

**DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY,  
A COMPONENT UNIT OF THE CITY OF DELRAY BEACH**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2014**

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**Gina L. Clayton, P. A.**  
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**DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY,  
A COMPONENT UNIT OF THE CITY OF DELRAY BEACH**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2014**

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Certified Public Accountant

Gina L. Clayton, P. A.

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Delray Beach Downtown Development Authority  
Delray Beach, Florida

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

We have audited the accompanying financial statements of the governmental activities and general fund information of the Delray Beach Downtown Development Authority, a component unit of the City of Delray Beach, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, general fund information of the Delray Beach Downtown Development Authority, as of September 30, 2014, and the respective changes in financial position, applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 5 and 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2014, on our consideration of the Delray Beach Downtown Development Authority'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 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 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 Delray Beach Downtown Development Authority's internal control over financial reporting and compliance.



Jupiter, Florida  
December 8, 2014

**DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY  
MANAGEMENT 2013-2014**

This discussion and analysis of Delray Beach's Downtown Development Authority's financial performance should be read in conjunction with the letter of transmittal and the financial statements.

The DDA's financial statements are presented both from the perspective of the DDA as a whole (entity-wide perspective) and from the perspective of the DDA's funds and fund types (the fund perspective).

**Entity-Wide Statements**

The entity-wide statements show, in one place, all of the DDA's operations. They provide both a short-term and a long-term view of its finances that assists in assessing whether the DDA is better or worse off economically as a result of the year's operations. The entity-wide statements are prepared on the accrual basis of accounting, which is similar to that used by most businesses. Under this method, all revenues and expenses connected with the fiscal year are taken into account even if the cash involved has not actually been received or paid. All activities within the authority fall into the governmental activities class.

**Fund Statements**

The fund statements report the DDA's operations in more detail. All activities of the authority are financed through the government funding. Modified accrual accounting is used to show the flows of financial resources into and out of the funds and the balances available for spending at year-end. These statements provide a detailed short-term view of the DDA's finances that assists in determining whether there are more or fewer financial resources that can be spent in the near future as a result of the year's operations.

**Entity-Wide Financial Highlights**

The DDA goal is not to generate profits as private-sector businesses do but to provide services to the downtown area, such as marketing and promotion, business development, security and crime prevention, clean and safe issues, traffic and parking, physical improvements, reviewing the City comprehensive plan within the DDA boundaries, housing and coordination with local boards and City departments.

Over time, the measure of the DDA's net assets is one indicator of whether its financial health is improving or deteriorating. The DDA completed 2013-14 with a combined fund balance of \$98,081 in its general fund, including reserves. Compared to the prior year (\$83,240), differences in the fund balance can be attributed to the increase of \$66,680 Taxes received which is offset by changes in the following major expenditures; Payroll and payroll related expenses \$219,405 (prior year \$199,889); Marketing and promotion expenses \$358,667 (prior year \$328,325).

### Operating Results for the Year

	Governmental Activities	
	2014	2013
Expenditures	\$ (657,688)	\$ (602,085)
Taxes and other revenues	672,529	611,552
Increase (decrease) in net assets	\$ 14,841	\$ 9,467

### Net Assets, End of Year

	Governmental Activities	
	2014	2013
Total assets	\$ 101,157	\$ 98,716
Total liabilities	3,076	15,476
Total net assets (unrestricted)	\$ 98,081	\$ 83,240

It should be pointed out that the DDA is not obligated to fund any programs if funds are not available. By law, the DDA can only plan to spend funds estimated to be collected. Therefore, the DDA can control its financial condition by postponing expenditures until sufficient funds are available.

#### **Fund Financial Highlights**

The DDA completed 2013-2014 with a combined fund balance of \$98,081 in its governmental fund, which is more than the \$83,240 of a year ago, for the reasons discussed above.

#### **Summary of Differences between Entity-wide and Fund Statements**

Because of the size of the DDA, with only one fund and no capital assets, there are no differences between entity-wide and fund statements.

### **General Fund Budgetary Highlights**

The DDA budget process includes the following considerations: estimated tax funds are received from the county property appraisers Office and estimated collectible tax funds are calculated. The DDA board of Directors reviews and amends the 5-year goals annually, and it is this list of initiatives that are prioritized for each budget year. At this time, any other considerations are discussed that may affect expenditures for the planning year.

### **Outlook for the Future**

The DDA funding and subsequent budgeting reflects the increased growth in the downtown area, especially within the DDA district. The current property value of the DDA District for the 2014-2015 tax year is \$643,269,900. The Board of Directors will be establishing future goals for 2015 through 2025. The City has approved a significant master plan for the build out of this area east of I-95 along Atlantic Avenue. While there is no definite timeline for completion, the DDA's economic growth is expected to follow this plan of the downtown.

**DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY,  
A COMPONENT UNIT OF THE CITY OF DELRAY BEACH  
STATEMENT OF NET ASSETS AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
SEPTEMBER 30, 2014**

	General Fund	Adjustments	Statement of Net Assets
<b><u>ASSETS</u></b>			
Cash	\$ 58,280	\$ -	\$ 58,280
Sponsorship receivables	21,770	-	21,770
Prepaid expenses	21,107	-	21,107
	101,157	-	101,157
	\$ 101,157	\$ -	\$ 101,157
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 3,076	\$ -	\$ 3,076
<b><u>FUND BALANCE/ NET ASSETS</u></b>			
Fund balance			
Nonspendable			
Committed for:			
Encumbrances	3,076		
Sponsorship receivables	21,770		
Prepaid items	21,107		
Deposits	2,250		
	48,203		
Spendable Fund Balance			
Unassigned	49,878		
Total Fund Balance	98,081	-	
Total net assets	\$ 101,157		98,081
		\$ -	\$ 101,157

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



**DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY,  
A COMPONENT UNIT OF THE CITY OF DELRAY BEACH  
STATEMENTS OF ACTIVITIES AND  
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Genral Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Ad valorem taxes	\$ 570,990	\$ -	\$ 570,990
Sponsorships	75,250	-	75,250
Interest earnings	451	-	451
Miscellaneous	25,838	-	25,838
Total revenues	<u>672,529</u>	<u>-</u>	<u>672,529</u>
Expenditures:			
Current (operating)			
Marketing and promotion:			
Delray Marketing Co-operataive Events	40,000	-	40,000
Delray Beach Guide	22,391	-	22,391
Pineapple Grove	5,000	-	5,000
West Atlantic	5,000	-	5,000
Retail promotions	37,171	-	37,171
Marketing	210,040	-	210,040
Place Making	22,361	-	22,361
Other promotional expense	16,704	-	16,704
	<u>358,667</u>	<u>-</u>	<u>358,667</u>
General operating			
Payroll	175,002	-	175,002
Contracted administrative help	533	-	533
Payroll taxes	13,815	-	13,815
Health insurance	15,933	-	15,933
Car allowance	3,600	-	3,600
Workmans Compensation Insurance	978	-	978
Retirement benefits	13,676	-	13,676
Telecommunications	5,863	-	5,863
Professional fees	6,800	-	6,800
Bookkeeping	3,916	-	3,916
Payroll services	815	-	815
Dues and subscriptions	4,239	-	4,239
Insurance	6,780	-	6,780
Fees, county and state	4,357	-	4,357
Office supplies and expense	8,772	-	8,772
Postage and administrative printing	2,421	-	2,421
Rent	16,800	-	16,800
Conferences, travel and meetings	14,721	-	14,721
	<u>299,021</u>	<u>-</u>	<u>299,021</u>

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

**DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY,  
A COMPONENT UNIT OF THE CITY OF DELRAY BEACH  
STATEMENTS OF ACTIVITIES AND  
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
(CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Genral Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Total expenditures	<u>657,688</u>	<u>-</u>	<u>657,688</u>
Excess of revenues over expenditures	14,841		
Change in net assets		-	14,841
Fund balance/net assets:			
Beginning of the year	<u>83,240</u>	<u>-</u>	<u>83,240</u>
End of the year	<u>\$ 98,081</u>	<u>\$ -</u>	<u>98,081</u>

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

**DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY,  
A COMPONENT UNIT OF THE CITY OF DELRAY BEACH  
STATEMENTS OF REVENUES AND EXPENDITURES  
BUDGET V. ACTUAL--GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Original Appropriated Budget	Adjustments	Final Appropriated Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Ad valorem taxes	\$ 534,956	\$ 36,887	\$ 571,843	\$ 570,990	\$ (853)
Sponsorships	36,000	28,249	64,249	75,250	11,001
Interest earnings	750	(642)	108	451	343
Miscellaneous	21,000	4,289	25,289	25,838	549
Total revenues	<u>592,706</u>	<u>68,783</u>	<u>661,489</u>	<u>672,529</u>	<u>11,040</u>
<b>Expenditures:</b>					
Marketing and promotion	285,528	70,602	356,130	357,667	(1,537)
General operating	285,695	10,368	296,063	299,021	(2,958)
	<u>571,223</u>	<u>80,970</u>	<u>652,193</u>	<u>656,688</u>	<u>(4,495)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 21,483</u>	<u>\$ (12,187)</u>	<u>\$ 9,296</u>	<u>\$ 15,841</u>	<u>\$ 6,545</u>

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

**DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY,  
A COMPONENT UNIT OF THE CITY OF DELRAY BEACH  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 1 - NATURE OF ACTIVITIES, DATE OF MANAGEMENT'S REVIEW, AND  
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

The Delray Beach Downtown Development Authority (the Authority) was created by Resolution 9-71, which became law on March 22, 1971, as a dependent special district of the City of Delray Beach. It is responsible for the economic development and improvement of the downtown area of Delray Beach.

The Authority's primary source of revenue is derived from real estate property taxes collected from the property owners in the central business district of the City of Delray Beach. The Authority is authorized to levy in each fiscal year an ad valorem property tax not exceeding one mil to finance its operations.

Date of Management's Review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 9, 2013 the date that the financial statements were available to be issued.

Summary of Significant Accounting Policies

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net assets and statement of activities. These statements report financial information for the Authority as a whole. The statements distinguish governmental activities, generally supported by taxes and Authority general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The Authority had no business-type activities during the year ended September 30, 2014.

The statement of activities reports expenses and revenues by activity.

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. The Authority maintains only one fund type, governmental funds.

In accordance with GASBS No. 54, the Authority classifies fund balances in the governmental funds as follows:

**Nonspendable Fund Balance** includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal/contractual requirements. Examples are prepaid expenses and accounts receivable.

**DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY,  
A COMPONENT UNIT OF THE CITY OF DELRAY BEACH  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Spendable Fund Balance** includes Restricted, Committed, Assigned, and Unassigned designations:

1. **Restricted** includes fund balance amounts that are limited for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
2. **Committed** includes fund balance amounts that are obligated to a specific purpose which are internally imposed by the government through formal action (Ordinances and Resolutions) at the highest level of decision making authority. These commitments can only be overturned by a like action.
3. **Assigned** includes spendable fund balance amounts that are intended to be used for specific purposes that are considered neither restricted nor committed. Undesignated excess Fund Balance may be assigned by the Authority for specific purposes through the budget process or agenda items. The assigned designation may be reversed by the Authority at any public meeting.
4. **Unassigned** includes residual positive fund balances with the General Fund, which have not been classified within the other above mentioned categories. Unassigned Fund balances may also include negative balances if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

**Reporting Entity**

The Authority is a component unit of the City of Delray Beach. The City Commission appoints members of the Authority's governing board. Since the Authority has no component units, these financial statements include only the activities of the Authority.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The accounting policies of the Authority conform to U.S. generally accepted accounting principles applicable to governmental units.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied.

**DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY,  
A COMPONENT UNIT OF THE CITY OF DELRAY BEACH  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible with the current period or soon enough thereafter to pay current liabilities. Expenditures are recorded when the related fund liability is incurred. Major revenue sources susceptible to accrual include property taxes and investment income. In general, other revenues are recognized when cash is received.

**Budget Data**

The Authority applies the following procedures in establishing the budgetary data reflected in the financial statements:

Prior to September 1, the Authority submits the City Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted at City Hall to obtain taxpayer comments.

The City advises the County Property Appraiser of the proposed millage rate and the date, time and place of the public hearing for budget acceptance.

The public hearing is held to obtain final taxpayer input and to adopt the final budget.

The budget and related millage rates are legally enacted through passage of an ordinance.

Changes or amendments to the total budgeted expenditures must be approved by the City Commission.

The reported budgetary data represent the final appropriated budget after amendments adopted by the City Commission. Appropriated budgets have been legally adopted for the general fund on the same modified accrual basis as the fund financial statements.

The 2013-2014 budget was originally adopted by the board of directors on August 12, 2013 at a duly called meeting. The budget was subsequently amended by the board of directors on June 2, 2014 at a duly called meeting.

**Budgetary Comparisons**

Under GASBS No. 34, budgetary comparison information is required to be presented for the general fund with a legally adopted budget. The Authority adopts annual on a basis consistent with generally accepted accounting principles for the general fund.

**DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY,  
A COMPONENT UNIT OF THE CITY OF DELRAY BEACH  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Budget amendments that change aggregate appropriations must be approved by the Board. Actual general fund expenditures exceed appropriations by \$ 4,495 for the 2014 fiscal year. These over expenditures were funded by greater than anticipated revenues in that fund.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Estimates and Assumptions**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 – CASH**

During the year, the excess cash of the Authority was placed in an interest-bearing account at SunTrust Bank in Delray Beach, Florida. At year-end, the Authority's funds on hand consisted of \$47,855 in an interest-bearing checking account.

At September 30, 2014 and throughout the year, these funds were insured by the FDIC up to \$250,000.

**NOTE 3 - PROPERTY TAX CYCLE**

The key dates in the property tax cycle are as follows:

Taxes are levied on property valuations	As of January 1
First certification of assessment roll	On or about July 1
Millage resolution approved	Prior to September 1
Beginning of fiscal year for which taxes have been levied	October 1
Tax bills rendered and due	November 1
Latest payment date for maximum discount	November 30
Latest payment date before delinquent	April 1
Tax certificate sold	May 31

**DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY,  
A COMPONENT UNIT OF THE CITY OF DELRAY BEACH  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 4 – RISK MANAGEMENT**

The Authority obtains its comprehensive general and automobile liability insurance coverage through its participation in the Florida Municipal Insurance Trust, a public entity risk pool administered by the Florida League of Cities, Inc. The Authority's combined single limit of liability is \$2,000,000.

**NOTE 5 – COMMITMENTS**

In November 2011, the Authority entered into an agreement with a vendor for the lease of holiday decorations (including the storage, installation and removal). The terms of this agreement is for four Christmas Seasons, 2011 through 2014 and for a period of not less than four weeks each year. The Agreement calls for payments of \$9,996, due annually on December 15, 2011 through 2014.

In November 2010, the Authority entered into an agreement with a vendor for the lease of a holiday decorations. The lease calls for thirty-six monthly payments of \$658 and down payment of \$3,500, along with a \$2,250 refundable security deposit.

The lease expense under these agreements amounted to \$13,670 for the fiscal year ended September 30, 2014. The future minimum lease payments are as follows:

<u>September 30,</u>	<u>Amount</u>
2015	\$ 9,996



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Delray Beach Downtown Development Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, general fund information of Delray Beach Downtown Development Authority, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise Delray Beach Downtown Development Authority's basic financial statements, and have issued our report thereon dated December 8, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Delray Beach Downtown Development Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Delray Beach Downtown Development Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Delray Beach Downtown Development Authority's internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Delray Beach Downtown Development Authority'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 determination of financial statement amounts. 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*.

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**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Gina L Clayton, P.A." The signature is written in a cursive style.

Jupiter, Florida  
December 8, 2014

Board of Directors  
Delray Beach Downtown Development Authority  
Delray Beach, Florida

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

We have audited the financial statements of the Delray Beach Downtown Development Authority, as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated December 8, 2014.

### **Auditor's 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 Florida Auditor General.

### **Other Reports and Schedule**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's report on an examination conducted in accordance with AICPA *Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports which are dated December 8, 2014, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

Section 10.554(1)(i)2., Rules of the Auditor, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Delray Beach Downtown Development Authority complied with Section 218.415, Florida Statutes.

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor, 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 Delray Beach Downtown Development Authority (the Authority) was created by Resolution 9-71, which became law on March 22, 1971, as a dependent special district of the City of Delray Beach.

Certified Public Accountant

Gina L. Clayton, P. A.



Board of Directors  
Delray Beach Downtown Development Authority  
Delray Beach, Florida

**Report on the Financial Statements**

We have audited the financial statements of the Delray Beach Downtown Development Authority, as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated December 8, 2014.

**Auditor's 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 Florida Auditor General.

**Other Reports and Schedule**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's report on an examination conducted in accordance with AICPA *Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports which are dated December 8, 2014, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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

Section 10.554(1)(i)2., Rules of the Auditor, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Delray Beach Downtown Development Authority complied with Section 218.415, Florida Statutes.

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### **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor, 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 Delray Beach Downtown Development Authority (the Authority) was created by Resolution 9-71, which became law on March 22, 1971, as a dependent special district of the City of Delray Beach.

### **Financial Conditions**

Section 10.554(1)(i)5.a., Rules of the Auditor, requires a statement to be included as to whether or not the Delray Beach Downtown Development Authority ("Authority") has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Authority did not meet any of the conditions in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Authority's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

### **Annual Financial Report**

Section 10.554(1)(i)5.b., Rules of the Auditor, requires that we determine whether the annual financial report for the Authority for the fiscal year ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with our audit, we determined that these two reports were in agreement.

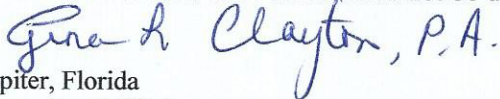
### **Other Matters**

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

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

### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and the City of Delray Beach, and is not intended to be and should not be used by anyone other than these specified parties.

  
Gina H. Clayton, P.A.  
Jupiter, Florida  
December 8, 2014