

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

FINANCIAL STATEMENTS

SEPTEMBER 30, 2015



Gina L. Clayton, P. A.

Certified Public Accountant

18075 Perigon Way, Jupiter, Florida 33458

(561) 972-7533

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

FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

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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, 2015, 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, 2015, 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.

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 6 and 10 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, 2015, 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.

Gina L. Clayton, P.A.

Jupiter, Florida
December 8, 2015

DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY MANAGEMENT DISCUSSION ANALYSIS 2014-2015

This discussion and analysis of Delray Beach's Downtown Development Authority's (DDA) financial performance provides an overview of the DDA's financial activities for the year ended September 30, 2015 and 2014. Please read it in read in conjunction with the DDA's financial statements, which immediately follow this discussion.

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).

Financial Highlights

- The assets of the DDA exceeded its liabilities at the close of the most recent fiscal year by \$90,541.
- The DDA's total government-wide revenues were \$710,612; \$625,605 from ad-valorem taxes, \$53,670 from sponsorships, \$31,202 from miscellaneous revenues and \$135 from interest income.
- The DDA's total net position decreased \$7,540, which was primarily due to the timing of the DDA's projects and the related expenses.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The *government-wide financial statements*, which consist of the following two statements, are designed to provide the readers with a broad overview of the DDA's finances, in a manner similar to a private sector business.

The *statement of net position* information on all of the DDA's assets and liabilities, 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 DDA is improving or deteriorating.

The *statement of activities* presents information showing how the DDA's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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 DDA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The DDA utilizes only one fund, the *General Fund*, which is classified as a *governmental* fund and accounts for all financial resources of the DDA.

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 balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

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 DDA's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

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

The government-wide and governmental fund financial statements can be found on pages 7 through 9 of this report.

This report also presents certain required information concerning the DDA's budget to actual results for the General Fund for the current year. The DDA adopts an annual appropriated budget for its General Fund, for which a budgetary comparison schedule has been provided on page 10 to demonstrate compliance with this budget.

Notes to the Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide financial statements. The notes the financial statements can be found on pages 11 to 15 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. The following table reflects the condensed government-wide statement of net position as of September 30, 2015 and 2014:

Net Position
September 30, 2015 and 2014

	2015	2014
Total assets	\$ 91,053	\$ 101,157
Total liabilities	512	3,076
Total net position	\$ 90,541	\$ 98,081

At the end of the current fiscal year, the DDA reported a positive balance of net position, which may be used to fund the DDA's ongoing projects and to pay creditors.

Governmental Activities

Governmental activities decreased the DDA's net position by \$7,540, as reflected in the table below:

Changes in Net Position		
Years Ended September 30, 2015 and 2014		
	2015	2014
REVENUES:		
Program revenue		
Charges for services	\$ 31,202	\$ 25,838
Sponsorships	53,670	75,250
General revenue		
Ad-valorem tax revenue	625,605	570,990
Interest income	135	451
Total revenues	710,612	672,529
EXPENSES:		
General government		
Marketing, Place Making and Economic Development	\$ 397,391	358,667
General operating	320,761	299,021
Total expenses	718,152	656,688
Increase (decrease) in net position	(7,540)	14,841
Net position-beginning of year	98,081	83,240
Net position-end of year	90,541	98,081

Ad valorem tax revenues increased by \$54,615 (approximately 9.5%) for the year, due to the increase in the property values in the DDA's area.

Governmental expenses increased by \$61,464 (approximately 9.3%) resulting from an increase in contractual services and personnel expenses.

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.

Financial Analysis of the Governmental Fund

As noted earlier, the DDA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the DDA's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the DDA's financial requirements. In particular, unassigned fund balance and fund balance assigned for the subsequent year's budget 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 most current fiscal year, the DDA's governmental funds reported an ending fund balance of \$90,541, a decrease of \$7,540 for the year. A total of \$20,638 or 23% of the total fund balance is *nonspendable* to indicate that it is not available for new spending because it represents prepaid items. There is \$2,912 of fund balance assigned for the 2015-2016 budget and \$66,991 is unassigned.

As a measure of the General Fund's liquidity, it may be useful to compare unassigned and assigned fund balance to total fund expenditures. Unassigned and assigned fund balance at September 30, 2015, represents .4% and 9%, respectively, of the total General Fund expenditures for 2015.

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 overall 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.

During 2015, revenues were less than final budgetary estimates by \$1,359. Expenditures for the General Fund were \$718,152, which was \$11,498 over budget. This was primarily due to the timing of expenses to carry out the DDA's projects. The overall effect was a deficit of revenues over expenditures from the budget of \$12,857.

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 2016 through 2020. The City has approved a significant master plan for the build out of this area east of I-95 along Atlantic Avenue and to the South of Atlantic Ave. 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 POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2015**

	General Fund	Adjustments	Statement of Net Position
<u>ASSETS</u>			
Cash	\$ 68,015	\$ -	\$ 68,015
Sponsorship receivables	2,400	-	2,400
Prepaid expenses	20,638	-	20,638
	91,053	-	91,053
	\$ 91,053	\$ -	\$ 91,053

LIABILITIES

Accounts payable	\$ 512	\$ -	\$ 512
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FUND BALANCE/ NET POSITION

Fund balance			
Nonspendable			
Committed for:			
Prepaid items	20,638		
	20,638		
Spendable Fund Balance			
Unassigned	69,903		
Total Fund Balance	90,541	-	
Total net position	\$ 91,053		90,541
		\$ -	\$ 91,053

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
STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Genral Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Ad valorem taxes	\$ 625,605	\$ -	\$ 625,605
Sponsorships	53,670	-	53,670
Interest earnings	135	-	135
Miscellaneous	31,202	-	31,202
Total revenues	<u>710,612</u>	<u>-</u>	<u>710,612</u>
Expenditures:			
Current (operating)			
Marketing ,Place Making and Economic Development:			
Delray Marketing Co-operataive Events	30,000	-	30,000
Delray Beach Guide	24,401	-	24,401
Pineapple Grove	4,990	-	4,990
West Atlantic	5,000	-	5,000
Retail promotions	41,331	-	41,331
Marketing	163,161	-	163,161
Place Making	71,969	-	71,969
Christmas Tree maintenance	21,325	-	21,325
Economic development	35,214	-	35,214
	<u>397,391</u>	<u>-</u>	<u>397,391</u>
General operating			
Payroll	191,058	-	191,058
Payroll taxes	14,942	-	14,942
Health insurance	14,794	-	14,794
Car allowance	3,600	-	3,600
Workmans Compensation Insurance	1,055	-	1,055
Retirement benefits	14,052	-	14,052
Telecommunications	5,896	-	5,896
Professional fees	11,263	-	11,263
Bookkeeping	4,164	-	4,164
Payroll services	815	-	815
Dues and subscriptions	4,581	-	4,581
Insurance	7,296	-	7,296
Fees, county and state	4,870	-	4,870
Office supplies and expense	8,011	-	8,011
Postage and administrative printing	3,042	-	3,042
Rent	18,000	-	18,000
Bad Debt Expense	5,000	-	5,000
Conferences, travel and meetings	8,322	-	8,322
	<u>320,761</u>	<u>-</u>	<u>320,761</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
STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Genral Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Total expenditures	<u>718,152</u>	<u>-</u>	<u>718,152</u>
Deficit of revenues over expenditures	(7,540)		
Change in net position		-	(7,540)
Fund balance/net position:			
Beginning of the year	<u>98,081</u>	<u>-</u>	<u>98,081</u>
End of the year	<u>\$ 90,541</u>	<u>\$ -</u>	<u>90,541</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
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET V. ACTUAL--GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Original Appropriated		Final Appropriated		Variance
	<u>Budget</u>	<u>Adjustments</u>	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues:					
Ad valorem taxes	\$ 612,638	\$ 9,080	\$ 621,718	\$ 625,605	\$ 3,887
Sponsorships	36,000	22,650	58,650	53,670	(4,980)
Interest earnings	110	-	110	135	25
Miscellaneous	25,000	6,493	31,493	31,202	(291)
Total revenues	<u>673,748</u>	<u>38,223</u>	<u>711,971</u>	<u>710,612</u>	<u>(1,359)</u>
Expenditures:					
Marketing , Place Making and Economic Development	366,022	46,577	412,599	397,391	15,208
General operating	302,409	(8,354)	294,055	320,761	(26,706)
	<u>668,431</u>	<u>38,223</u>	<u>706,654</u>	<u>718,152</u>	<u>(11,498)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 5,317</u>	<u>\$ -</u>	<u>\$ 5,317</u>	<u>\$ (7,540)</u>	<u>\$ (12,857)</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, 2015**

**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 8, 2015 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, 2015.

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, 2015**

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, 2015**

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 2014-2015 budget was originally adopted by the board of directors on August 11, 2014 at a duly called meeting. The budget was subsequently amended by the board of directors on July, 13 2015 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, 2015**

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 \$ 7,540 for the 2015 fiscal year. These over expenditures were funded by prior years' surpluses.

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.

Retirement Plan

The Authority has established a pension plan for employees pursuant to the provisions of the Internal Revenue Code. For the year ended September 30, 2015, the Authority made contributions of \$14,052 to the employees' accounts. The Authority is not obligated to provide other postemployment benefits to employees upon termination of employment, except for federally mandated COBRA health insurance.

Compensated Absences

Unpaid annual leave amounts and related employer payroll taxes are accrued when incurred. Unpaid annual leave expires at the end of each fiscal year. Unused sick leave benefits are not paid upon separation from service. No liability for compensated absences was recorded for the year ending September 30, 2015.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of financial position will sometimes report a separate section for deferred outflows or deferred inflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. 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 (income) until that time. The Authority does not have any items that qualify for reporting in this category.

**DELRAY BEACH DOWNTOWN DEVELOPMENT AUTHORITY,
A COMPONENT UNIT OF THE CITY OF DELRAY BEACH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

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, 2015 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

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.

**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, 2015, 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, 2015.

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*.

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.

Gina L. Clayton, P.A.

Jupiter, Florida
December 8, 2015

Certified Public Accountant



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, 2015, and have issued our report thereon dated December 8, 2015.

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, 2015, 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.

Financial Conditions

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor, require that we apply appropriate procedures and report the results of our determination 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. and 10.556(7), Rules of the Auditor, requires that we apply appropriate procedures and report the results determination as to whether the annual financial report for the Authority for the fiscal year ended September 30, 2014, 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, 2014. 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.

Fina L. Clayton, P.A.
Jupiter, Florida
December 8, 2015



INDEPENDENT ACCOUNTANT'S REPORT ON INVESTMENT COMPLIANCE

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

We have examined Delray Beach Downtown Development Authority's (the "Authority"), a component unit of the City of Delray Beach, Florida, compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2015. Management is responsible for Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and accordingly, included examining, on a test basis, evidence about Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Authority's compliance with specified requirements.

In our opinion, Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

This report is intended solely for the information and use of the Board of Directors and management of the Authority, and is not intended to be an should not be used by anyone other than these specific parties.

Gina L. Clayton, P.A.

Jupiter, Florida
December 8, 2015