payable by the CRA semi-annually on June 1st and December 1st in the amount of \$180,709, through maturity on June 1, 2024. Interest is payable semi-annually on June 1st and December 1st at 3.25% on the outstanding principal balance. The final payment was made on June 1, 2024. At September 30, 2024, the outstanding balance on this loan was \$0.

INTEREST EXPENSE

Total interest costs incurred on all CRA debt for the fiscal year ended September 30, 2024, was \$66,193. All interest costs were expensed as a direct expense of redevelopment projects.

**DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 12– TAX INCREMENT REVENUES

Tax increment revenues are the primary source of revenue for the CRA. Tax increment revenue is collected from the two governmental entities that levy property taxes within the legally defined redevelopment area of the CRA, the City of Delray Beach and Palm Beach County. The tax increment revenue is calculated by applying the adopted millage rate of each governmental entity to the increase in current year taxable assessed valuations over the 1985 base year assessed valuations for all properties located within the CRA boundaries.

Each governmental entity is required to pay 95% of these incremental property taxes to the CRA. The increase in assessed valuations of property within the CRA boundaries over the 1985 base year valuations is presumed to be the result of the redevelopment efforts of the CRA. The tax base of the CRA is the layer of assessed valuations of properties over the 1985 base year assessed valuations, but does not include any portion of the base. The assessed value of properties subject to incremental property taxes for the fiscal year ended September 30, 2024, was as follows:

Assessed property value as of January 1, 2023	\$ 3,760,920,927
Assessed property value for 1985 base year	<u>(245,631,067)</u>
Assessed Property Value Subject to Incremental Property Tax	<u>\$ 3,515,289,860</u>

NOTE 13 – RELATED PARTY TRANSACTIONS

CITY OF DELRAY BEACH

The CRA is a component unit of the City of Delray Beach, Florida. For the fiscal year ended September 30, 2024, the CRA's tax increment revenues include \$15,018,249 received from the City. CRA expenditures for the fiscal year ended September 30, 2024, include charges of \$4,728,680 for contractual and other services provided by the City to the CRA in connection with various administrative and redevelopment activities, \$2,842,950 for construction services related to redevelopment projects, and \$905,000 for sponsorship of City tennis tournaments.

At September 30, 2024, the CRA had accounts payable to the City of \$1,737,591 for reimbursement of certain administrative and redevelopment expenditures.

**DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 13 – RELATED PARTY TRANSACTIONS (CONTINUED)

COMPONENT UNIT

The Block 60 Parking Condominium Association, Inc. is a component unit of the CRA. For the fiscal year ended September 30, 2024, the Block 60 Parking Condominium Association, Inc. received assessments from the CRA and the City totaling \$7,497 and \$1,759, respectively.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

LOAN COMMITMENT

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

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 14 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

CONSTRUCTION CONTRACT COMMITMENTS

At September 30, 2024, the CRA had outstanding contract commitments consisting of the following:

	Total	Expended	Retainage	Remaining
Project	Project	Through	Payable at	Commitment at
	Authorization	September 30,	September 30,	September 30,
		2024	2024	2024
NW 6th Block - West Atlantic Avenenue	\$ 639,000	\$ 32,399	\$ --	\$ 606,601
98 NW 5th Avenue Renovation & Design	243,060	242,575	--	485
NW 6th Ave Site Plan Analysis	14,000	4,495	--	9,505
313 NE 3rd Art Warehouse	12,000	--	--	12,000
95 SW 5th Avenue Design	182,844	153,909	--	28,935
95 SW 5th Avenue Construction	<u>2,908,647</u>	<u>1,714,457</u>	<u>186,667</u>	<u>1,007,523</u>
Total Contract Commitments	<u>\$ 3,999,551</u>	<u>\$ 2,147,835</u>	<u>\$ 186,667</u>	<u>\$ 1,665,049</u>

In November 2020, the CRA also entered into an interlocal agreement with the City of Delray Beach to provide funding for certain construction projects and related professional services. The agreement has been amended to include additional funding. The total at September 30, 2024 was \$32,103,170. As of September 30, 2024, approximately \$23,691,000 of the commitment was still outstanding.

**DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 14 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

GRANT COMMITMENTS

The CRA also entered into grant agreements with the following organizations to provide funding for their operations during the fiscal year ended September 30, 2024:

EPOCH dba Spady Cultural	\$ 109,000
Delray Beach Community Land Trust	168,622
Creative City Collaborative / Arts Garage	275,000
Delray Beach Public Library	426,360
Delray Beach Historical Society	<u>75,000</u>
Total Grant Commitments	<u><u>\$ 1,053,982</u></u>

GRANTS

Amounts received by the CRA from grantor agencies are subject to audit and adjustment by those agencies. Any disallowed claims, including amounts already received, might constitute a liability of the CRA for return of those funds. In the opinion of management, all grant expenditures were in substantial compliance with the terms of the grant agreements and applicable Federal and State statutes and regulations and amounts of reimbursement to grantor agencies, if any, would not materially affect the financial position of the CRA.

NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

DESCRIPTION OF THE 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. The CRA has thirteen employees that participate in the OPEB plan of the City.

**DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)**

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

PLAN MEMBERSHIP

At September 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	--
Inactive employees entitled to but not yet receiving benefit payments	--
Active employees	<u>13</u>
Total	<u><u>13</u></u>

TOTAL OPEB LIABILITY

The CRA's allocation of the total OPEB liability of \$51,667 was measured as of September 30, 2024 as determined by an actuarial valuation as of October 1, 2022.

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

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.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Valuation Date	October 1, 2022
Measurement Date	September 30, 2024
Actual Cost Method	Entry Age Normal
Projected Salary Increase*	4.00%
Discount Rate	3.97%
Healthcare Cost Trend Rates	7.00% per year initially, reduced annually by 0.25% to an ultimate rate of 4.5% in 2032
Mortality Rate	Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality using Scale MP-2021

* Includes inflation rate

SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following represents the total OPEB liability of the CRA, as well as what the CRA's total OPEB liability would be if it were calculated using a discount rate that is page 1-percentage-point lower or 1-percentage-point higher than the discount rate:

Discount rate assumption	Sensitivity Testing to change in discount rate assumption		
	1% Decrease (2.97%)	Current Discount Rate (3.97%)	1% Increase (4.97%)
Total OPEB liability	\$ 63,258	\$ 51,667	\$ 43,091

The following represents the total OPEB liability of the CRA, as well as what the CRA's total OPEB liability would be if it were calculated using the healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rate:

Medical costs trend assumption	Sensitivity Testing to Change in Medical Costs Trend Assumption		
	1% Decrease (6.00% decreasing to 3.50%)	Healthcare Cost Trend rate (7.00% decreasing to 4.50%)	1% Increase (8.00% decreasing to 5.50%)
Total OPEB liability	\$ 41,887	\$ 51,667	\$ 65,187

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

OPEB EXPENSE, DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the fiscal year ended September 30, 2024, based on a measurement date of September 30, 2024, the CRA recognized OPEB expense (income) of (\$11,768). This amount is included as a decrease to general government expenses within the functional program activities.

At September 30, 2024, the Agency reports deferred outflows and inflows of resources related to the Plan as follows:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 65,808	\$ 354,844

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

For the Fiscal Year Ending September 30,	Net Deferred Inflows of Resources
2025	\$ (16,206)
2026	(16,206)
2027	(21,744)
2028	(31,248)
2029	(35,314)
Thereafter	(168,318)
Total	\$ (289,036)

The schedule of changes in the CRA's proportionate share of total OPEB liability and related ratios presented as Required Supplementary Information (RSI) following the notes to the financial statements, provides additional information about the total OPEB liability.

REQUIRED SUPPLEMENTARY INFORMATION

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues				
Tax increment revenue				
City of Delray Beach	\$ 21,915,947	\$ 21,243,055	\$ 21,243,055	\$ --
Palm Beach County	15,870,389	15,018,249	15,018,249	--
Total Tax Increment Revenue	37,786,336	36,261,304	36,261,304	--
Reimbursements				
Other reimbursements	455,000	535,260	535,760	500
Total Reimbursements	455,000	535,260	535,760	500
Rental Income				
Rental property income	54,900	118,731	109,148	(9,583)
Land lease revenue	96,494	124,742	66,930	(57,812)
Lease revenue	46,189	1,844	7,073	5,229
Total Rental Income	197,583	245,317	183,151	(62,166)
Interest and Other Income				
Interest income	75,000	123,177	123,177	--
Loan interest	40,800	42,653	42,299	(354)
Other income	--	29,214	29,214	--
Total Interest and Other Income	115,800	195,044	194,690	(354)
Green Market revenue	60,000	55,244	55,244	--
Arts Warehouse revenue	160,000	164,689	164,690	1
Total Revenues	38,774,719	37,456,858	37,394,839	(62,019)
Other Financing Sources				
General Fund carryforward fund balance	41,097,446	--	--	--
Total Other Financing Sources	41,097,446	--	--	--
Total Revenues and Other Financing Sources	79,872,165	37,456,858	37,394,839	(62,019)
Expenditures				
General government:				
Personnel				
Salaries	1,600,000	1,005,848	1,062,813	(56,965)
Payroll taxes	130,000	71,076	71,076	--
Health, dental and life insurance	150,000	106,765	106,765	--
Retirement contribution	150,000	95,980	95,980	--
Travel allowance	9,000	5,980	5,980	--
Cell allowance	10,000	8,950	8,950	--
Total personnel	2,049,000	1,294,599	1,351,564	(56,965)
Supplies and materials:				
Office supplies	20,000	19,476	19,476	--
Postage/express mail	5,000	1,302	1,302	--
Total supplies and materials	25,000	20,778	20,778	--

(Continued)

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
General government (continued)				
Office space:				
Storage	\$ 10,000	\$ 12,117	12,117	\$ --
Maintenance	400,000	31,684	31,684	--
Telephone	25,000	17,825	17,825	--
Utilities	25,000	20,560	12,816	7,744
Security	20,000	3,905	3,905	--
Total office space	480,000	86,091	78,347	7,744
Administration/operations:				
Accounting	45,000	36,000	36,000	--
Board administration	25,000	808	808	--
Legal	40,000	18,906	18,906	--
Capital outlay	300,000	25,881	25,881	--
Contractual services	100,000	85,033	85,033	--
Printing	10,000	739	739	--
Publications/subscriptions	10,000	7,893	7,893	--
Advertising	10,000	5,021	5,021	--
Bank services	5,000	601	601	--
Organization/member dues	20,000	4,393	4,393	--
Public relations and communication	75,000	547	547	--
Insurance: commercial, D&O	75,000	38,263	38,263	--
Meetings	5,000	56	56	--
Seminars and workshops	25,000	9,426	9,426	--
Travel	15,000	15,327	15,327	--
Total administrative operations	760,000	248,894	248,894	--
Equipment, property and maintenance:				
Computer equipment and supplies	7,500	7,322	7,322	--
Equipment rentals	15,000	5,462	5,462	--
Repairs and maintenance	5,000	5,860	5,860	--
Furniture and fixtures	10,000	3,748	3,748	--
Capital outlay - office equipment	75,000	9,763	8,654	1,109
Total equipment, property and maintenance	112,500	32,155	31,046	1,109
Total General Government	3,426,500	1,682,517	1,730,629	(48,112)
Economic Development				
Areawide and neighborhood plans:				
Osceola Park Neighborhood Plan:				
Currie Commons Restrooms	600,000	15,780	15,780	--
Project development/implementation	5,000	--	--	--
Total Osceola Park Neighborhood Plan	605,000	15,780	15,780	--

(Continued)

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Economic Development (continued)				
Areawide and neighborhood plans (continued):				
West Atlantic Avenue Redevelopment:				
Craft on the Avenue	\$ 40,000	\$ 8,929	\$ 8,929	\$ --
Demolition of 700 Atlantic Ave	-	4,195	4,195	--
Project development/implementation	200,000	52,469	52,469	--
Hatcher Construction Loan	-	160,670	--	160,670
NW 600 and NW 800 Block redevelopment	8,900,000	66,098	66,098	--
Legal fees	300,000	92,871	92,871	--
Total West Atlantic Avenue Redevelopment	9,440,000	385,232	224,562	160,670
Downtown Master Plan:				
OSS campus/park activation	500,000	6,500	6,500	--
Transportation services	--	--	--	--
Wayfinding signage	--	--	--	--
Project development/implementation	23,000	--	--	--
Legal fees	2,500	725	725	--
Total Downtown Master Plan	525,500	7,225	7,225	--
Southwest Neighborhood Plan:				
Carver Square Park	360,000	--	--	--
Project development/implementation	75,000	9,090	6,745	2,345
Dr. Reverend Thomas park playground	--	--	2,345	(2,345)
Legal fees	5,000	--	--	--
Total Southwest Neighborhood Plan	440,000	9,090	9,090	--
Other:				
Land acquisitions	5,000,000	3,196,365	3,195,365	1,000
Project development implementation	50,000	47,005	47,005	--
NW neighborhood design	1,595,412	410,606	410,606	--
City disparity study	50,000	--	--	--
Artists Alley Drainage Improvement	300,000	50,358	50,358	--
ADU LDR Setter	20,000	316	316	--
Pompey Park master plan	40,000,000	--	--	--
Legal fees	25,000	31,926	31,926	--
Total Other	47,040,412	3,736,576	3,735,576	1,000
Total Areawide and Neighborhood Plans	58,050,912	4,153,903	3,992,233	161,670

(Continued)

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Economic Development (continued)				
Redevelopment projects:				
NW/SW 5th Avenue Beautification				
98 NW 5th Ave renovation	\$ 575,000	\$ 59,956	\$ 59,956	\$ --
98 NW 5th Ave maintenance/security	75,000	72,149	31,737	40,412
Project development/implementation	75,000	9,914	9,914	--
95 SW 5th Avenue renovation	4,480,000	1,678,053	1,678,053	--
95 SW 5th Avenue security	25,000	--	--	--
Legal fees	15,000	300	300	--
Total Redevelopment Projects	5,245,000	1,820,372	1,779,960	40,412
Affordable/Workforce Housing Program				
Project development/implementation	20,000	--	--	--
Support for Affordable Housing Initiative	1,150,000	73,440	73,440	--
Community Land Trust (CLT)	213,710	213,710	213,710	--
Legal fees	10,000	175	175	--
Total Affordable/Workforce Housing Program	1,393,710	287,325	287,325	--
Redevelopment Sites				
Maintenance	500,000	160,555	160,487	68
Project development/implementation	25,000	7,547	7,547	--
IPIC Parking Facility maintenance	125,000	50,000	50,000	--
Security	25,000	862	862	--
Property insurance	150,000	383,917	383,917	--
Property taxes	60,000	39,583	39,583	--
Legal fees	7,500	1,200	1,200	--
West Settlers Condo Association	11,000	9,648	9,648	--
Utilities	40,000	61,376	52,427	8,949
Bad debt redevelopment sites	--	--	15,889	(15,889)
Block 60 parking lots	12,000	7,497	7,497	--
Total Redevelopment Sites	955,500	722,185	729,057	(6,872)
Total Redevelopment Projects	7,594,210	2,829,882	2,796,342	33,540

(Continued)

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Economic Development (continued)				
Community Improvement and Economic Development:				
Grant Programs:				
Curb Appeal Assistance Grants	\$ 600,000	\$ 82,045	\$ 82,045	\$ --
CRA Grant Programs	600,000	136,125	136,125	--
Total Grant Programs	1,200,000	218,170	218,170	--
City Contractual Services:				
Code officers	144,352	137,585	137,585	--
Streetscape maintenance	100,000	69,456	60,879	8,577
Housing Rehab Inspector	56,611	41,194	56,611	(15,417)
Clean & Safe program	4,067,059	3,822,580	3,822,580	--
Project Engineer	131,062	127,969	127,969	--
Fire Prevention and Life Safety Captain	206,869	206,869	206,869	--
Engineering Inspector	73,078	73,078	73,078	--
IT Services	110,000	110,000	110,000	--
Liter Prevention Officers	136,338	133,109	133,109	--
Total City Contractual Services	5,025,369	4,721,840	4,728,680	(6,840)
Community Resource Enhancement:				
Community resource enhancement	100,000	11,119	11,119	--
A-Guide funding	902,000	902,000	902,000	--
Total Community Resource Enhancement	1,002,000	913,119	913,119	--
Economic Development Initiative:				
Incentives	150,000	--	--	--
Outreach/communication	80,000	80,003	80,003	--
Arts Warehouse program	1,150,000	327,117	366,846	(39,729)
Project development/implementation	10,000	--	--	--
Tennis Tournament sponsorship	905,000	905,000	905,000	--
Legal fees	10,000	725	725	--
Total Economic Development Initiative	2,305,000	1,312,845	1,352,574	(39,729)

(Continued)

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Economic Development (continued)				
Community Improvement and Economic Development:				
Green Market/Snap Program:				
Green Market	\$ 210,000	\$ 192,952	193,935	\$ (983)
Snap Program	10,000	4,952	4,346	606
Total Green Market/Snap Program	220,000	197,904	198,281	(377)
Total Community Improvement and Economic Development	9,752,369	7,363,878	7,410,824	(46,946)
Total Economic Development	75,397,491	14,347,663	14,199,399	148,264
Debt Service				
Principal and interest - US1 Improvements	420,149	420,149	420,149	--
City National line of credit (Series 2012 and 2015 bonds)	628,025	628,026	628,025	1
Total Debt Service	1,048,174	1,048,175	1,048,174	1
Total Expenditures	79,872,165	17,078,355	16,978,202	100,153
Net Change in Fund Balance	\$ --	\$ 20,378,503	\$ 20,416,637	\$ 38,134

**DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)**

NOTE TO BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – BUDGETARY ACCOUNTING

The General Fund adopted budget is prepared on the modified accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP), except that non-cash exchange transactions are not budgeted and loans to various entities are recorded as expenditures. The CRA Board of Commissioners must approve changes or amendments at the cost center level and to the total budgeted expenditures of the CRA. Expenditures may not legally exceed budgeted appropriations for the CRA for each cost center or in total. Two cost centers exist which are general government and economic development.

The General Fund budget amounts presented in the accompanying required supplementary information reflect the original budget and the amended budget based on legally authorized revisions to the original budget during the year. Unexpended appropriations lapse at year-end. The CRA made amendments of approximately \$62.8 million to reduce the budgeted appropriations during the fiscal year related primarily to construction and redevelopment projects that were not started.

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 appropriations, 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 for subsequent year expenditures. For budgetary purposes, current year encumbrances are treated as expenditures and any unencumbered balances lapse at year-end. There were no encumbrances outstanding at September 30, 2024.

Expenditures exceeded budgeted appropriations by \$48,112 for the General Government cost center.

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

REQUIRED SUPPLEMENTARY INFORMATION

OPEB - SCHEDULE OF OPEB COST-SHARING ALLOCATION

Measurement Date September 30,	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
CRA's proportionate share of the total OPEB liability	0.38%	0.31%	1.79%	1.79%
CRA's proportionate share of the total OPEB liability	\$ 51,667	\$ 35,986	\$ 255,260	\$ 390,522
CRA's covered employee payroll	\$ 1,133,889	\$ 1,226,241	\$ 1,252,635	\$ 1,146,612
CRA's proportionate share of the total OPEB liability as a percentage of its covered employee payroll	4.6%	2.9%	20.4%	34.1%

Note: The amounts presented above were determined as of September 30th. The OPEB Plan is funded on a pay-as-you-go basis and has no assets as of September 30, 2024.

Note 2: The schedule is intended to show information for the last ten (10) fiscal years. Additional years will be displayed as they become available.

SUPPLEMENTARY INFORMATION – COMPONENT UNIT

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

STATEMENT OF NET POSITION
COMPONENT UNIT
BLOCK 60 PARKING CONDOMINIUM ASSOCIATION, INC.

SEPTEMBER 30, 2024

Assets

Cash	\$ 12,647
Accounts receivable	<u>8,359</u>

Total Assets	<u>21,006</u>
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Liabilities

Accounts payable	<u>819</u>
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Total Liabilities	<u>819</u>
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Net Position

Unrestricted	<u><u>\$ 20,187</u></u>
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DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

STATEMENT OF ACTIVITIES
COMPONENT UNIT
BLOCK 60 PARKING CONDOMINIUM ASSOCIATION, INC.

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

Revenues

Assessments	\$ 13,509
Interest income	<u>6</u>

Total revenues 13,515

Expenses

Condominium properties	<u>12,384</u>
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Change in Net Position 1,131

Net Position - Beginning 19,056

Net Position - Ending \$ 20,187

DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

STATEMENT OF CASH FLOWS
COMPONENT UNIT
BLOCK 60 PARKING CONDOMINIUM ASSOCIATION, INC.

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

Cash Flows from Operating Activities

Receipts from customers	\$ 7,942
Payments to suppliers	<u>(14,469)</u>

Net Cash Used in Operating Activities	<u>(6,527)</u>
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Net Decrease in Cash	(6,527)
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Cash - Beginning	<u>19,174</u>
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Cash - Ending	<u><u>\$ 12,647</u></u>
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Reconciliation of Change in Net Position to

Net Cash Used in Operating Activities

Change in net position	\$ 1,131
Adjustments to reconcile change in net position to net cash provided by operating activities:	
Decrease in accounts receivable	(5,573)
Decrease in accounts payable	<u>(2,085)</u>

Net Cash Used in Operating Activities	<u><u>\$ (6,527)</u></u>
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DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)

SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
COMPONENT UNIT
BLOCK 60 PARKING CONDOMINIUM ASSOCIATION, INC.

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Assessments				
Delray Beach Community				
Redevelopment Agency	\$ 7,497	\$ 7,497	\$ 7,497	\$ --
City of Delray Beach	1,764	1,764	1,759	(5)
Delray New Wave, Inc.	1,323	1,323	1,320	(3)
Intercard Resources	882	882	880	(2)
Diamond Communications	1,323	1,323	1,320	(3)
42 North Swinton, Inc.	735	735	733	(2)
Assessment Revenues	13,524	13,524	13,509	(15)
Interest income	--	--	6	6
Total Revenues	13,524	13,524	13,515	(9)
Expenses				
Current				
Landscape maintenance	4,850	4,850	7,220	(2,370)
Insurance	3,500	3,500	--	3,500
Maintenance	558	558	3,245	(2,687)
Accounting	1,210	1,210	--	1,210
Miscellaneous	75	75	61	14
Licenses	61	61	--	61
Property management fee	700	700	--	700
Subscriptions	1,020	1,020	1,029	(9)
Utilities	250	250	189	61
Water for irrigation system	1,300	1,300	640	660
Total Expenses	13,524	13,524	12,384	1,140
Change in Net Position	\$ --	\$ --	\$ 1,131	\$ 1,131

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 Board of Commissioners and CRA Director
Delray Beach Community Redevelopment Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the governmental activities, the major fund and discretely presented component unit of the Delray Beach Community Redevelopment Agency (the "CRA"), a component unit of the City of Delray Beach, Florida, as of and for the fiscal year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the CRA's financial statements, and have issued our report thereon dated March 27, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CRA's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CRA's internal control. Accordingly, we do not express an opinion on the effectiveness of the CRA'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 CRA's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CRA'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*.

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 result of that testing, and not to provide an opinion on the effectiveness of the CRA'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 CRA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CBIZ CPAs P.C.

West Palm Beach, FL
March 27, 2025

**DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF DELRAY BEACH, FLORIDA)**

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

FINANCIAL STATEMENT FINDING

Significant Deficiency

SD 2022-001 – was addressed and the finding was not repeated.

**Management Letter in Accordance with the Rules of the
Auditor General for the State of Florida**

To the Board of Commissioners and CRA Director
Delray Beach Community Redevelopment Agency

Report on the Financial Statements

We have audited the financial statements of the Delray Beach Community Redevelopment Agency (the “CRA”), a component unit of the City of Delray Beach, Florida, as of and for the fiscal year ended September 30, 2024, and have issued our report thereon dated March 27, 2025.

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; 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 the Financial Statements Performed in Accordance with *Government Auditing Standards*; 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 schedule, which are dated March 27, 2025, 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 financial audit report. The status of the finding made in the preceding annual financial report has been addressed as noted in the summary schedule of prior audit findings.

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. The CRA was established by Florida Statute 163, Section III (see Note 1). Also, as discussed in Note 1, the CRA included Block 60 Parking Condominium Association, Inc. a not-for profit 501(c)(3) corporation, as a discretely presented component unit.

Financial Condition and Management

Sections 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 CRA 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 CRA did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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 CRA. It is management's responsibility to monitor the CRA's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same. This assessment was performed as of fiscal year end.

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

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 CRA's geographical boundaries during the fiscal year under audit. There was no PACE program operating within the CRA'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 for Special Districts

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the CRA reported:

- a. The total number of CRA employees compensated in the last pay period of the CRA's fiscal year as 12.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the CRA's fiscal year as 14.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$1,434,813.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$103,421.

- e. Each construction project with a total cost of at least \$65,000 approved by the CRA that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as follows:
 - a. 102 N.W. 5th Avenue – Budget of \$100,000; Expenditures of \$18,550.
 - b. N.W. 600 Block - Budget of \$1,900,000; Expenditures of \$5,033.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as noted on pages 47-53 of the CRA financial statements.

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 has 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, the Board of Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

CBIZ CPAs P.C.

West Palm Beach, FL
March 27, 2025

Independent Accountants' Report on
Compliance with Florida Statutes

To the Board of Commissioners and CRA Director
Delray Beach Community Redevelopment Agency

We have examined the Delray Beach Community Redevelopment Agency (the "CRA"), a component unit of the City of Delray Beach, Florida, compliance with Section 218.415, Florida Statutes, Local Government Investment Policies, for the fiscal year ended September 30, 2024. We also examined the CRA's compliance with Sections 163.387(6) and 163.387(7), Florida Statutes for the fiscal year ended September 30, 2024. Management of the CRA is responsible for the CRA's compliance with the specified requirements. Our responsibility is to express an opinion on the CRA'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 CRA complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the CRA complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

In our opinion, the CRA complied, in all material respects, with Sections 218.415, 163.387(6) and 163.387(7), Florida Statutes for the fiscal year ended September 30, 2024.

This report is intended solely to describe our testing of compliance with aforementioned sections of the Florida Statutes, and it is not suitable for any other purpose.

CBIZ CPAs P.C.

West Palm Beach, FL
March 27, 2025