

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

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

Prepared by the
Finance Department

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

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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, 2025, 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 the discretely presented component of the CRA, as of September 30, 2025, and the respective changes in financial position, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 11, the budgetary comparison schedule on pages 44 through 50, and the Schedule of OPEB Cost-Sharing Allocation on page 51 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 basic financial statements. The Block 60 Parking Condominium Association, Inc.'s schedule of revenues and expenses – budget and actual on page 52 is presented for purposes of additional analysis and is 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the 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 31, 2026 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 the CRA's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

Boca Raton, Florida
March 31, 2026

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, 2025

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, 2025.

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 \$145,379,374 (*net position*).
- The CRA’s total net position increased \$26,961,066. 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 \$96,606,883, an increase of \$22,108,471. Fund balance of \$5,087,079 or 5% is nonspendable for long-term receivables and prepaids; \$91,519,804 or 95% is restricted to fund the CRA’s ongoing redevelopment projects and pay its creditors. Of this amount, the Board has budgeted \$63,381,393 for the FY 2025/2026 projects and operations.

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, 2025

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, 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 CRA. The government-wide financial statements can be found on pages 12 and 13 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, 2025

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

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 18 to 43 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 44 to 50 to demonstrate compliance with this budget. In addition, the CRA’s component unit, the Block 60 Parking Condominium Association, Inc., schedule of revenues and expenses – budget and actual, is presented as *supplementary information* on page 52.

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 \$145,379,374 at the close of the most recent fiscal year.

Approximately 34% 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, 2025

The CRA’s net position at September 30, 2025 and 2024 is summarized below:

SUMMARY OF NET POSITION
SEPTEMBER 30, 2025 AND 2024

	2025	2024	(\$) Change	% Change
Assets				
Current and other assets	\$ 101,183,502	\$ 81,185,141	\$ 19,998,361	25%
Capital assets, net	<u>48,999,212</u>	<u>44,260,599</u>	<u>4,738,613</u>	11%
Total Assets	<u>150,182,714</u>	<u>125,445,740</u>	<u>24,736,974</u>	20%
Deferred Outflows of Resources	<u>30,336</u>	<u>65,808</u>	<u>(35,472)</u>	
Liabilities				
Noncurrent liabilities	27,933	51,667	(23,734)	-46%
Other liabilities	<u>3,000,384</u>	<u>2,792,111</u>	<u>208,273</u>	7%
Total Liabilities	<u>3,028,317</u>	<u>2,843,778</u>	<u>184,539</u>	6%
Deferred Inflows of Resources	<u>1,805,359</u>	<u>4,249,462</u>	<u>(2,444,103)</u>	
Net Position				
Net investment in capital assets	48,999,212	44,260,599	4,738,613	11%
Restricted	<u>96,380,162</u>	<u>74,157,709</u>	<u>22,222,453</u>	30%
Total Net Position	<u>\$ 145,379,374</u>	<u>\$ 118,418,308</u>	<u>\$ 26,961,066</u>	23%

At the end of the current fiscal year, the CRA reported positive balances in each category of net position. Approximately 34% 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 \$96,380,162 or 66% 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 increased by \$184,539 or 6% mostly due to an increase in 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, 2025

The CRA’s net position increased by \$26,961,066 during the current fiscal year, which primarily represents the degree to which tax increment revenues exceeded current year expenses. There was an increase of \$5,803 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 \$26,961,066. Key elements of this increase are as follows.

SUMMARY OF CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	2025	2024	(\$) Change	% Change
Revenues				
Program revenue:				
Charges for services	\$ 353,770	\$ 329,082	\$ 24,688	8%
Operating contributions and grants	329,060	535,760	(206,700)	-39%
General revenue:				
Tax increment revenue	38,611,499	36,261,304	2,350,195	6%
Lease revenues	79,635	66,930	12,705	0%
Interest and other income	152,787	201,343	(48,556)	-24%
Total Revenues	<u>39,526,751</u>	<u>37,394,419</u>	<u>2,132,332</u>	6%
Expenses				
General government	2,092,866	2,204,783	(111,917)	-5%
Economic development	10,472,819	9,240,233	1,232,586	13%
Total Expenses	<u>12,565,685</u>	<u>11,445,016</u>	<u>1,120,669</u>	10%
Change in Net Position	26,961,066	25,949,403	1,011,663	4%
Net Position				
Beginning of year	<u>118,418,308</u>	<u>92,468,905</u>	<u>25,949,403</u>	28%
End of year	<u>\$ 145,379,374</u>	<u>\$ 118,418,308</u>	<u>\$ 26,961,066</u>	23%

Tax increment revenue increased by \$2,350,195 or approximately 6% for the year. Property values in the CRA’s development area increased by approximately \$390 million or 11% in 2025, accounting for the increase in tax increment revenue.

General government expenses decreased approximately \$112,000 (5%) in part due to the change in total OPEB liability and related deferred outflows and inflows.

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, 2025

The CRA’s economic development expenses increased approximately \$1,233,000 (13%) and included the following for fiscal year ended September 30, 2025:

Areawide and Neighborhood Plans	\$ 5,582,078
Redevelopment Projects	\$ 2,352,685
Community Improvement Projects	\$ 7,882,157

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 \$96,605,883, an increase of \$22,107,471 for the fiscal year. A total of \$5,087,079 or 5% 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 \$91,518,804 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 \$63,381,393 for the 2025/2026 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, 2025, represented 522% of total General Fund expenditures for fiscal year 2025.

The \$22,107,471 increase in fund balance for the General Fund in fiscal year 2025 was primarily related to the increase in tax increment revenues of approximately \$2.4 million which totaled \$38.6 million, and expenditures that were in line with prior year amounts. The continuance of lower expenditures compared to revenues increased fund balance.

**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, 2025

General Fund Budgetary Highlights

During fiscal year 2025, total revenues and other financing sources were under budgetary estimates by approximately \$22.2 million due to budgeted carryforward balances. Overall, final budgeted expenditures were approximately \$65,000 less than the actual expenditures for the fiscal year ended September 30, 2025. This was largely due to expenditures being under budget for redevelopment programs. There was a decrease of approximately \$78.7 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, 2025, amounts to \$48,999,212 (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 2025 consisted of capital outlay expenditures of approximately \$5.4 million and depreciation of approximately \$595,000. Capital assets at September 30, 2025 and 2024 are summarized as follows:

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

	<u>2025</u>	<u>2024</u>
Land and improvements	\$ 33,305,682	\$ 29,408,922
Construction in progress	3,468,062	2,436,736
Buildings and improvements, furniture and fixtures, and equipment, net	<u>12,225,468</u>	<u>12,414,941</u>
Totals	<u>\$ 48,999,212</u>	<u>\$ 44,260,599</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, 2025

Economic Factors and Next Year's Budget

The following economic factors were considered in establishing the CRA's budget for the 2025/2026 fiscal year.

- The property valuations in the CRA district increased approximately \$390 million in 2025, 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 2025 and are expected to increase modestly in future years.
- The restricted fund balance of the General Fund increased in fiscal year 2025 by \$22,107,471 due primarily to the increase in tax increment revenues coupled with a decrease in economic development expenditures. The CRA has budgeted approximately \$63 million for the 2025/2026 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 stayed the same at 0.0104063 mills for 2025 and 2026.

All of these factors were considered in preparing the CRA's budget for the 2025/2026 fiscal year.

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, 2025

	Governmental Activities	Discretely Presented Component Unit
Assets		
Cash	\$ 94,505,736	\$ 16,177
Investments	8,511	--
Accounts receivable:		
Rental and Other	--	11,703
Prepaid items	136,391	--
Leases receivable	1,576,235	--
Notes receivable:		
Delray Beach Community Land Trust	175,249	--
Delray Beach Chamber of Commerce	89,362	--
Village Square Elderly, Ltd.	2,550,000	--
Hatcher Construction & Development, Inc.	1,340,123	--
Second mortgage loans	795,954	--
Other assets	5,941	--
Capital assets:		
Capital assets not being depreciated	36,773,744	--
Depreciable capital assets, net	12,225,468	--
Total Assets	150,182,714	27,880
Deferred Outflows of Resources		
Deferred amounts related to OPEB	30,336	--
Liabilities		
Accounts payable	691,721	1,890
Accrued liabilities	217,399	--
Due to the City of Delray Beach	2,071,852	--
Refundable deposits and other	19,412	--
Noncurrent liabilities:		
Total OPEB liability	27,933	--
Total Liabilities	3,028,317	1,890
Deferred Inflows of Resources		
Leases	1,576,235	
Deferred amounts related to OPEB	229,124	--
	1,805,359	--
Net Position		
Investment in capital assets	48,999,212	--
Restricted	96,380,162	--
Unrestricted	--	25,990
Total Net Position	\$ 145,379,374	\$ 25,990

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, 2025

Functions/Programs	Expenses	Program Revenue		Net Revenue (Expenses) and Changes in Net Position	
		Charges for Services	Operating Contributions and Grants	Governmental Activities	Discretely Presented Component Unit
Governmental activities					
General government	\$ 2,092,866	296,606	\$ --	\$ (1,796,260)	\$ --
Economic development	<u>10,472,819</u>	<u>87,195</u>	<u>329,060</u>	<u>(10,056,564)</u>	<u>--</u>
Total Government Activities	<u>\$12,565,685</u>	<u>\$ 383,801</u>	<u>\$ 329,060</u>	<u>(11,852,824)</u>	<u>--</u>
Component Unit					
Block 60 Parking Condominium	<u>\$ 8,924</u>	<u>\$ 14,720</u>	<u>\$ --</u>	<u>--</u>	<u>5,796</u>
General Revenues					
				38,611,499	--
				49,604	--
				<u>152,787</u>	<u>7</u>
				<u>38,813,890</u>	<u>7</u>
				26,961,066	5,803
				<u>118,418,308</u>	<u>20,187</u>
				<u>\$ 145,379,374</u>	<u>\$ 25,990</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, 2025

	General Fund
Assets	
Cash	\$ 94,505,736
Investments	8,511
Prepaid items	136,391
Leases receivable	1,576,235
Notes receivable:	
Delray Beach Community Land Trust	175,249
Delray Beach Chamber of Commerce	89,362
Village Square Elderly, Ltd.	2,550,000
Hatcher Construction & Development, Inc.	1,340,123
Second mortgage loans	795,954
Other assets	5,941
Total Assets	\$ 101,183,502
Liabilities	
Accounts payable	691,721
Accrued liabilities	217,399
Due to the City of Delray Beach	2,071,852
Refundable deposits and other	19,412
Total Liabilities	3,000,384
Deferred Inflows of Resources	
Leases	1,576,235
Fund Balance	
Nonspendable:	
Prepaid items	136,391
Long-term notes receivable	4,950,688
Restricted to:	
Community redevelopment	91,519,804
Total Fund Balance	96,606,883
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 101,183,502

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, 2025

Total Fund Balance - Governmental Fund		\$ 96,606,883
Capital assets used in governmental activities are not financial resources and are not reported in the general fund		48,999,212
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	\$ 30,336	
Deferred inflows related to other postemployment benefits	<u>(229,124)</u>	
		(198,788)
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>(27,933)</u>	
		<u>(27,933)</u>
Total Net Position - Governmental Activities		<u><u>\$ 145,379,374</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, 2025

	<u>General Fund</u>
Revenues	
Tax increment revenue	\$ 38,611,499
Reimbursements and grants	329,060
Property Rental income	114,267
Lease revenues	49,604
Interest and other income	261,995
Green Market revenue	87,195
Arts Warehouse revenue	<u>182,339</u>
Total Revenues	<u>39,635,959</u>
Expenditures	
Current	
General government	1,611,901
Economic development	10,472,819
Capital outlay	<u>5,442,768</u>
Total Expenditures	<u>17,527,488</u>
Net Change in Fund Balance	22,108,471
Fund Balance - Beginning	<u>74,498,412</u>
Fund Balance - Ending	<u><u>\$ 96,606,883</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, 2025

Net Change in Fund Balance - Governmental Fund \$ 22,108,471

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	\$ 5,442,768	
Net book value of disposals	(109,208)	
Current year depreciation	<u>(594,947)</u>	4,738,613

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		23,734
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Deferred outflows and inflows of resources related to other post-employment benefits (OPEB) are reported in the statement of net position, but not reported in the governmental funds.

Change in deferred outflows OPEB		(35,472)
Change in deferred inflows OPEB		<u>125,720</u>

Change in Net Position of Governmental Activities \$ 26,961,066

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, 2025

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 CRA, (b) organizations for which the CRA is financially accountable, and (c) other organizations for which the CRA is not accountable, but for which the nature and significance of their relationship with the CRA 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 CRA are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the CRA 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, 2025

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. 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, 2025

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. Expenditures related to other post-employment benefits are recognized when the CRA has made a decision to fund those obligation with current available resources. 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, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE

Accounts receivable, if applicable, consists 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, 2025, management considers all receivables to be fully collectible.

LEASES RECEIVABLE

The CRA has both ground leases and 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, 2025

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, 2025. 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, 2025

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, 2025

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, 2025, the CRA made contributions of \$98,725 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, 2025

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, 2025. The implementation of GASB Statement No. 101, *Compensated Absences*, and GASB Statement No. 102, *Certain Risk Disclosures*, did not have a significant impact on the CRA's financial statements.

NOTE 2 – CASH AND INVESTMENTS

CASH

Cash at September 30, 2025, includes deposits with financial institutions with a book balance of \$94,505,590, 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, 2025, 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, 2025

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") with a balance of \$8,511 as of September 30, 2025. 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 of \$8,511 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, 2025

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, 2025, Florida PRIME was rated AAAM by Standard and Poor's with the weighted average maturity of 47 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, 2025

NOTE 3 – LEASES RECEIVABLE

The CRA, as a lessor, leases real property and land pursuant both ground leases and property leases. The lease agreements commenced at various dates beginning February 2012 and ending September 30, 2061.

Hatcher Construction & Development, Inc.

On July 18, 2019, the CRA entered into a Ground Lease Agreement with Hatcher Construction & Development, Inc. (“Hatcher”) for a 40-year term, expiring September 2061. Hatcher intends to develop the property, occupy 2,000 square feet, and utilize the remaining 4,000 square feet as rental space. The lease agreement provides for an annual base rent of \$1 for years 1 through 5, \$26,000 per year for years 6-10, \$39,000 for year 11, with the base rent increasing annually by 2.5% for years 12 through 15, and \$52,000 for year 16, increasing annually by 2.5% through year 40. Hatcher may purchase the property for \$200,000 during the first seven years. On the eighth anniversary of the agreement, the purchase price increases to \$650,000. The carrying value of the land/land improvements at September 30, 2025 was approximately \$365,000. The lease receivable is \$1,171,550 at September 30, 2025.

Upper Cutz Barbershop and Salon, Inc.

On August 24, 2017, the CRA entered into an agreement to lease the property located at 135 NW 5th Avenue, Unit C5, to Upper Cutz Barbershop and Salon, Inc. The initial lease term was for a three-year period, commencing on October 1, 2017 with a monthly base rent amount of \$1,000 with an increase of 6% to the monthly base rent on each anniversary. The lease was amended to extend the lease period until September 30, 2025. A new lease agreement was approved for a four year period, commencing on October 1, 2025 through expiration on September 30, 2029. The carrying value of the leased property at September 30, 2025 was approximately \$98,000. The lease receivable is \$75,494 at September 30, 2025.

Jerk & Lime at Nicole’s House, LLC

On December 9, 2021, the CRA entered into an agreement to lease the property located at 182 NW 5th Avenue, to Jerk & Lime at Nicole’s House, LLC. The lease term was for a four-year period, commencing on December 1, 2021 with a monthly base rent amount of \$1,933 with an increase of 6.25% to the monthly base rent on third year anniversary of the lease term through expiration on December 1, 2025. The lease was terminated as of February 1, 2025. The carrying value of the leased property at September 30, 2025 was approximately \$382,000. The lease receivable is \$0 at September 30, 2025.

**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, 2025

NOTE 3 – LEASES RECEIVABLE (CONTINUED)

Rabbit Hole Delray, LLC

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

Touch of Posh Salon, LLC

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

The Atlantic Current, LLC

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

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

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

**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, 2025

NOTE 3 – LEASES RECEIVABLE (CONTINUED)

Sun Up Skin, LLC

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

Visual Adjective, LLC

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

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

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

**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, 2025

NOTE 3 – LEASES RECEIVABLE (CONTINUED)

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

Lease revenue	\$	79,635
Interest income		82,700
Total	\$	162,335

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

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

**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, 2025

NOTE 4 – OTHER LEASES

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

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 land 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 land/land improvements at September 30, 2025 was approximately \$2,418,000.

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 January 5, 2027 and the SW 12th Avenue Duplexes lease was renewed through August 22, 2028. The properties were purchased by the CRA to provide affordable housing for City residents and had a total carrying value of approximately \$6,848,000 at September 30, 2025.

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 \$1,132, which are month-to-month leases. The net carrying value of leased property at September 30, 2025 was \$1,601,241 (cost of \$2,119,029 less accumulated depreciation of \$517,788). Rental income for all the Arts Warehouse leased properties for 2025 totaled \$182,339.

**DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
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NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

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, 2025, 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, 2025, the balance of the note receivable from the Chamber was \$89,362. For the fiscal year ended September 30, 2025, the CRA earned \$3,972 in interest revenue.

**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, 2025

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 through commencement of the note (March 2019) and for the first ten years of the note (until March 2029), 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, 2025, the note receivable balance was \$2,550,000.

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. On May 24, 2022, an amended and restated promissory note was executed. Commencing May 1, 2022 and each consecutive month thereafter, the borrower shall make interest only payments of 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, 2025 was \$1,340,123. For the fiscal year ended September 30, 2025, CRA earned \$15,621 in interest revenue.

**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, 2025

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

**DELRAY BEACH COMMUNITY REDEVELOPMENT AGENCY
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NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

NOTE 10 – CAPITAL ASSETS

The capital asset activity for the fiscal year ended September 30, 2025, was as follows:

	Balance at Beginning of Year	Increase	Decreases	Transfers	Balance at End of Year
Capital Assets not Being Depreciated					
Land and improvements	\$ 29,408,922	\$ 4,005,968	\$ (109,208)	\$ --	\$ 33,305,682
Construction in progress	<u>2,436,736</u>	<u>1,031,326</u>	<u>--</u>	<u>--</u>	<u>3,468,062</u>
Total Capital Assets Not Being Depreciated	<u>31,845,658</u>	<u>5,037,294</u>	<u>(109,208)</u>	<u>--</u>	<u>36,773,744</u>
Depreciable Capital Assets					
Buildings and improvements	15,543,200	370,799	--	--	15,913,999
Equipment	85,278	18,050	--	--	103,328
Vehicles	26,266	--	--	--	26,266
Furniture and fixtures	<u>374,244</u>	<u>16,625</u>	<u>--</u>	<u>--</u>	<u>390,869</u>
Total Depreciable Capital Assets	16,028,988	405,474	--	--	16,434,462
Less: accumulated depreciation for:					
Buildings and improvements	(3,424,318)	(507,272)	--	--	(3,931,590)
Equipment	(50,739)	(15,445)	--	--	(66,184)
Vehicles	(13,133)	(5,253)	--	--	(18,386)
Furniture and fixtures	<u>(125,857)</u>	<u>(66,977)</u>	<u>--</u>	<u>--</u>	<u>(192,834)</u>
Total accumulated depreciation	<u>(3,614,047)</u>	<u>(594,947)</u>	<u>--</u>	<u>--</u>	<u>(4,208,994)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>12,414,941</u>	<u>(189,473)</u>	<u>--</u>	<u>--</u>	<u>12,225,468</u>
Total Capital Assets, Net	<u>\$ 44,260,599</u>	<u>\$ 4,847,821</u>	<u>\$ (109,208)</u>	<u>\$ --</u>	<u>\$ 48,999,212</u>

Depreciation expense was charged to governmental activities functions as follows:

General government	\$ 482,285
Property management	<u>112,662</u>
Total Depreciation Expense	<u>\$ 594,947</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, 2025

NOTE 11– 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, 2025, was as follows:

Assessed property value as of January 1, 2024	\$ 4,151,311,579
Assessed property value for 1985 base year	<u>(245,631,067)</u>
Assessed Property Value Subject to Incremental Property Tax	<u>\$ 3,905,680,512</u>

NOTE 12 – 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, 2025, the CRA’s tax increment revenues include \$16,696,784 received from the City. CRA expenditures for the fiscal year ended September 30, 2025, include charges of \$5,168,041 for contractual and other services provided by the City to the CRA in connection with various administrative and redevelopment activities, \$2,352,685 for construction services related to redevelopment projects, and \$905,000 for sponsorship of City tennis tournaments.

At September 30, 2025, the CRA had accounts payable to the City of \$2,071,852 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, 2025

NOTE 12 – 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, 2025, the Block 60 Parking Condominium Association, Inc. received assessments from the CRA and the City totaling \$8,160 and \$1,920, respectively.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

CONSTRUCTION CONTRACT COMMITMENTS

At September 30, 2025, the CRA had outstanding contract commitments consisting of the following:

Project	Total Project Authorization	Expended Through September 30, 2025	Retainage Payable at September 30, 2025	Remaining Commitment at September 30, 2025
NW 6th Block - West Atlantic Avenue	\$ 639,000	\$ 141,656	\$ --	\$ 497,344
CRA Workplan Consultants	151,375	62,800	--	88,575
West Atlantic Master Plan	58,600	4,300	--	54,300
313 NE 3rd Art Warehouse	61,075	35,550	--	25,525
NW 6th Ave Site Plan Analysis	120,000	39,720	--	80,280
20 N Swinton Ave - Historic Renovation	32,115	22,024	--	10,091
102 NW 5th Ave.	333,617	153,747	9,495	170,375
182 NW 5th Ave.	11,700	4,500	--	7,200
95 SW 5th Avenue Design	177,187	175,387	--	1,800
95 SW 5th Avenue Construction	<u>3,013,571</u>	<u>2,710,380</u>	<u>8,318</u>	<u>294,873</u>
Total Contract Commitments	<u>\$ 4,598,240</u>	<u>\$ 3,350,064</u>	<u>\$ 17,813</u>	<u>\$ 1,230,363</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, 2025 was \$62,860,600. As of September 30, 2025, approximately \$56,192,000 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, 2025

NOTE 13 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

GRANT COMMITMENTS

The CRA also entered into expenditure driven grant agreements with the following organizations to provide funding for their operations during the fiscal year ended September 30, 2025:

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

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 14 – 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 fourteen 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, 2025

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

PLAN MEMBERSHIP

At September 30, 2025, 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>14</u>
Total	<u><u>14</u></u>

TOTAL OPEB LIABILITY

The CRA's allocation of the total OPEB liability of \$27,933 was measured as of September 30, 2025 as determined by an actuarial valuation as of October 1, 2024.

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, 2025

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS (CONTINUED)

Valuation Date	October 1, 2024
Measurement Date	September 30, 2025
Actual Cost Method	Entry Age Normal
Projected Salary Increase*	4.75%
Discount Rate	4.9%, based on Bond Buyer 20-year General Obligation Bond Index
Inflation	2.50%
Healthcare Cost Trend Rates	6.00% per year initially, reduced to an ultimate rate of 3.94% in 2075
Mortality Rate	Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality using Scale MP-2018

* 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 1-percentage-point lower or 1-percentage-point higher than the discount rate:

	<u>Sensitivity Testing to Change in Discount Rate Assumption</u>		
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
Discount rate assumption			
Total OPEB liability	<u>\$ 35,887</u>	<u>\$ 27,933</u>	<u>\$ 22,085</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, 2025

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

***SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE
(CONTINUED)***

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:

	Sensitivity Testing to Change in Medical Costs Trend Assumption		
	1% Decrease (5.00% decreasing to 2.94%)	Healthcare Cost Trend rate (6.00% decreasing to 3.94%)	1% Increase (7.00% decreasing to 4.94%)
Medical costs trend assumption			
Total OPEB liability	<u>\$ 25,062</u>	<u>\$ 27,933</u>	<u>\$ 31,696</u>

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

For the fiscal year ended September 30, 2025, based on a measurement date of September 30, 2025, the CRA recognized OPEB expense (income) of (\$13,290). This amount is included as a decrease to general government expenses within the functional program activities.

At September 30, 2025, the CRA reports deferred outflows and inflows of resources related to the Plan as follows:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 21,204	\$ --
Changes in assumptions	<u>9,132</u>	<u>229,124</u>
Total	<u><u>\$ 30,336</u></u>	<u><u>\$ 229,124</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, 2025

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

***OPEB EXPENSE, DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES
RELATED TO OPEB (CONTINUED)***

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

For the Fiscal Year Ending September 30,	Net Deferred Inflows of Resources
2026	\$ (22,355)
2027	(22,355)
2028	(22,355)
2029	(22,355)
2030	(22,355)
Thereafter	(87,013)
Total	\$ (198,788)

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, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Tax increment revenue				
City of Delray Beach	\$ 21,990,281	\$ 21,914,715	\$ 21,914,715	\$ --
Palm Beach County	16,754,358	16,696,784	16,696,784	--
Total Tax Increment Revenue	<u>38,744,639</u>	<u>38,611,499</u>	<u>38,611,499</u>	<u>--</u>
Reimbursements				
Other reimbursements and grants	280,000	365,094	329,060	(36,034)
Total Reimbursements	<u>280,000</u>	<u>365,094</u>	<u>329,060</u>	<u>(36,034)</u>
Rental Income				
Rental property income	60,000	122,430	114,267	(8,163)
Land lease revenue	291,000	128,452	49,604	(78,848)
Lease interest revenue	19,605	--	82,700	82,700
Total Rental Income	<u>370,605</u>	<u>250,882</u>	<u>246,571</u>	<u>(4,311)</u>
Interest and Other Income				
Interest income	75,000	159,703	159,703	--
Loan interest	46,032	79,469	19,592	(59,877)
Total Interest and Other Income	<u>121,032</u>	<u>239,172</u>	<u>179,295</u>	<u>(59,877)</u>
Green Market and Snap revenue	47,000	87,195	87,195	--
Arts Warehouse revenue	160,000	182,340	182,339	(1)
Total Revenues	<u>39,723,276</u>	<u>39,736,182</u>	<u>39,635,959</u>	<u>(100,223)</u>
Other Financing Sources (Uses)				
General Fund use of fund balance	56,407,298	--	--	--
General Fund carryforward of fund balance	--	(22,274,156)	--	22,274,156
Total Other Financing Sources (Uses)	<u>56,407,298</u>	<u>(22,274,156)</u>	<u>--</u>	<u>22,274,156</u>
Total Revenues and Other Financing Sources	<u>96,130,574</u>	<u>17,462,026</u>	<u>39,635,959</u>	<u>22,173,933</u>
Expenditures				
General government:				
Personnel				
Salaries	1,600,000	959,077	1,004,957	(45,880)
Payroll taxes	130,000	66,040	63,893	2,147
Health, dental and life insurance	150,000	98,897	98,897	--
Retirement contribution	150,000	100,389	98,725	1,664
Travel allowance	9,000	5,980	5,980	--
Cell allowance	10,000	7,375	7,375	--
Total personnel	<u>2,049,000</u>	<u>1,237,758</u>	<u>1,279,827</u>	<u>(42,069)</u>
Supplies and materials:				
Office supplies	25,000	7,660	7,660	--
Postage/express mail	2,000	1,590	1,590	--
Total supplies and materials	<u>27,000</u>	<u>9,250</u>	<u>9,250</u>	<u>--</u>

(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, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
General government (continued)				
Office space:				
Storage	\$ 12,000	\$ 15,267	15,267	\$ --
Maintenance	500,000	50,104	50,104	--
Telephone	25,000	27,334	27,334	--
Utilities	25,000	9,385	12,521	(3,136)
Security	20,000	5,365	5,365	--
Total office space	<u>582,000</u>	<u>107,455</u>	<u>110,591</u>	<u>(3,136)</u>
Administration/operations:				
Accounting	45,000	28,000	28,000	--
Board administration	25,000	2,411	2,411	--
Legal	40,000	18,992	18,992	--
Capital outlay	500,000	22,024	22,024	--
Contractual services	100,000	65,320	65,320	--
Printing	5,000	--	--	--
Publications/subscriptions	10,000	9,360	9,360	--
Advertising	5,000	7,972	7,972	--
Bank services	5,000	350	350	--
Organization/member dues	20,000	3,009	3,009	--
Public relations and communication	75,000	1,620	1,620	--
Insurance: commercial, D&O	85,000	84,051	84,051	--
Meetings	5,000	856	857	(1)
Seminars and workshops	25,000	16,094	16,094	--
Travel	40,000	18,429	18,429	--
Total administrative operations	<u>985,000</u>	<u>278,488</u>	<u>278,489</u>	<u>(1)</u>
Equipment, property and maintenance:				
Computer equipment and supplies	7,500	4,789	4,789	--
Equipment rentals	15,000	6,335	6,335	--
Repairs and maintenance	8,000	2,111	2,111	--
Furniture and fixtures	10,000	161	161	--
Capital outlay - office equipment	75,000	19,015	19,015	--
Total equipment, property and maintenance	<u>115,500</u>	<u>32,411</u>	<u>32,411</u>	<u>--</u>
Total General Government	<u>3,758,500</u>	<u>1,665,362</u>	<u>1,710,568</u>	<u>(45,206)</u>
Economic Development				
Areawide and neighborhood plans:				
Osceola Park Neighborhood Plan:				
Osceola Park neighborhood alleys	--	62,000	62,000	--
Currie Commons Restrooms	600,000	598,429	598,429	--
Project development/implementation	5,000	--	--	--
Total Osceola Park Neighborhood Plan	<u>605,000</u>	<u>660,429</u>	<u>660,429</u>	<u>--</u>

(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, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Economic Development (continued)				
Areawide and neighborhood plans (continued):				
West Atlantic Avenue Redevelopment:				
Demolition of 700 Atlantic Ave	\$ 100,000	\$ 66,560	\$ 66,560	\$ --
Project development/implementation	100,000	65,617	65,617	--
NW 600 and NW 800 Block redevelopment	8,900,000	108,335	108,335	--
Legal fees	<u>200,000</u>	<u>197,340</u>	<u>197,340</u>	<u>--</u>
Total West Atlantic Avenue Redevelopment	<u>9,300,000</u>	<u>437,852</u>	<u>437,852</u>	<u>--</u>
Downtown Master Plan:				
OSS campus/park activation	500,000	--	--	--
Project development/implementation	5,000	75	75	--
Legal fees	<u>2,500</u>	<u>500</u>	<u>500</u>	<u>--</u>
Total Downtown Master Plan	<u>507,500</u>	<u>575</u>	<u>575</u>	<u>--</u>
Southwest Neighborhood Plan:				
Carver Square Park	360,000	--	--	--
Project development/implementation	75,000	700	700	--
Legal fees	<u>5,000</u>	<u>700</u>	<u>700</u>	<u>--</u>
Total Southwest Neighborhood Plan	<u>440,000</u>	<u>1,400</u>	<u>1,400</u>	<u>--</u>
Other:				
Land acquisitions	12,000,000	4,006,968	4,005,968	1,000
Project development implementation	50,000	74,172	74,172	--
Merritt Park - Shade Enhancement	150,000	--	--	--
NW neighborhood design	8,210,880	--	--	--
City disparity study	50,000	50,000	50,000	--
Artists Alley Drainage Improvement	324,000	289,768	289,768	--
ADU LDR Setter	32,000	--	--	--
Pompey Park master plan	45,000,000	--	--	--
Legal fees	<u>75,000</u>	<u>61,914</u>	<u>61,914</u>	<u>--</u>
Total Other	<u>65,891,880</u>	<u>4,482,822</u>	<u>4,481,822</u>	<u>1,000</u>
Total Areawide and Neighborhood Plans	<u>76,744,380</u>	<u>5,583,078</u>	<u>5,582,078</u>	<u>1,000</u>

(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, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Economic Development (continued)				
Redevelopment projects:				
NW/SW 5th Avenue Beautification				
98 NW 5th Ave renovation	\$ 575,000	\$ 30,153	\$ 30,153	\$ --
98 NW 5th Ave maintenance/security	50,000	49,061	49,061	--
Project development/implementation	75,000	2,138	2,138	--
95 SW 5th Avenue renovation	1,445,000	823,454	831,772	(8,318)
95 SW 5th Avenue security	25,000	1,013	1,013	--
Utilities	5,000	13,176	13,176	--
Legal fees	<u>15,000</u>	<u>3,795</u>	<u>3,795</u>	<u>--</u>
Total Redevelopment Projects	<u>2,190,000</u>	<u>922,790</u>	<u>931,108</u>	<u>(8,318)</u>
Affordable/Workforce Housing Program				
Project development/implementation	5,000	2,000	2,000	--
Support for Affordable Housing Initiative	1,150,000	--	--	--
Community Land Trust (CLT)	239,810	238,087	238,087	--
Legal fees	<u>10,000</u>	<u>8,759</u>	<u>8,759</u>	<u>--</u>
Total Affordable/Workforce Housing Program	<u>1,404,810</u>	<u>248,846</u>	<u>248,846</u>	<u>--</u>
Redevelopment Sites				
Maintenance	600,000	513,142	522,637	(9,495)
Project development/implementation	25,000	3,112	3,112	--
IPIC Parking Facility maintenance	125,000	50,000	50,000	--
Security	175,000	796	796	--
Property insurance	465,800	465,799	465,799	--
Property taxes	100,000	52,961	52,961	--
Legal fees	7,500	12,525	12,525	--
West Settlers Condo Association	11,000	10,471	10,471	--
Utilities	55,000	44,791	46,270	(1,479)
Block 60 parking lots	<u>12,000</u>	<u>7,497</u>	<u>8,160</u>	<u>(663)</u>
Total Redevelopment Sites	<u>1,576,300</u>	<u>1,161,094</u>	<u>1,172,731</u>	<u>(11,637)</u>
Total Redevelopment Projects	<u>5,171,110</u>	<u>2,332,730</u>	<u>2,352,685</u>	<u>(19,955)</u>

(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, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Economic Development (continued)				
Community Improvement and Economic Development:				
Grant Programs:				
Curb Appeal Assistance Program	\$ 600,000	\$ 54,243	\$ 54,243	\$ --
CRA Grant Programs	500,000	85,652	85,652	--
Total Grant Programs	1,100,000	139,895	139,895	--
City Contractual Services:				
Code officers	153,154	152,375	152,375	--
Streetscape maintenance	100,000	--	5,391	(5,391)
Housing Rehab Inspector	58,881	54,397	54,397	--
Clean & Safe program	5,225,605	4,479,714	4,479,714	--
Project Engineer	139,487	136,666	136,666	--
Engineering Inspector	87,985	87,526	87,526	--
IT Services	110,000	110,000	110,000	--
Liter Prevention Officers	141,972	141,972	141,972	--
Total City Contractual Services	6,017,084	5,162,650	5,168,041	(5,391)
Community Resource Enhancement:				
Community resource enhancement	50,000	5,536	5,536	--
A-Guide funding	902,000	927,000	927,000	--
Total Community Resource Enhancement	952,000	932,536	932,536	--
Economic Development Initiative:				
Outreach/communication	100,000	99,715	99,715	--
Arts Warehouse program	1,150,000	451,774	449,277	2,497
Project development/implementation	10,000	--	--	--
Tennis Tournament sponsorship	905,000	905,000	905,000	--
Legal fees	2,500	675	675	--
Total Economic Development Initiative	2,167,500	1,457,164	1,454,667	2,497

(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, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Economic Development (continued)				
Community Improvement and Economic Development:				
Green Market/Snap Program:				
Green Market	\$ 210,000	\$ --	184,181	\$ (184,181)
Snap Program	10,000	10,576	2,837	7,739
Membership dues and subscriptions	--	178,035	--	178,035
Total Green Market/Snap Program	<u>220,000</u>	<u>188,611</u>	<u>187,018</u>	<u>1,593</u>
Total Community Improvement and Economic Development	<u>10,456,584</u>	<u>7,880,856</u>	<u>7,882,157</u>	<u>(1,301)</u>
Total Economic Development	<u>92,372,074</u>	<u>15,796,664</u>	<u>15,816,920</u>	<u>(20,256)</u>
Total Expenditures	<u>96,130,574</u>	<u>17,462,026</u>	<u>17,527,488</u>	<u>(65,462)</u>
Net Change in Fund Balance	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 22,108,471</u>	<u>\$ 22,108,471</u>

**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 \$78.7 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, 2025.

Expenditures exceeded budgeted appropriations by \$45,206 for the General Government cost center.

NOTE 2 – BUDGET AND ACTUAL COMPARISONS

The budgetary comparison schedule is prepared on the basis of accounting used in preparing the appropriated budget. As a result, the revenue and expenditures reported in the budgetary comparison schedule for the CRA agree with that reported on the GAAP basis. As required by GAAP, for financial reporting, a portion of the capital outlay expenditures reported on GAAP statement of revenues, expenditures and changes in fund balance on page 16 are presented as general government and economic development expenditures in the budget comparison schedule on pages 44-49.

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,	2025	2024	2023	2022	2021
CRA's proportionate share of the total OPEB liability	0.23%	0.38%	0.31%	1.79%	1.79%
CRA's proportionate share of the total OPEB liability	\$ 27,933	\$ 51,667	\$ 35,986	\$ 255,260	\$ 390,522
CRA's covered employee payroll	\$ 1,068,850	\$ 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	2.6%	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, 2025.

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)**

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Assessments				
Delray Beach Community Redevelopment Agency	\$ 8,160	\$ 8,160	\$ 8,160	\$ --
City of Delray Beach	1,920	1,920	1,920	--
Delray New Wave, Inc.	1,440	1,440	1,440	--
Intercard Resources	960	960	960	--
Diamond Communications	1,440	1,440	1,440	--
42 North Swinton, Inc.	800	800	800	--
Assessment Revenues	14,720	14,720	14,720	--
Interest income	--	--	7	7
Total Revenues	14,720	14,720	14,727	7
Expenses				
Current				
Landscape maintenance	6,300	6,300	2,100	4,200
Insurance	3,212	3,212	3,212	--
Maintenance	1,869	1,869	1,495	374
Accounting	600	600	--	600
Miscellaneous	--	--	61	(61)
Licenses	61	61	--	61
Property management fee	700	700	--	700
Subscriptions	1,128	1,128	1,160	(32)
Utilities	200	200	814	(614)
Water for irrigation system	650	650	82	568
Total Expenses	14,720	14,720	8,924	5,796
Change in Net Position	\$ --	\$ --	\$ 5,803	\$ 5,803

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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the governmental activities, the 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, 2025, and the related notes to the financial statements, which collectively comprise the CRA's basic financial statements, and have issued our report thereon dated March 31, 2026.

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 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 results 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.

Boca Raton, Florida
March 31, 2026

**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, 2025, and have issued our report thereon dated March 31, 2026.

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 31, 2026, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no findings made in the preceding financial audit report.

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 2.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$1,394,219.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$86,399.
- 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. 95 N.W. 5th Avenue – Budget of \$823,467; Expenditures of \$831,772
- 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 44-50 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.

Boca Raton, Florida

March 31, 2026

**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, 2025. 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, 2025. 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, 2025.

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.

Boca Raton, Florida
March 31, 2026